

## PENSION FUND COMMITTEE – 10 SEPTEMBER 2021

### ANALYSIS OF RELATIVE INVESTMENT PERFORMANCE TO MARCH 2021

#### Report of the Independent Financial Adviser

- PIRC has compiled performance statistics for 64 of the LGPS funds, with a combined value of £230bn, for periods ending March 31<sup>st</sup>, 2021. (None of the funds in the Central Pool submitted data). The performance of the Oxfordshire Fund places it in the 3<sup>rd</sup> quartile for the 1- and 3-year periods, but it remains 2<sup>nd</sup> quartile over 5 and 10 years as shown in Table 1. (All returns are in % annualised).

|                    | 1 year | 3 years | 5 years | 10 years |
|--------------------|--------|---------|---------|----------|
| <b>Oxfordshire</b> | 23.5   | 7.5     | 9.6     | 8.4      |
| %-ile              | (54)   | (66)    | (41)    | (42)     |
| 2020 %-ile         | (68)   | (57)    | (43)    | (36)     |
| <b>Median</b>      | 24.5   | 7.9     | 9.3     | 8.2      |

**Table 1. Overall Fund Performance**

- The PIRC report separately analyses the performance of five asset classes – Equities, Fixed Income, Alternatives, Property and Diversified Growth. The returns for the Oxfordshire Fund, together with percentile rankings, are shown in Table 2.

|                     | 1 year | 3 years | 5 years | 10 years | Comments                  |
|---------------------|--------|---------|---------|----------|---------------------------|
| <b>Equities</b>     | 36.6   | 8.8     | 11.6    | 9.2      | See below                 |
| %-ile               | (67)   | (81)    | (78)    | (78)     |                           |
| Median              | 38.9   | 11.1    | 12.6    | 9.8      |                           |
| <b>Fixed Income</b> | 4.9    | 4.5     | 5.1     | 6.4      |                           |
| %-ile               | (67)   | (25)    | (34)    | (26)     |                           |
| Median              | 8.0    | 3.8     | 4.6     | 5.8      |                           |
| <b>Alternatives</b> | 25.1   | 14.0    | 15.7    | 13.1     | Boosted by Private Equity |
| %-ile               | (6)    | (9)     | (3)     | (3)      |                           |
| Median              | 6.9    | 7.3     | 7.8     | 6.9      |                           |
| <b>Property</b>     | -1.8   | 2.0     | 4.1     | 6.4      |                           |
| %-ile               | (83)   | (67)    | (64)    | (51)     |                           |
| Median              | 1.9    | 2.5     | 4.4     | 6.5      |                           |
| <b>DGF</b>          | 14.3   | 3.3     | 4.2     | N/A      | Close to median           |
| %-ile               | (59)   | (46)    | (50)    |          |                           |
| Median              | 15.2   | 3.2     | 4.3     |          |                           |

**Table 2. Asset-Class Performance**

- With funds' equity portfolios giving an average return of 39.0% for the year, fund performance was strongly correlated with their equity weighting. Most of the top-

performers for the year held at least 60% in equities at March 2020. (Oxfordshire held 54%). Within equities, Overseas returned 42.3%, while UK returned 30.0%. Oxfordshire's relatively high allocation to UK equities was once again a drag on performance. (Bromley was triply blessed by having 63% in equities at March 2020, all invested in Global equity mandates – two-thirds of it in Baillie Gifford's Global High Alpha Fund).

4. Oxfordshire's very strong absolute and relative performance in Alternatives was due to the appreciation of the Private Equity portfolio, which made up most of the Alternatives allocation. When PIRC publish a more detailed breakdown of the Alternatives category it should be possible to do a like-for-like comparison of the returns achieved in Private Equity, Infrastructure, Hedge Funds etc.
5. The Asset Allocation of the Oxfordshire Fund at March 2021 was broadly similar to that of the median LGPS fund at the asset class level, as shown in Table 3. The PIRC report does not separate Equities by UK/Overseas, and nor does it categorise Alternatives, but these details may be included in the Annual Review when it is published.

|                     | <b>Oxfordshire (%)</b> | <b>Universe median (%)</b> |
|---------------------|------------------------|----------------------------|
| <b>Equities</b>     | 58                     | 57                         |
| <b>Fixed Income</b> | 20                     | 18                         |
| <b>Alternatives</b> | 10                     | 8                          |
| <b>Property</b>     | 6                      | 8                          |
| <b>DGF</b>          | 5                      | 0                          |
| <b>Cash</b>         | 1                      | 1                          |

**Table 3. Asset allocation at 31.3.2021**

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**July 2021**