

# PFPP

**THE INSTITUTIONAL  
INVESTORS' PROGRAMME  
AN IPE RESEARCH PROGRAMME**

LGPS FUNDS COLLECTIVE REPORTING DATA

**Q1 2015**

**STRICTLY CONFIDENTIAL**





# LGPS FUNDS COLLECTIVE REPORTING DATA

## OVERVIEW

PFPP – The Institutional Investors Programme is the largest research programme conducted **by investors, for investors** and is being independently facilitated by IPE.

There is no cost for Investors and the programme is completely confidential.

The PFPP Research Programme provides participating investors with really meaningful and detailed intelligence on any asset managers – including both those they employ, and those that they do not currently employ.

PFPP is the largest research programme that has ever been put together on investors' perceptions of asset managers in Europe.

730 Institutional investors to date have completed reports on managers they employ as part of **PFPP**. Within that universe there are 73 funds from the LGPS that have taken part.

These results reveal the collective view of those LGPS funds against the PFPP universe of those reporting

The PFPP online system, which all participating investors have access to, gives any LGPS fund the opportunity to compare the managers with whom they work to the PFPP universe by asset class and country. Shortly only participating LGPS funds will individually be able to compare responses by all questions in the report against the collective view of LGPS funds.

*If you have participated in PFPP and would like more details please go to the live reporting platform where you can download reports and drill down for more data information. If you would like a reminder of your username and password or would like to be join the programme please email or call Amanda Bartlett on 020 3465 9343 / [amanda.bartlett@ipe.com](mailto:amanda.bartlett@ipe.com)*

*More information can also be found on the website [www.ipe.com/pfpp](http://www.ipe.com/pfpp)*

## RECOMMEND RATING:

From the question, ‘Would you recommend this manager to other Investors?’

44% of **LGPS Funds** said they would recommend all their managers to other investors.

56% of **LGPS Funds** said they would not recommend 1 or more of their managers to other investors.

• • • • •

Out of these responses by **LGPS Funds** the below managers were given a 100% recommended score by all those who reported on them:

### WITHIN EQUITIES:

- o **J. P Morgan Asset Management** - Equities Developed Market Europe, Emerging Market Europe/Asia Pacific and Latin America.
- o **Jupiter Asset Management** - Equities Developed Market Europe
- o **Majedie Asset Management** - Equities Developed Market Europe
- o **Robeco Group** - Alternatives and Real Assets Top Level and Equities Top Level
- o **MFS Investment Management** - Equities Top Level
- o **Invesco Perpetual** - Developed Market Europe
- o **F&C Management** - Equities Emerging Market
- o **Genesis Investment Management** - Equities Emerging Market
- o **M&G Investment Management** - Equities Developed Market Europe and Emerging Market Other
- o **Legal & General Investment Management** - Equities Top Level and Developed Market Europe
- o **First State Investments** - Equities Emerging Market
- o **Aegon Asset Management** - Equities Top Level

### WITHIN FIXED INCOME:

- o **Royal London Asset Management** - Investment Grade Corporate Bonds
- o **Western Asset Management** - Investment Grade Corporate Bonds

- o **Legal & General Investment Management** - Public Debt - Emerging and Developed Europe
- o **M&G Investment Management** - Investment Grade Corp Bonds and Debt
- o **Legal and General Investment Management** - Public Debt - Emerging and Developed Europe
- o **JP Morgan Asset Management** - Investment Grade Corporate Bonds North America and Other
- o **Goldman Sachs Asset Management International** - Fixed Income Top Level and Investment Grade Corporate Bonds
- o **F&C Management** - Fixed Income Top Level
- o **ECM Asset Management** - Fixed Income
- o **Aegon Asset Management** - Fixed Income Top Level

#### **WITHIN MULTI ASSET FUNDS:**

- o **Ruffer** - Absolute Return Funds
- o **Pyrford International** - Absolute Return Funds

#### **WITHIN ALTERNATIVES AND REAL ASSETS:**

- o **Robeco Group** - Alternatives and Real Assets Top Level
- o **Threadneedle Investments** - Real Estate
- o **Partners Group** - Hedge Funds / Infrastructure, Private Equity, Real Estate
- o **Macquarie Group** - Infrastructure
- o **M&G Investment Management** - Alternatives
- o **Legal & General Investment Management** - Real Estate
- o **Hermes Investment Management** - Real Estate and Infrastructure
- o **Invesco Perpetual** - Real Estate and Equities Developed Market Europe
- o **HarbourVest Partners** - Private Equity
- o **Brevan Howard** - Hedge Funds
- o **Adams Street Partners** - Private Equity

• • • • •

Out of the **PFPP universe** the following managers were given a 100% recommended score.

