



Peer Group Analysis

A Presentation to Berkshire Pension Fund
Committee

March 22nd 2021

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The Peer Group Universe

At end March 2020 valued at £180bn

Comprised of more than 60 funds including:

All of the Welsh Pool

All London bar Croydon

All Northern Pool

And funds from all other pools bar Central

More than 30 years history.

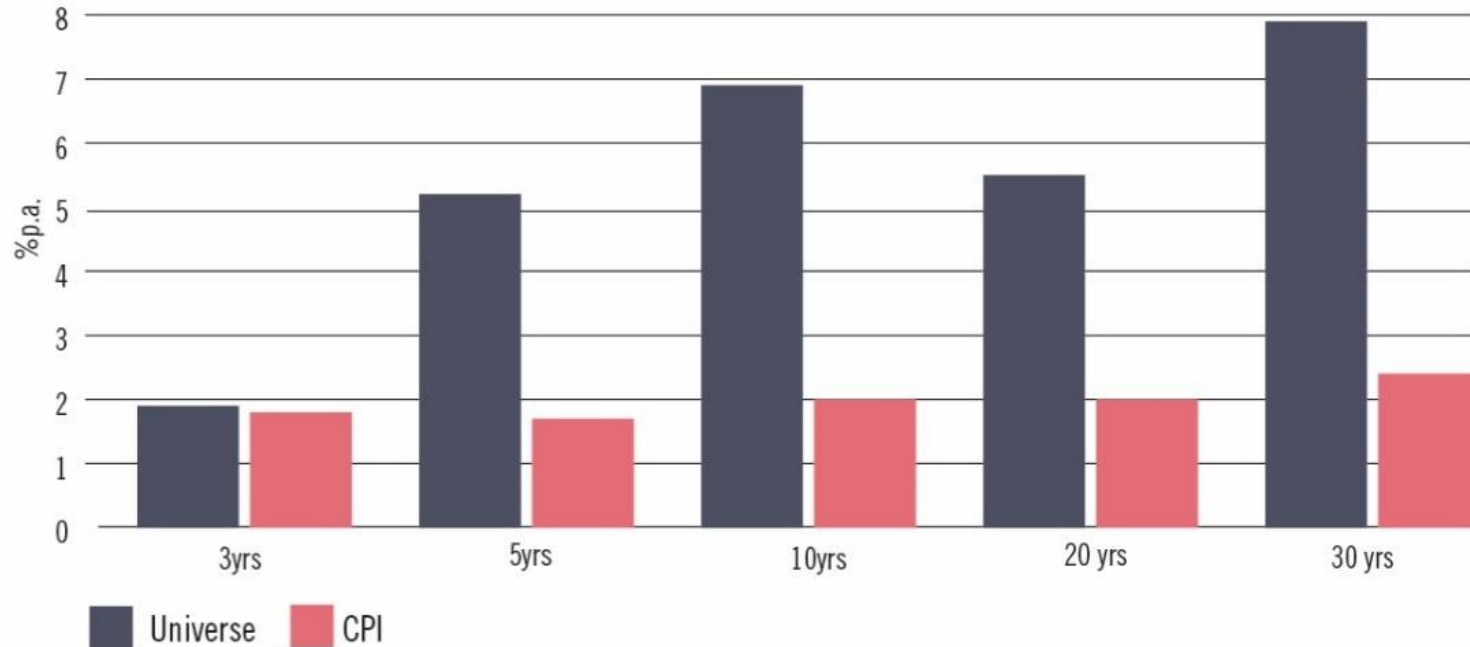
What questions does the Peer Group seek to answer?

At Aggregate Level

- How has the LGPS performed in absolute terms over the short, medium and longer term?
- Is the LGPS adding value relative to the strategic benchmarks that funds have set?
- How is the LGPS structured in terms of asset allocation and how has this changed over time?
- Is risk being rewarded?
- What is the spread of performance – why are some funds performing better than others, can strengths and key drivers of performance be identified?

