SPS Investment Solutions for Pension Funds

Balancing the Risk Reward Equation for your Fund

Thursday 16 September 2010

at Le Meridien, Piccadilly, London

Programme

This conference is arranged by **SPS Conferences**

Sponsored by:

AXA Investment Managers

First Quadrant

Goldman Sachs Asset Management

McKinley Capital Management

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PMI Accreditation 6 ½ hours
www.spsconferences.com

19/08/2010

Programme

08.30 **Registration and coffee**

09.00 **Welcome**

Trevor Cook, Managing Director, Specialist Pension Services

09.10 Looking at Some of the Basics

"Managing solvency risk though integrated solutions"

"Managing solvency is the key goal of DB pension schemes. Integrating that objective not only in the strategic asset allocation, but also in a dynamic approach to hedging the different risks (interest rates, inflation, equity) is a key trend for pension schemes across Europe. We look at how schemes are dealing with this challenge and highlight the key factors to consider

Erwan Boscher, Head of Pensions Group, AXA Investment Managers

"Currency: Why It Matters"

Pension funds and other institutional investors face a challenge in assessing the management of currency exposures embedded in their portfolios. Currency Management has existed as an institutional product for well over two decades as a tool to help meet that challenge (and even use it to their advantage). This presentation will cover the sources of that challenge, as well as the methods to manage it in an institutional framework.

Dori Levanoni, Partner, Co-Director of Global Macro, First Quadrant

10.30 Coffee / Tea

11.00 Some Solutions in Equities

"Quant - a four letter word? Investing with Momentum, the Past, Present and Future"

Use of momentum, analysts' expectations, and fundamental data in stock selection models; Barra and APT multi-factor models; Momentum investing has been rewarded by the market since 1928; Combining Momentum and other factors to successfully identify mispriced securities; Global earnings forecasting variables not dead.

Robert A. Gillam, Chief Investment Officer, McKinley Capital Management

"Equity "Compounders": Seeking Certainty in an Uncertain World"

The global macroeconomic outlook remains in a state of considerable flux. This uncertainty continues to present a challenge for investors looking for assets with the potential to generate attractive returns, yet offer a degree of capital preservation. Asset allocation decisions are further complicated by an inflation outlook that remains far from clear. Against this backdrop, how do you generate stable, consistent returns? How can you identify high quality companies with recurring revenues and avoid those that are erratic or inferior creators of long-term wealth? What do we mean by compounders and why invest in compounders now?

Bruno Paulson, Portfolio Manager in the Global Franchise team, Morgan Stanley Investment Management

12.20 Drinks and Lunch

13.50 Reducing Pension Risk

Moderator: Anne Sander, Senior Investment Consultant & Actuary, Aon Consulting

Annuities: Risk and Reward

With the global economic uncertainty and the UK post-election economic environment, there is currently an opportunity for pension funds and their sponsors to fully insure some of their liabilities under a gilts-backed insurance contract at a premium lower than the reserves held as Technical Provisions.

Guy Freeman, Executive Director, Rothesay Life

Longevity Update: What is happening in the Market: Buying Out / Buying In or Simply Hedging?

Now there is a market in investment products that allow schemes to hedge out longevity risk as well as interest rate risks, does it still make sense for pension funds to buy-out (or buy-in) their pension benefits to reduce risk?

Paul Kitson, Senior Consultant, Towers Watson

15.10 Coffee / Tea

15.30 Looking at the Practical Issues

Moderator: Polly Watts, Independent Consultant

Fiduciary Modelling

Does it make sense to give up responsibility for investment strategy to a third party? Can you really outsource the asset allocation and the selection, of the underlying fund managers? What long term objectives do you set? Can you hold someone to account to ensure the fund meets its objectives?

Markus Aakko, Global Portfolio Solutions, Goldman Sachs Asset Management

"Panel Session"

A pension fund panel will talk about their experiences. Panelists include:

Martin Veasey, Investment Director, HBOS Final Salary Pension Scheme

Ken MacIntyre, Pensions Manager, Unite the Union

16.50 **Close of Conference** & drinks reception.

