

Local Authority Pension Performance Initial Indicators September Quarter 2016

Latest Quarter

In the three months to end September, we estimate that the average LGPS fund returned 6.4%.

Equity markets continued the momentum built up towards the end of the previous quarter, helped by growing investor confidence in central banks' willingness to support economic activity whilst sterling weakness boosted returns for UK investors. All regions generated positive returns with emerging markets the standout performer.

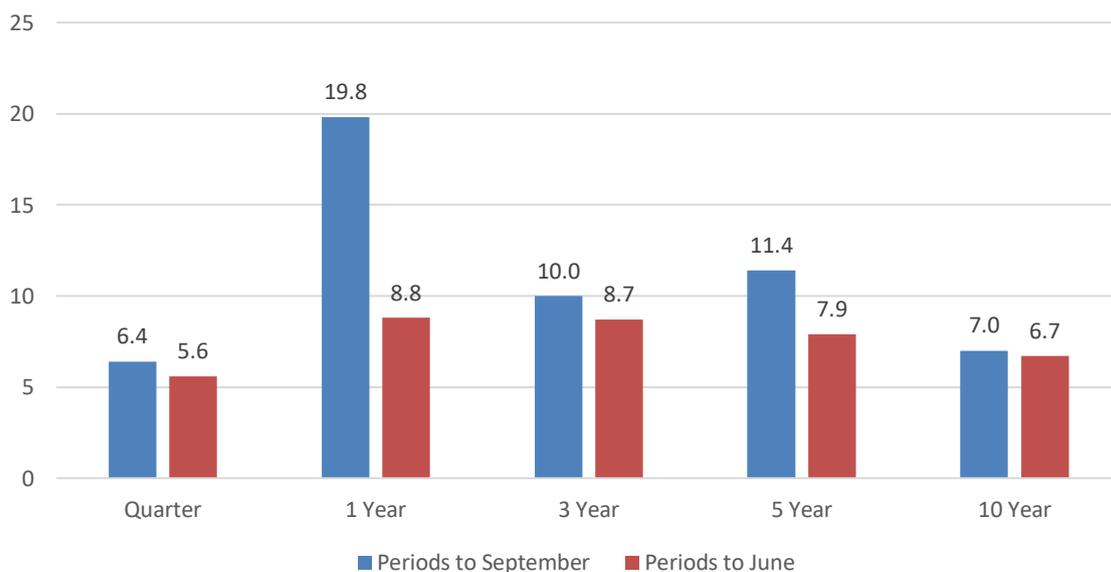
Following the Bank of England's decision to reduce interest rates by 0.25%, gilt yields tracked lower and prices higher over the quarter. Index-linked gilts performed particularly strongly returning 10% over the three months lifted by sterling's weakness and higher commodity prices. Corporate bonds also delivered positive returns buoyed by the general appetite for risk assets. Real estate performance was notably weaker over the period.

Longer Term

We estimate that the average fund has returned almost 20% over the last twelve months and 10% p.a. over the last three years. The returns for the three and five years are extremely strong while returns in the region of 7% p.a. over the decade have significantly outpaced inflation.

The long term results to the end of June 2016 are all well ahead of the results for the same periods to the end of March as can be seen below.

LOCAL AUTHORITY PENSION FUND RETURNS OVER TIME



The returns for the latest period are based on the asset allocation of the PIRC Local Authority Universe with index returns applied. The Universe is currently comprised of 56 funds with a value of £110bn.

PIRC Limited is regulated by the Financial Conduct Authority.



LOCAL AUTHORITY PENSION PERFORMANCE ANALYTICS

PIRC

For further details or for information about
subscribing to this service please contact:

Karen Thrumble

Local Authority Pension Performance Analytics

Karen.thrumble@pirc.co.uk

Telephone 07557 857043

David Cullinan

Local Authority Pension Performance Analytics

David.cullinan@pirc.co.uk

Telephone 07775 538684

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