**WITHIN EQUITIES:**

- o **DNB Asset Management** - Equities Developed Markets - Europe and Other
- o **Genesis Investment Management** - Emerging Market Equities and Other
- o **Hermes Investment Management** - Equities Developed Markets - North America
- o **Majedie** - Equities Developed Markets Europe and Other
- o **Northern Trust Global Investments** - Equities Developed Markets - Europe / North America / Asia Pacific
- o **Quoniam Asset Management** - Emerging Market Equities and Developed Market Equities
- o **Russell Investments** - Equities Emerging Markets - Asia Pacific and Other
- o **Aktia Asset Management** - Equities Developed Markets Europe
- o **Alfred Berg** - Equities Developed Markets Europe
- o **Anima SGR** - Developed Market Equities and Other
- o **Arrowstreet Capital** - Emerging Market Equities and Other
- o **Evli Bank** - Equities Emerging Market - Equities Developed Markets - Europe and Other
- o **Groupama Asset Management** - Developed Market Equities - Equities Developed Markets - Europe
- o **JO Hambro Capital Management** - Equities Developed Markets - Europe - Developed Market Equities and Other
- o **Jupiter Asset Management** - Equities Developed Markets - Europe and Other
- o **Marathon Asset Management** - Equities Developed Markets - Europe / Asia Pacific and Other
- o **Storebrand Asset Management** - Equities Developed Markets - Europe and Other
- o **Vanguard Asset Management** - Equities Developed Markets - Europe / North America / Other and Emerging Market Equities - Other

#### WITHIN FIXED INCOME:

- o **DNB Asset Management** - Fixed Income Public Debt - Other - DNB Asset Management – Fixed Income Corporate Bonds - Developed Europe and Other - Fixed Income High Yield Bonds
- o **Hermes Investment Management** - Public Debt
- o **Northern Trust Global Investments** - Fixed Income Public Debt - Developed Europe – Fixed Income Corporate Bonds - Developed Europe
- o **Royal London Asset Management** - Investment Grade Corporate Bonds - Fixed Income Corporate Bonds - Developed Europe and Other - Fixed Income High Yield Bonds

#### WITHIN CASH:

- o **Northern Trust Global Investments** - Other
- o **Royal London Asset Management** - Other
- o **Groupama Asset Management** – Other

#### WITHIN ALTERNATIVES AND REAL ASSET:

- o **DNB Asset Management** - Private Equity and Real Estate
- o **Hermes Investment Management** - Real Estate / Commodities and Infrastructure
- o **Northern Trust Global Investments** - Real Estate
- o **Royal London Asset Management** - Real Estate
- o **Russell Investments** - Currency
- o **Adams Street Partners** - Private Equity
- o **Bridgewater Associates** - Hedge Funds
- o **Evli Bank** - Equities Emerging Market - Real Estate
- o **Groupama Asset Management** - Private Equity
- o **Oaktree Capital Management** - Real Estate and Alternatives
- o **Rogge Global Partners** - Currency and Alternatives
- o **Storebrand Asset Management** - Hedge Funds / Real Estate and Private Equity
- o **Vanguard Asset Management** - Real Estate

**WITHIN DYNAMIC ASSET ALLOCATION:**

- o **Anima SGR** - Tactical Asset Allocation (TAA)
- o **Bridgewater Associates** - Global Tactical Asset Allocation (GTAA)
- o **Pyrford International** - Tactical Asset Allocation (TAA)
- o **Quoniam Asset Management** - Global Tactical Asset Allocation (GTAA)

**WITHIN MULTI-ASSET FUNDS:**

- o **Anima SGR** - Absolute Return Funds / Balanced Funds and Other
  - o **Bridgewater Associates** - Absolute Return Funds / Balanced Funds and Other
  - o **Groupama Asset Management** - Balanced Funds
  - o **Jupiter Asset Management** - Other
  - o **Longview Asset Management** - Absolute Return Funds
  - o **PGGM** - Other
  - o **Pyrford International** - Absolute Return Funds and Other
-

## SATISFACTION RATING:

From the question: 'Taking into account your answers to all of the questions which you have addressed in this form, please rate your overall level of satisfaction with this asset manager, in this class.'

46% of **LGPS Funds** gave their Managers a satisfactory score of 8 or more. Out of the **PFPP universe** 50% of Investors gave their Managers a satisfactory score of 8 or more.

6% of **LGPS Funds** gave their Managers a satisfactory score of 4 or less. Out of the **PFPP universe** 4% of Investors gave their Managers a satisfactory score of 4 or less.

