

The voice of responsible shareowners

# Press release.

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## **Local Authority Pension Fund Initial Indicators – Periods to June 2016**

The 'Local Authority Pension Performance Analytics' service launched by PIRC, the largest European responsible investment service provider, to preserve and enhance peer group reporting for local authority pension funds estimates that the average fund\* has returned 5.6% for the quarter to end June 2016.

This is the best quarterly result of the last three years and unexpected given the uncertainty that surrounded markets.

The EU referendum was the key influencer of markets in the quarter to end June. Optimism and an increased level of certainty about the UK staying in was replaced by shock when the country voted to leave.

Equities, which still make up the majority of pension fund investment delivered strong results- overseas holdings benefited from the marked decline in Sterling while UK equity performance was held up by the high level of overseas earnings of many companies and the continued momentum in oil and gas stocks from rising commodity prices.

Bond performance was extremely strong over the quarter as the market factored in an imminent interest rate cut. Whilst good for investment returns, as always, the reduction in yield will have increased the value of liabilities

### **Longer Term Results Hold Up Strongly**

Over the medium and longer term fund performance remains extremely strong with the average fund returning almost 9% p.a. over the last 3 years, 8% pa over the five years and 7% over the 10 Years.

Karen Thumble, Head of Performance Services at PIRC said "There has been a great deal of focus on the ability of local government pension funds to be seen to deliver. These results confirm that the investment strategies have been successful in

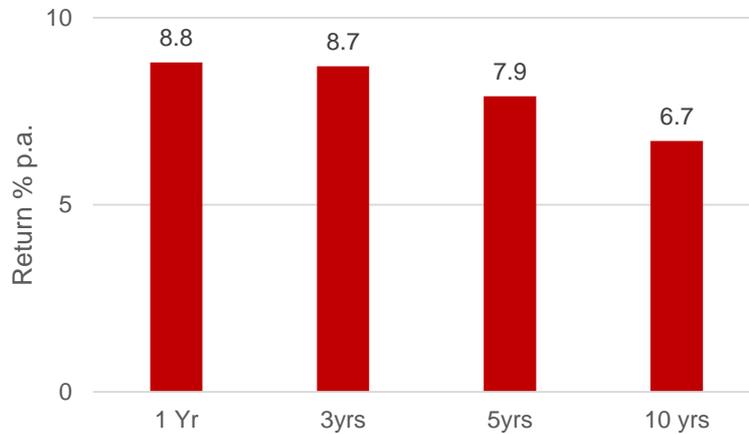
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producing returns well in excess of both inflation and actuarial assumptions, through volatile and different market conditions”

## Long Term Local Authority Pension Fund Results



\*The latest quarter indicators are based on the final asset allocation of the PIRC Local Authority Universe with index returns applied. Long term results are built up from the PIRC Local Authority Universe. As at end March this Universe was valued at £70 bn. The historical returns have a near perfect correlation with the results previously provided by State Street/ WM Company (Correlation = 1.00)

### More information

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