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CONFERENCES

Informing Pension Funds

# Investment Strategies & Cash Flow Management for Maturing Pension Funds

Thursday 12 July 2018  
at Le Meridien Piccadilly, London

**Sponsored by:**

**Amundi Asset Management**

**Capital Group**

**CQS**

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CPD = 6.5 hours



# Programme

08.45 **Registration and coffee**

09.15 **Welcome and Opening Remarks**

**TREVOR COOK**, MANAGING DIRECTOR, SPECIALIST PENSION SERVICES

09.25 **Session 1: Cash Flow**

**MODERATOR: IAN RICHARDS**, CHAIR OF TRUSTEES, NEXT PENSION TRUSTEES

## CDI – Taking the Global View

As pension investors find themselves in negative cashflow, they are looking for assets that help to match their cashflow requirements and deliver long-term return principally in the form of income. While domestic sterling assets are the best theoretical fit, the sterling markets lack the capacity to satisfy UK pension needs. In this session, Sorca Kelly-Scholte sets out the case for taking the search for asset cashflow global, and in particular to the US, where there is much greater capacity and where deeper markets allow for better diversification of the associated risks.

**SORCA KELLY-SCHOLTE**, HEAD OF EMEA PENSIONS SOLUTIONS & ADVISORY, J.P. MORGAN ASSET MANAGEMENT

## Building Castles: How to Design a Cash Flow Driven Portfolio

Credit is an asset class that is well suited to the needs of a mature pension scheme as it provides return, cashflow and liability hedging. We believe that the focus should be on each scheme's specific cashflow and hedging requirements. To that end, managers need to have the appropriate tools to mitigate risk and provide the required realised rate of return. Given current market conditions, we will be sharing our views on how we believe credit portfolios can best be structured to balance attractive returns with the required security and liquidity to meet ongoing cashflow requirements.

**PAUL SKINNER**, INVESTMENT DIRECTOR AND FIXED INCOME PRODUCT MANAGER, WELLINGTON MANAGEMENT

10.40 **Coffee / Tea**

11.10 **Session 2: Multi Assets**

**MODERATOR: NIGEL STAPLETON**, CHAIR OF TRUSTEES, NATIONAL GRID UK PENSION SCHEME

## Avoiding False Precision – the Importance of Preserving a Plan B

The temptation with maturing pension funds is to try and lock in a watertight 'Plan A' through an intricate matching strategy. However, given the 'known unknowns' around longevity, managing funding gaps and increasing transfers out, we would argue that it's important to maintain flexibility and the option to move to a Plan B should the situation change. This Plan B involves providing both growth and income and the ability to toggle between them dynamically as the maturity profile involves. Indeed we would suggest that holding a wider range of assets, beyond just fixed income sensibly keeps your options open and mitigates the risk of the cash reserves running dry.

**SIMON LEVELL**, MANAGING DIRECTOR CONSULTANT RELATIONS & **NISHA THAKRAR**, CLIENT SOLUTIONS SPECIALIST, CAPITAL GROUP

## Multi Asset Credit: Capturing Income and Minimising Volatility in Credit Markets

Capturing income whilst minimising volatility should be a key consideration for maturing pension schemes.

Alternative credit enables the de-risking of portfolios away from equities while maintaining attractive expected risk-adjusted returns. As the relative value between different credit asset classes shifts over time, Multi-Asset Credit (MAC) investing enables tactical and dynamic asset allocation to profit from a broad range of opportunities, mitigate risk and manage duration. MAC strategies seek to capitalise on the most compelling individual credit opportunities and to capture relative value opportunities between different credit asset classes and across geographic regions over time. To achieve this, MAC investing requires deep fundamental research and agile portfolio management.

**DARREN TONER**, PORTFOLIO MANAGER, CQS

12.25 **Drinks and Lunch**

13.35 **Session 3: Liquidity & LDI**

**Moderator: PAUL BLACK**, CLIENT DIRECTOR, CAPITAL CRANFIELD

## Liquidity Needs for Maturing Pension Funds

Using a case study, we'll demonstrate the difficulties that are encountered with traditional asset allocations when a fund is mature. We'll propose solutions to reduce the risk of not meeting pension obligations.

**KARIN FRANCERIES**, HEAD OF INSTITUTIONAL ADVISORY & **VIVIANA GISMUNDO**, DEPUTY HEAD OF INSTITUTIONAL ADVISORY AMUNDI PARIS

## The Evolution of LDI

Over the past 10 to 15 years, the use of LDI by DB pension schemes has grown rapidly and provided significant benefits, especially for early adopters. As schemes become increasingly cashflow negative, and interest rates start to rise, LDI mandates still have an important role to play as part of a scheme's overall investment strategy. In this session, we will discuss how traditional LDI mandates can be evolved to provide schemes with additional flexibility to help them meet ongoing cashflow and liquidity needs, while maintaining an appropriate balance between growth and income assets to deliver required returns.

**DAVID MORTON**, PARTNER AND HEAD OF DB INVESTMENT SOLUTIONS, HYMANS ROBERTSON

14.50 **Coffee / Tea**

15.10 **Session 4: Practical Issues & Pension**

## Fund Panel

**MODERATOR: BOB HYMAS**, TRUSTEE EXECUTIVE, BESTRUSTEES

## Threading the needle

As pension funds mature and investment time horizons shorter, the margin for error in managing risk and generating investment returns is shrinking. In this session, David Rae examines the evolution of risk management techniques and the practical steps that Trustees can take to position portfolios and ensure a successful transition to buy-out or their end game portfolio.