Speaker Biographies

Markus Aakko is a managing director in the Global Portfolio Solutions (GPS) Group based in New York, where he serves as a senior portfolio manager in the GPS Group Investment Team. He is a member of the GPS Investment Committee. The GPS Group focuses on customized asset allocation, risk management, portfolio construction and investment advisory solutions for institutional investors. The GPS Group represents over $30 billion in assets under management, with a team of over 50 professionals in New York, London, Tokyo, Hong Kong and Salt Lake City. Prior to joining GPS, Markus was a portfolio manager within the Global Manager Strategies Group. He joined **Goldman Sachs** as an associate in 2000 and was named managing director in 2007. Prior to joining the firm, Markus was a financial officer in the treasury of the International Finance Corporation (World Bank Group), where he focused on asset-liability management and structured note issuance. Markus earned a BSc and an MSc in Finance from the Helsinki School of Economics.

Erwan Boscher joined **AXA IM** in February 2005 as Head of Financial Engineering, focusing on asset allocation and ALM solutions for insurer and pension funds. He was named Head of the Pension Group within the Financial Solutions team in October 2005. Previously he spent two years at Merrill Lynch as an interest rates derivatives structurer in London, and four years at Boston Consulting Group as a senior consultant. He graduated from Ecole Polytechnique, a French engineering school, in 1997. He also holds an MBA from INSEAD (2002).

Guy Freeman is an Executive Director in the Insurance and Pensions Principalling Group at Goldman Sachs. He joined Goldman Sachs in 2005 from JPMorgan Securities having previously worked at Towers Perrin, a leading global consultancy. At Towers Perrin, Guy was a Scheme Actuary working on the funding, investment and accounting aspects of corporate pensions with a primary focus on financial risk management issues for US and European multinationals. Guy moved to the Credit and Rates division of JPMorgan Securities in 2001 to establish its pension solutions group. At Goldman Sachs, Guy works in the team that structures and provides insurance-based solutions for UK pension funds via **Rothesay Life**, Goldman Sachs' UK life insurance company. This team has completed 3 transactions: a £700m full settlement of pension liabilities for Rank, a £370m collateralized bulk annuity buy-in for CDC and a £1.9bn funded longevity swap for RSA's pension schemes. Guy has a Degree in Mathematics from St John's College Cambridge. He is a Fellow of the Institute of Actuaries and a Chartered Financial Analyst.

Robert A. Gillam (Rob) is Chief Investment Officer at **McKinley Capital Management** and is responsible for all investment functions and personnel as well as oversight of the investment model. He brings to his current role over five years of experience guiding the firm's quantitative research, portfolio management, trading, risk management, and portfolio operations functions as Director of Global Equities. Prior to this, he worked for seven years as a Portfolio Manager. Robert also serves on McKinley Capital's executive management committee and is a member of the firm's board of directors. He was instrumental in establishing the non-U.S. and global products for the firm. He is a member of the CFA Institute; a member of the Wharton Global Family Alliance, an advisory board to the Wharton School on the creation of graduate level academic expertise in family business; and an investment committee member for the Rasmuson Foundation, a private foundation that supports Alaskan non-profit organizations. Robert has a B.S. Economics, Concentration: International Finance & Strategic Management, Wharton School of the University of Pennsylvania, Finance and Commerce, 1994.

Paul Kitson is a senior consultant with **Towers Watson**. He has 10 years experience advising a range of UK pension schemes and their corporate sponsors. Over the last 5 years Paul has specialised in advising corporate sponsors and UK pension scheme Trustees on derisking and transferring liability to counter-parties. In 2009 Paul led the Merchant Navy Officers Pension Fund (a multi billion industry wide UK pension fund) £500m buy-in with Lucida (the specialist insurance company) and recently led the £1.3bn British Airways synthetic buy-in with Rothesay Life (the insurance subsidiary of Goldman Sachs). Paul has also been actively involved in a number of other risk transfer projects including advising on longevity hedging strategies, enhanced transfer value exercises and pension increase exchange exercises.

Dori Levanoni is a **First Quadrant** partner co-heading the firm's global macro research function. He is involved in all aspects of product development: model building, risk measurement, risk allocation, and portfolio optimization. On joining the investment research team, Dori was initially focused on tactical asset allocation, currency, and global macro strategies. He first joined First Quadrant in 1991 as an intern while studying physics at California Institute of Technology. He left the firm in 1995 to work in the anatomy and neurobiology department of Washington University in St. Louis. Returning to First Quadrant in 1996 as head of systems, Dori moved to the investment research team two years later. He subsequently served as manager of currency research and director of the currency product.