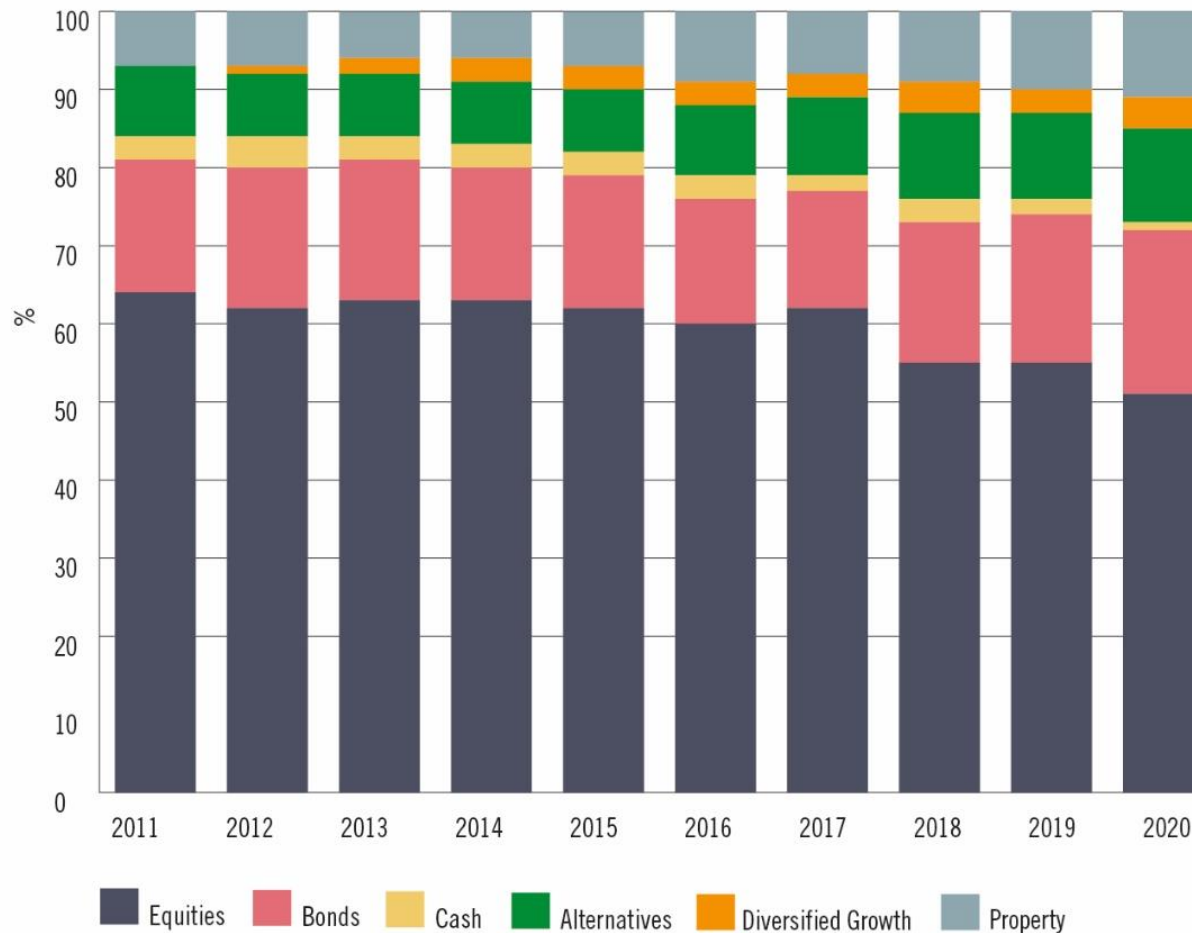
Long Term Results Have Been Strong

Fund performance – last thirty years



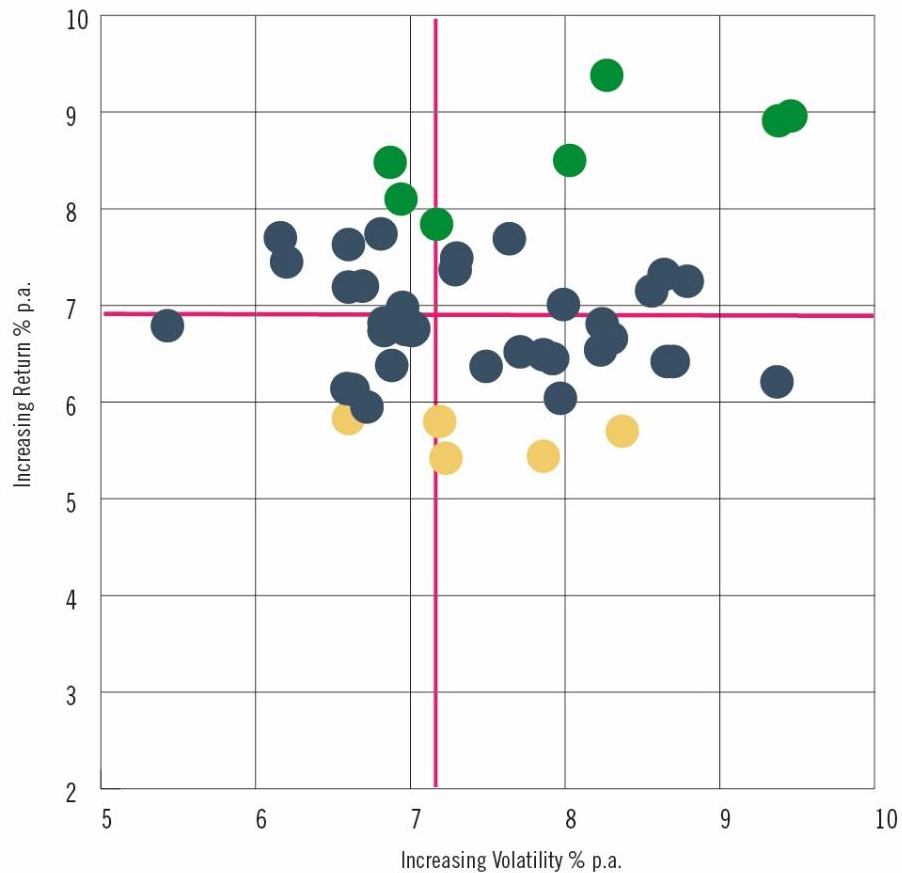
Asset Allocation Little Changed

Long term asset allocation



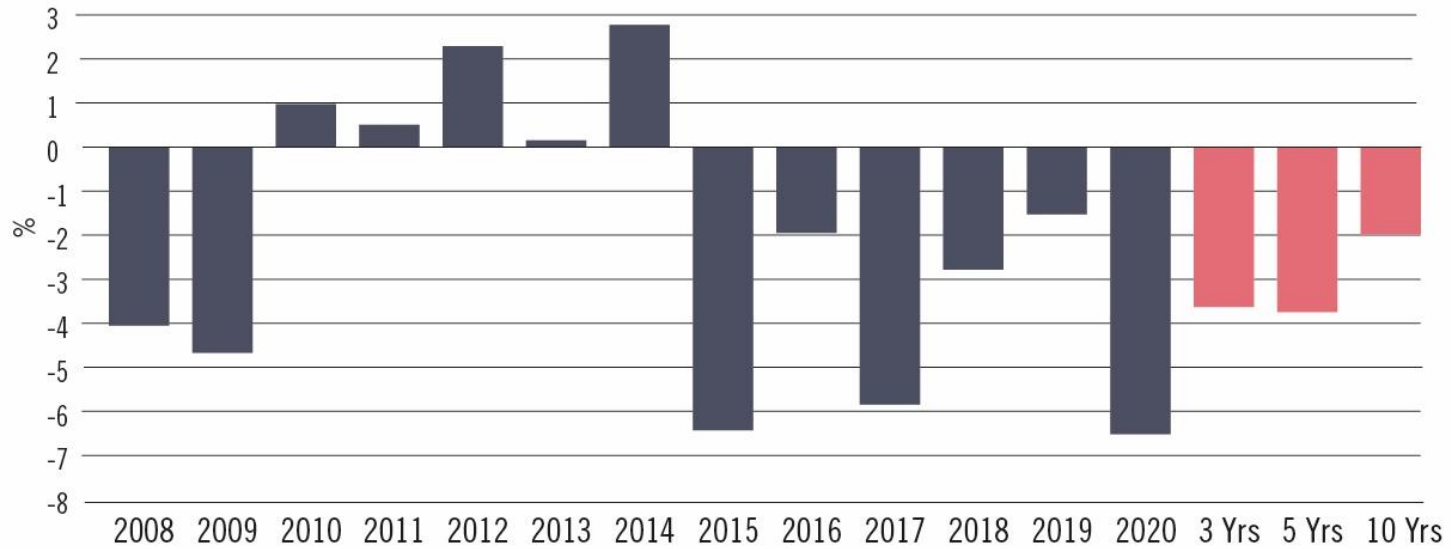
Top and Bottom Performing Funds

Last 10 years



UK Equities Have Hurt Performance

Performance of UK equities relative to total equities



While Diversified Growth Has Disappointed

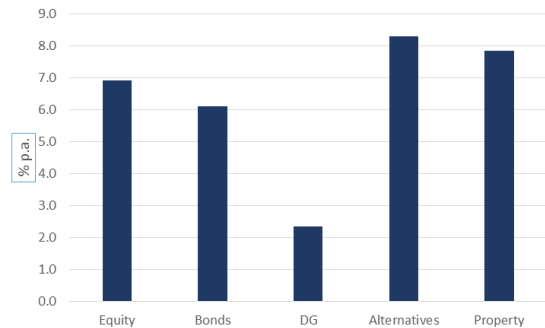
Equity and DG performance last 8 years



Equity Performance Has Been Key

- Holding more in equities should have been disadvantageous over the period.
- Top decile equity results averaged 9.9% p.a.
- This was better than the average result of any other asset class.