4% of **LGPS Funds** gave their Managers a satisfactory score of 10. These Managers were:

### WITHIN EQUITIES:

- o **State Street Global Advisors** - Equities Top Level
- o **AXA Investment Managers** - Equities Developed Market Europe
- o **Baillie Gifford** - Equities Top Level / Developed Market Europe
- o **Investec Asset Management** - Equities Top Level
- o **JO Hambro Capital Management** - Equities Top Level
- o **Legal & General Investment Management** - Equities Top Level
- o **Longview Asset Management** - Equities Top Level
- o **Majedie Asset Management** - Equities Developed Market Europe
- o **State Street Global Advisors** - Equities Top Level
- o **Wellington Management Company** - Equities Developed Market North America

### WITHIN FIXED INCOME:

- o **Insight Investments** - Fixed Income Top Level and Public Debt
- o **Royal London Asset Management** - Fixed Income Top Level

#### WITHIN ALTERNATIVES AND REAL ASSETS:

- o **Hermes Investment Management** - Real Estate
- o **Standard Life Investments** - Real Estate

#### WITHIN MULTI ASSET FUNDS:

- o **Baillie Gifford** - Absolute Return Funds

• • • • •

Out of the **PFPP universe** 3.9% of Investors gave their Managers a satisfactory score of 10, These Managers were:

#### WITHIN EQUITIES:

- o **Baillie Gifford** - Equities Developed Market Europe
- o **BlackRock** - Equities Developed Market Europe
- o **J.P. Morgan Asset Management** - Equities Emerging Market - Latin America
- o **Legal & General Investment Management** - Equities Developed Markets
- o **Lyxor Asset Management** - Equities Developed Markets Europe and Other
- o **Majedie Asset Management** - Equities Developed Markets Europe
- o **Mellon Capital Management** - Public Debt - North America and Developed Europe
- o **Nordea Asset Management** - Fixed Income
- o **Pictet Asset Management** - Developed Markets Equities - Asia Pacific, Europe, North America and other
- o **Vontobel Asset Management** - Equities Developed Market Europe and North America

#### WITHIN FIXED INCOME:

- o **AXA Investment Managers** - Fixed Income High Yield Bonds, Investment Grade Corp Bonds
- o **Insight Investment** - Fixed Income Corporate Bonds - Developed Europe and Public Debt
- o **Pictet Asset Management** - Fixed Income

- o **PIMCO** - Fixed Income
- o **State Street Global Advisors** - Fixed Income Top Level and Public Debt

**WITHIN ALTERNATIVES AND REAL ASSETS:**

- o **Credit Suisse Asset Management** - Alternatives and Real Assets

1% of **LGPS Funds** gave their Managers a satisfactory score of less than 2. These Managers were

**WITHIN ALTERNATIVES AND REAL ASSETS:**

- o **Deutsche Asset & Wealth Management** - Real Estate

**WITHIN DYNAMIC ASSET ALLOCATION:**

- o **Baring Asset Management** - Dynamic Asset

**WITHIN FIXED INCOME:**

- o **Investec Asset Management** - Fixed Income

• • • • •

Out of the **PFPP universe** 0.3% of Investors gave their Managers a satisfactory score of less than 2. These Managers were:

**WITHIN EQUITES:**

- o **Petercam** - Equities Developed Markets – Europe
- o **Schroder Investment Management** – Equities

**WITHIN FIXED INCOME:**

- o **Credit Suisse Asset Management** - Fixed Income Public Debt
- o **Investec Asset Management** - Fixed Income
- o **PIMCO** - Fixed Income Public Debt Emerging Markets

**WITHIN ALTERNATIVES AND REAL ASSETS:**

- o Aviva Investors - Real Estate**
- o AXA Investment Managers - Real Estate**
- o Deutsche Asset & Wealth Management - Real Estate**
- o DTZ Investment Management - Real Estate**
- o Macquarie Group - Alternatives and Real Assets**
- o UBS Global Asset Management - Hedge Funds**

## MOST IMPORTANT ISSUES FOR LGPS Funds

Within the PFPP reporting items, these questions were rated by LGPS Funds as the most important to them.

**1st: QUESTION 60:** Rate the ability of the asset manager to generate investment returns in line with the risk parameters you provided.

**2nd: QUESTION 100:** Rate the alignment of outcomes with your expectations.

**3rd: QUESTION 103:** Rate the value received in return for fees paid.

**4th: QUESTION 40:** Rate the ability to control risk relative to your performance expectations.

**5th: QUESTION 41:** Rate the degree of success in adhering to the agreed investment mandate.

**MOST IMPORTANT ISSUE TO LGPS FUNDS: Q60 Rate the ability of the asset manager to generate investment returns in line with the risk parameters you provided.**

**LGPS Funds** gave this question an average score of 7.07. The highest scoring was by those working with Managers in Multi Asset Funds (7.66) and the lowest scoring was by those working with Managers in Cash (5.33)