Ken MacIntyre is currently Pensions Manager, **Unite the Union**, primarily responsible for one of the Union's three defined benefit schemes and is Secretary to the corporate trustee. Before starting with the union in 2007 he spent three years doing policy work for the NAPF. Other experience includes pensions management for US multinationals and numerous interim roles, as well as occasional writing and speaking. He holds Edinburgh University an MA in Politics from Edinburgh University and an MSc from the University of London (Birkbeck College). He is a Fellow of Pensions Management Institute.

Bruno Paulson is a portfolio manager for the London-based Global Franchise and International Equity team. He joined **Morgan Stanley** in 2009. Prior to joining the firm, Bruno worked for Sanford Bernstein in London, where he was a Senior Analyst covering the financial sector, particularly banks and insurers, for eight years. Previously, he was a manager at the Boston Consulting Group where he focused on the financial services industry. Bruno has an MBA from INSEAD where he received the Ford Prize for graduating top of class. He was also a Research Fellow in Political Economy at Nuffield College, Oxford, and received a B.A. in Politics, Philosophy and Economics with 1st Class Honors from Keble College, Oxford.

Martin Veasey is the Investment Director for the **HBOS Final Salary Pension Scheme**. Responsible directly to the Scheme Trustees, his brief is to implement and manage all aspects of the Scheme's investment policy, to investigate liability and other hedging strategies and for his team to form a single point of contact for managers, advisers and service providers in this area. He has been in post since December 2007. Prior to this, he was head of Investment Risk within Group Market Risk at the Royal Bank of Scotland and before that the Head of Investment Risk and Performance Measurement at Gartmore Investment Management.

Conference Notes

Purpose: What investment solutions are available to pension funds to address their current investment challenges and what tools are available for implementing these? How can a fund achieve some measure of capital protection? What about buying-out liabilities or mortality hedging? By considering a range of strategies and tools, both conventional and progressive, this conference will seek to answers these questions and give pension funds a better understanding of many of the key investment challenges and the best practice solutions.

Date: Thursday 16 September 2010.

Venue: Le Meridien, 21 Piccadilly, London, W1J 0BH. Tel: 020 7734 8000.

Cost: **£865** plus VAT. In addition a limited number of sponsored places are available to representatives of pension funds (and other institutional investors who themselves do not offer investment management services to others) at **£435** plus VAT. Please check that you are eligible. The charge includes all conference documentation, drinks, lunch, tea and coffee breaks. Payment is required before the event. A VAT receipt will be supplied on request. SPS Conferences events are exclusively aimed at genuine pension fund executives, trustees and their advisers, who may qualify for free entry. SPS Conferences reserves the right of admission (free or paid) and our decision is final.

Cancellation: prior to 2 September 2010 subject to a fee of £60.00. No refunds can be made if cancellation is after this date but delegates may be substituted at any time.

Amendments: SPS reserves the right to amend or cancel the conference at any time but will always attempt to give prior notice. Cancellation by SPS will result in a full refund.

PMI Accreditation: Attendance at the conference will be given 6 ½ hours of CPD with the PMI.

Data Protection: Personal data is gathered in accordance with the Data Protection Act 1998. Your details may be passed to other companies including the conference sponsors who may wish to provide you with offers or other information related to your business activities. If you do not want to receive such information please tick the box in the booking form below.

Specialist Pension Services: please visit our website: ***www.spsconferences.com*** for an update of this conference and details of the other specialist pension and investment conferences we organise.

Queries: please contact: Ms Sue Golton at Specialist Pension Services Limited. Telephone +44 (0)1438 712345 Telefax +44 (0)1438 718883 Email: sue@spsconferences.com

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Booking Form

Please read the Conference Notes, then complete the details below.

Please reserve .... place(s) at The **SPS Investment Solutions for Pension Funds Conference** taking place on 16 September 2010.

❑ complimentary

❑ delegates at £865 plus VAT @ 17.5% = £1016.38

❑ delegates at £435 plus VAT @ 17.5% = £511.13 (only applicable to trustees and other representatives of pension funds who do not themselves offer investment advisory services to other institutions).

Please indicate method of payment:

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