

## Local Authority Pension Performance Initial Indicators December Quarter 2016

### Latest Quarter

In the three months to end December, we estimate that the average LGPS fund returned 3.2% and a very healthy 18.2% over the calendar year.

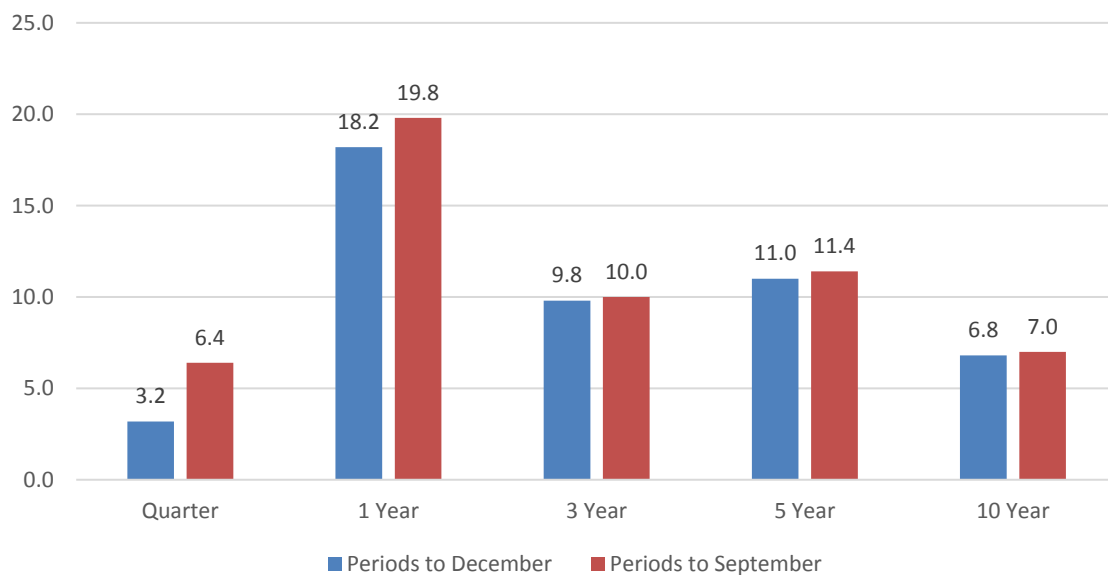
Undoubtedly, the quarter was dominated by events unfolding in the US following Donald Trump's election victory. Many commentators predicted a market slump but in actual fact, equities rallied. Interestingly and more significantly, markets were impacted more by moves in currency and bond markets - Sterling weakened further over the quarter whilst bond yields rose. Developed equity markets all delivered positive returns led by financials and oil & gas sectors. Emerging markets in contrast, struggled following the election result.

With bond yields edging higher, key nominal and index-linked indices lost around 3%. Real estate recovered a little ground after a weak previous quarter.

### Longer Term

We estimate that the average fund has returned almost 10%p.a. over the last three years, 11%p.a. over the last five and 7%p.a. over the decade, markedly outpacing inflation and, importantly, ahead of actuarial assumptions.

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 £115bn.

PIRC Limited is regulated by the Financial Conduct Authority.



# LOCAL AUTHORITY PENSION PERFORMANCE ANALYTICS

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](mailto:Karen.thrumble@pirc.co.uk)

Telephone 07557 857043

**David Cullinan**

Local Authority Pension Performance Analytics

[David.cullinan@pirc.co.uk](mailto:David.cullinan@pirc.co.uk)

Telephone 07775 538684

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