The **PFPP universe** of Investors gave an average score of 7.24. The highest scoring was by those working with Managers in Cash (7.58) and the lowest scoring was by those working with Managers in DAA (6.84)

*\*GREEN IS HIGHEST SCORE AND RED IS LOWEST SCORE*

ASSET CLASS	LGPS FUNDS	PFPP UNIVERSE
EQUITIES	7.18	7.35
FIXED INCOME	7.20	7.24
CASH	5.33	7.58
ALTERNATIVES AND REAL ASSETS	6.70	6.87
DYNAMIC ASSET ALLOCATION	5.57	6.84
MULTI ASSET FUNDS	7.66	7.07
OTHER	6.00	7.39

**SECOND MOST IMPORTANT ISSUE TO LGPS FUNDS: Q100 Rate the alignment of outcomes with your expectations.**

**LGPS Funds** gave this question an average score of 7.10. The highest scoring was by those working with Managers in Multi Asset Funds (7.59) and the lowest scoring was given by those working with Managers in Cash (5.33)

The **PFPP universe** of Investors gave an average score of 7.24. The highest scoring was by those working with Managers in Other (7.76) and the lowest scoring was given by those working with Managers in DAA (6.67)

*\*GREEN IS HIGHEST SCORE AND RED IS LOWEST SCORE*

ASSET CLASS	LGPS FUNDS	PFPP UNIVERSE
EQUITIES	7.13	7.37
FIXED INCOME	7.29	7.33
CASH	5.33	7.50
ALTERNATIVES AND REAL ASSETS	6.67	6.77
DYNAMIC ASSET ALLOCATION	5.57	6.67
MULTI ASSET FUNDS	7.59	7.01
OTHER	6.00	7.76

**THIRD MOST IMPORTANT ISSUE TO LGPS FUNDS: Q103 Rate the value received in return for fees paid**

**LGPS Funds** gave this question an average score of 6.80 .The highest scoring was by those working with Managers in Multi Asset Funds (7.14) and the lowest scoring was given by those working with Managers in DAA (4.42)

The **PFPP universe** of Investors gave an average score of 6.94. The highest scoring was by those working with Managers in Equities (7.11) and the lowest scoring was given by those working with Managers in DAA (6.20)

*\*GREEN IS HIGHEST SCORE AND RED IS LOWEST SCORE*

ASSET CLASS	LGPS FUNDS	PFPP UNIVERSE
EQUITIES	6.87	7.11
FIXED INCOME	6.90	7.05
CASH	6.00	6.96
ALTERNATIVES AND REAL ASSETS	6.25	6.28
DYNAMIC ASSET ALLOCATION	4.42	6.20
MULTI ASSET FUNDS	7.14	6.85
OTHER	5.00	6.67

**FOURTH MOST IMPORTANT ISSUE TO LGPS FUNDS: Q40 Rate the ability to control risk relative to your performance expectations.**

**LGPS Funds** gave this question an average score of 7.22. The highest scoring was by those working with Managers in Dynamic Asset Allocation (7.86) and the lowest scoring was by those working with Managers in Alternatives and Real Assets (6.89)

The **PFPP universe** of Investors gave an average score of 7.32. The highest scoring was by those working with Managers in Cash (7.69) and the lowest scoring was by those working with Managers in Alternatives and Real Assets (6.92)

*\*GREEN IS HIGHEST SCORE AND RED IS LOWEST SCORE*

ASSET CLASS	LGPS FUNDS	PFPP UNIVERSE
EQUITIES	7.15	7.39
FIXED INCOME	7.33	7.43
CASH	7.33	7.69
ALTERNATIVES AND REAL ASSETS	6.89	6.92
DYNAMIC ASSET ALLOCATION	7.86	7.29
MULTI ASSET FUNDS	7.31	7.26
OTHER	7.00	7.68

**FIFTH MOST IMPORTANT ISSUE TO LGPS FUNDS: Q41 Rate the degree of success in adhering to the agreed investment mandate.**

**LGPS Funds** gave this question an average score of 7.81. The highest scoring was by those working with Managers in Other (9) and the lowest scoring was by those working with Managers in Cash (7.33)

The **PFPP universe** of Investors gave an average score of 7.86. The highest scoring was by those working with Managers in Cash (8) and the lowest scoring was by those working with Managers in Alternatives and Real Assets (7.39)

*\*GREEN IS HIGHEST SCORE AND RED IS LOWEST SCORE*

ASSET CLASS	LGPS FUNDS	PFPP UNIVERSE
EQUITIES	7.74	7.99
FIXED INCOME	7.97	7.94
CASH	7.33	8.00
ALTERNATIVES AND REAL ASSETS	7.35	7.39
DYNAMIC ASSET ALLOCATION	8.17	7.80
MULTI ASSET FUNDS	8.11	7.83
OTHER	9.00	7.76