

# Alpha Real Capital

## 91% OF LOCAL GOVERNMENT PENSION SCHEME FUNDS SET TO INCREASE ALLOCATIONS TO PRIVATE MARKETS

Local Government Pension Scheme (LGPS) Funds in England and Wales are set to increase their allocation to private markets. This is according to new research <sup>(1)</sup> from Alpha Real Capital (“Alpha”), the specialist manager of secure income real assets.

Over the next five years, 91% of LGPS professionals surveyed believe the Funds they work for will increase their allocation to private markets. The majority, 60%, think their allocation will rise by between 5% and 10%.

Alpha says this is part of a trend of institutional investors increasing their allocation to illiquid assets, which are providing increasingly attractive returns and diversification benefits in an ever more uncertain world.

A study<sup>(2)</sup> carried out last year with 100 UK professional pension fund investors by the specialist real assets manager found schemes already have substantial allocations to illiquid assets – around 58% of investors said their scheme allocated up to 25% to illiquid assets as part of their investment strategy, and 37% said they allocated up to 10%.

The study found the main reason for increasing interest in illiquid assets is greater transparency around the asset class - 79% of those pension professionals surveyed last year said that they planned to increase allocations because of this. However, 69% said increased opportunities to invest in illiquid assets is driving interest, and 44% of those questioned said they are increasing allocations to illiquid investments because of a growing desire to diversify their portfolios.

**Boris Mikhailov, Head of Client Solutions at Alpha Real Capital** said: “Private markets, and in particular secure income real assets, are growing in popularity amongst LGPS Funds as they offer the potential to provide secure, inflation-linked cashflows to help meet liabilities in an inflationary environment. It is also important to note that secure income real assets like social or renewable infrastructure have quantifiable and measurable ESG benefits. It is possible to invest in these assets to help with ‘E’ or ‘S’ in ESG without sacrificing much needed investment performance.”

**Phillip Rose, CEO at Alpha Real Capital** said: “Globally, private markets rallied to new heights in 2021 with a significant rise in fundraising, and assets under management (AUM) grew to an all-time high of nearly \$10 trillion. Given the many attractions of private markets such as long-income real estate, social infrastructure and renewables infrastructure, including predictable income, inflation

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linkage and low volatility, we expect LGPS to significantly increase their allocation to these asset classes over 2022 and beyond.”

- Ends -

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## Notes to editors

<sup>(1)</sup> Alpha Real Capital commissioned the market research company Pure Profile to survey 100 LGPS fund professionals. Interviews were conducted online in April 2022.

<sup>(2)</sup> Alpha Real Capital commissioned the market research company Pure Profile to survey 100 UK based professional pension scheme investors. Interviews were conducted online in August 2021.

## For further information contact Phil Anderson at Perception A

Phone: +44 (0)7767 491 519 | Email: [phil@perceptiona.com](mailto:phil@perceptiona.com)

## About Alpha Real Capital (<https://alpharealcapital.com/>)

Alpha is a specialist real assets investment manager focussed on secure income strategies. The firm invests in UK and European assets with predictable secure long-term cash flows. Alpha provides market leading and innovative real asset solutions across a range of investments such as commercial ground rents, UK renewable infrastructure, social infrastructure, and secured lending, combining operational real asset experience and credit expertise.

Alpha has a 160 plus strong professional team with £4.7 billion of assets under management, including capital commitments – of which over £1bn is in social infrastructure assets and close to £1billion is in renewables infrastructure assets.

Alpha operates across diversified investment markets: listed and unlisted investment vehicles, open and closed ended property vehicles, UK, and European funds, working with large institutional investors and wealth managers.

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