

Local Authority Pension Performance Initial Indicators March Quarter 2017

Latest Quarter

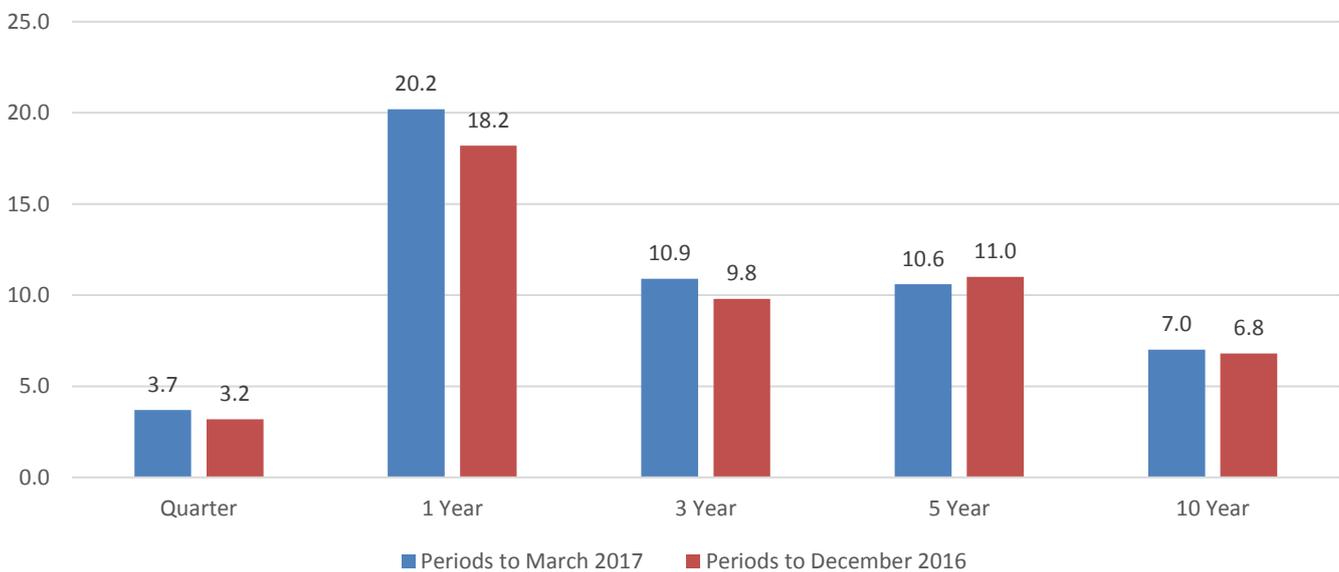
An eventful year culminated this quarter in what many considered pivotal i.e. the triggering of Article 50. So what played out? Recession, and a slump in UK consumer confidence? Well not quite. The domestic market was largely unruffled by 'Brexit' fears. This is probably not hugely surprising given the fact that the UK market encompasses more of a global focus (two-thirds or so of revenues from the largest listed companies are generated overseas). Added to this was a generally positive outlook for growth and a supportive weakness in the Pound.

Globally, equity markets rose over the quarter led by emerging markets and Continental Europe, the latter partly buoyed perhaps by the result of the Dutch general election. Over the fiscal year, global equity markets rose by a third – funds with a UK bias will have lost some ground however.

Bond markets, with higher inflation expectations and a rise in US interest rates already largely priced in, rose modestly over the quarter.

The average fund is estimated to have returned just under 4% for the Quarter.

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

PIRC

Fiscal Year Performance

First estimates suggest that the average Local Authority fund will have returned just over 20% for the fiscal year.

With equities returning around 30% for the year, asset allocation will have a much greater impact on funds' absolute returns than any active management effect.

Funds that had a high equity commitment, particularly those holding overseas assets (which benefited from the relative weakening of Sterling during the year), will have performed particularly well. Funds with a high commitment to conventional fixed income and cash-linked assets will have achieved substantially lower returns.

Much more detail around the performance for this latest year will be available with the publication of the full Universe in May.

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

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