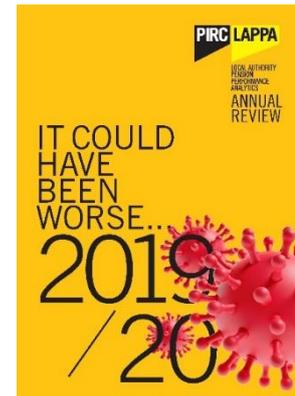




2019/20 – It could have been worse!

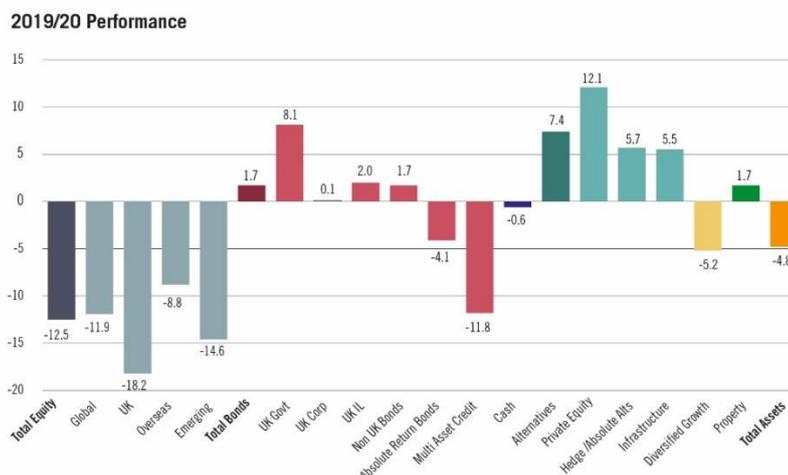
As the global pandemic hit financial markets in the first quarter of 2020 many feared the final result for 2019/20 would be a lot worse.

Over the year to end March 2020 the average Local Authority pension fund, as represented by the PIRC Local Authority Universe, returned -4.8% on its assets.



In its latest Annual Review PIRC is delighted to share the results of the 2019/20 financial year covering investment performance, asset allocation and insights into current trends.

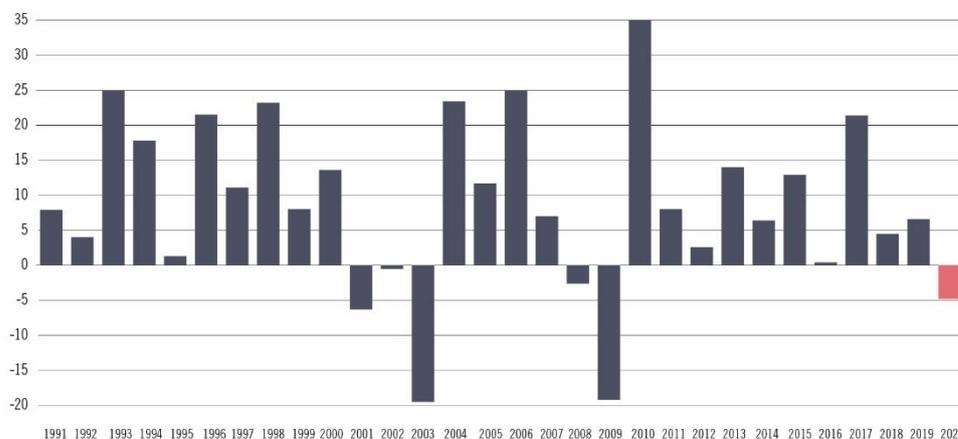
The results for the year were better than most had expected. Equities had fallen, but from historic highs, and funds, now more diversified than ever, saw their total assets fall, but only by an average of **4.8%**. Those funds that had more of their money invested in alternative strategies, performed better than their peers who had high quoted equity exposures. Some funds had put in place insurance against market falls and those funds reaped the benefit last year.



Let's put this in context

To put this return into context, the -4.8%, although negative, was significantly better than the returns experienced by funds in the market falls either at the start of the century or following the global financial crisis.

Local Authority fund annual performance - last 30 years



Is This The Moment For Active Management?

One of the main arguments for employing active managers has always been that they will be nimble enough to avoid the worst of market falls. In this time of extreme market dislocation, the range of returns from active equity managers was wider than usually seen but in aggregate they outperformed. Given that the continuing impact of COVID will vary greatly across markets, sectors and individual companies it might be time to review investment within index tracking funds that have to hold the whole index including sectors and companies that may now be in long term decline.

Background

The Local Authority Pension Performance Analytics (LAPPA) Universe has been run by PIRC since 2017 when the State Street / WM withdrew from providing the service. It provides

exclusive and unique information to support Local Authority pension funds to view their investment performance within a long-term, peer group context that will enhance governance and improve decision making.

The peer group Universe is the largest and most comprehensive database of local authority pension fund investments. It currently comprises 63 funds with an aggregate value of £180bn. This represents over two-thirds of local authority pension fund assets. The Universe has thirty plus years of detailed historical data making it unique and increasingly essential for those funds that wish to place their performance in a long-term context.

This publication is available to all Universe participants as part of the core service to which they subscribe. It is available to non-participants at a cost of £1400 plus VAT.

LAPPA's analysis is completely independent and objective, and, being affiliated to neither investment managers nor consultants there are no vested interests.

If you'd like more information about any of the above please get in touch:

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