

# Alpha Real Capital

## LOCAL GOVERNMENT PENSION SCHEME FUND RESEARCH REVEALS KEY INVESTMENT PRIORITIES POST VALUATION

New research <sup>(1)</sup> with UK Local Government Pension Scheme (LGPS) fund professionals in England and Wales reveals that 46% of LGPS funds expect to be more than 100% funded at their next triennial actuarial valuation.

With funding levels expected to be in good shape, this survey, which is from Alpha Real Capital (Alpha), the specialist manager of secure income real assets, reveals that 75% of survey participants ranked **increasing or maintaining returns** amongst their highest priorities post valuation. **Cashflow management** ranked a close second with 66% of participants ranking this as high priority, while 60% cited their intention to **de-risk/diversify away from traditional assets** as a top priority. Finally, 50% or so intended to focus on ESG as a priority. Investing to effect **'social impact locally and nationally'** and investing with the **'Environmental impact'** in mind scored similarly in terms of prioritisation.

Note that the period after the valuation date has witnessed significant moves in interest rates, inflation and equity markets, however it is widely expected that LGPS fund balance sheets have been resilient.

**Ed Palmer, CIO, Alpha Real Capital said:** "Despite optimism about funding levels post valuation, it is clear that most LGPS funds are not ready to take their foot off the pedal just yet. Secure income real assets could be a useful tool for funds looking to de-risk without necessarily sacrificing returns."

**Stuart Hanson, Client Solutions, Alpha Real Capital said:** "Our research shows that many LGPS fund professionals are optimistic about the valuations of their funds and have a clear view of the goals and challenges they face. Assuming the final valuation results align with expectations, this would represent an excellent outcome for LGPS fund professionals in what has been a very difficult period for investors."

**Phillip Rose, CEO, Alpha Real Capital said:** "The ongoing market volatility and high levels of inflation highlights the immediate relevance of the LGPS fund priorities revealed by our survey. Focusing on these priorities will require assets that provide inflation protection and improve the resilience of returns, while also targeting ESG benefits. Building a secure income real asset component to a portfolio, that includes social and renewables infrastructure, should help any investor looking to meet such priorities."

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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.

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## About Alpha Real Capital ([www.alpharealcapital.com](http://www.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 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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