Asset Class Returns Last 10 years



Equity Returns Last 10 years

	% p.a. 10 yr	% BG at end
Average	Return	March 2020
Bottom	6.5	6
Top	9.9	24
Universe	6.9	
BG	11.0	

At Fund Level

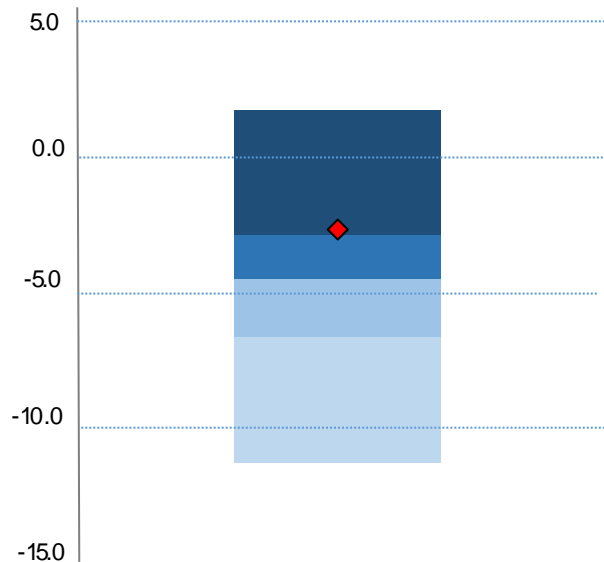
- How does the absolute level of investment return achieved by the fund compare with others in the LGPS?
- What level of risk has been taken to achieve this return and how does this compare with others?
- How does the structure of the fund differ from other funds?
- How does the relative performance compare to that achieved by others in the LGPS?
- What level of risk has been taken to achieve this return and how does this compare with others?

These questions can be answered relative to the full LGPS or split in a variety of ways including by region/ funding level/ structure

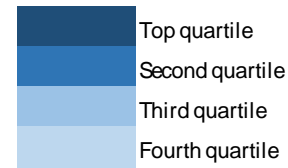
Fund Performance

Latest Year

- In the latest year the Fund return of -2.6% was well ahead of the average of -4.8% and ranked in the top quartile.



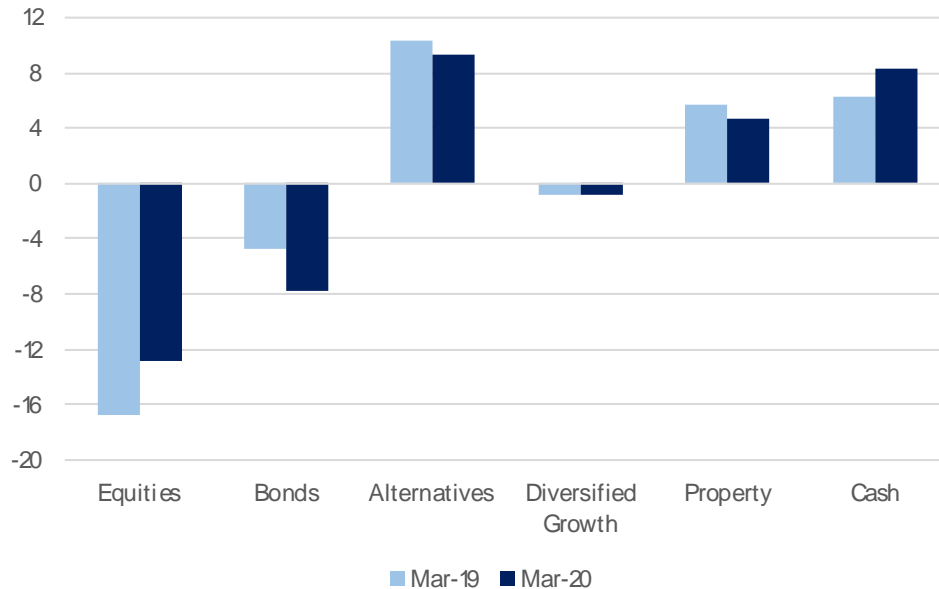
The figure shows the Fund return within the range of results achieved by the LGPS Universe in the latest year. The returns are divided into quarters (quartiles) and the fund is shown as a red diamond.



 Fund

Fund Structure

- The Fund is structured very differently to the average fund.
- The key differences are the high allocations to alternative assets (Private equity and infrastructure). Property and cash and commensurately lower exposure to equities and bonds.
- This had a large positive impact in the latest year.



The chart shows the Fund's relative % weightings at asset class level at 31st March 2019 and 2020.



Next Steps

The cost of the service for 2020/21 is £4,900.

We require monthly total fund data for as far back as it can be obtained.

For 2020/21 we require total fund and portfolio level returns and values on a monthly basis. This requirement is straightforward and can be provided either directly or via your custodian.

The Universe aims to finalise by end May 2021 so data would need to be provided as far ahead of that date as possible.



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