**DAVID RAE**, MD, HEAD OF STRATEGIC CLIENT SOLUTIONS, RUSSELL INVESTMENTS

How should pension funds react to the major economic challenges that lie ahead? A panel of pension scheme executives and trustees will talk about their pension fund's investment challenges and solutions. Panellists to include:

**TREVOR WELSH**, HEAD OF LDI, PPF  
**IAN MCKINLAY**, CIO, LBG PENSIONS

16.25 **Drinks reception followed by Close of Conference**

## Speaker bios



**Karin Franceris** joined **Amundi** in 2015, as a Senior Investment Manager in charge of developing the Solutions effort of the Global Multi-Asset team. Leveraging the insight of Amundi's strong research, the Solutions' experts customize solutions to institutional investors' specific needs leaning on the Multi-Asset wide investment expertise (open/closed architecture, active/passive, benchmark/absolute return), and Amundi's state-of-the-art execution platform. Prior to that, she spent 17 years with JPMorgan in London and New York where she was most recently in charge of the Strategy team, a group focused on offering customized investment solutions and research to institutional investors. She started her career in investment banking where she spent 5 years in Mergers & Acquisitions and 3 years in Credit & Rates fitting derivative based solutions to European pension funds' needs. Karin is a CFA Charterholder and graduated from ESCP in Paris in 1997.



**Viviana Gisimundo** is Deputy Head of Institutional Advisory, based in **Amundi Asset Management** Milan. Viviana is responsible for identifying and addressing client need driven specific investment solutions through development and provision of tailored services, such as ALM, strategic asset allocation, tactical asset allocation advice and risk overlay analysis. Viviana joined Amundi Asset Management (previously Pioneer Investments) in 2000 as Quantitative Asset Allocation and Institutional Advisory Analyst. In 2007, she moved to the Financial Engineering team to focus on the development of Amundi Asset Management proprietary asset liability management platform. Viviana has a Degree in Economics from Bocconi University and a Master in Financial Engineering and Risk. She has attended several courses on advanced econometric and quantitative methods applied to ALM and asset allocation. From 2009- 2010 she participated into Uniquet, which is UniCredit's internationally oriented talent development programme



**Sorca Kelly-Scholte**, *managing director*, is Head of EMEA Pensions Solutions & Advisory. She is responsible for advising European institutional investors and leading strategic, proprietary research and thought leadership initiatives on pension investment issues. Sorca has 20 years of advisory experience focussing on asset-liability management and portfolio strategy and structure. She has published extensively on pension, funding and investment issues, and leads the creation of the quarterly publication of *Pension Pulse*. She is a regular speaker at industry events, and a member of J.P. Morgan Asset Management's Long-Term Capital Markets Assumptions committee. Prior to joining J.P. Morgan Asset Management in 2015, Sorca led strategic advice to advisory and fiduciary management clients in EMEA for Russell Investments. Sorca holds a BA (Mod) in Mathematics from Trinity College Dublin, and is a qualified actuary.



**Simon Levell** is managing director for consultant relations, Europe at Capital Group. He has 24 years of investment industry experience, all with Capital Group. Earlier in his career at Capital, he was a manager in investment control overseeing the London and Hong Kong departments. He holds an MBA with distinction from London Business School and a master's degree in classics from Clare College, Cambridge. Simon is based in London.



**David Morton** is a Partner and Head of DB Investment Solutions at **Hyman Robertson's** Investment Consultancy team and advises both trustees and corporate clients. He specialises in funding and investment strategy, and pensions risk management. He is a Fellow of the Institute and Faculty of Actuaries and has worked in the pensions industry since 1999. David has a wide range of experience, including as a Scheme Actuary and as a corporate advisor with one of the big four accounting firms. In addition to his client responsibilities, David represents the investment practice on Hyman's Trustee Defined Benefit Board, which oversees and facilitates the activity in that segment of the market.



**David Rae** is Managing Director, Head of Strategic Client Solutions at **Russell Investments**. Based in London, David leads the team responsible for developing client specific investment solutions for key institutional clients. David works with pension fund, insurance, and other clients across EMEA to build solutions to manage risks and generate the required level of returns. David has held a number of roles at Russell Investments since joining in 2000. He has worked as a consultant in both London and Auckland, as a portfolio manager and led the derivatives overlay business in EMEA for six years.



As an investment director in Fixed Income Product Management, **Paul Skinner** works closely with fixed income investors to help ensure the integrity of their investment approaches. This includes meeting with investment teams on a regular basis and providing oversight of portfolio positioning, performance, and risk exposures as well as developing new products and client solutions and managing business issues such as capacity, fees, and guidelines. Paul also meets with clients, prospects, and consultants to communicate our investment philosophy, strategy, positioning, and performance. He is based in the London office. Prior to joining **Wellington** in 2005, Paul worked as fixed income and currency product specialist at Gartmore (2001 – 2005). Before that, he was a business developer at WestLB Asset Management (1999 – 2001) and product specialist for Asset Allocation at Barings Asset Management (1998 – 1999). Paul spent four years in Singapore working for Standard Chartered Bank and Credit Agricole Bank as head of Investment Group (1994 – 1998). He started his career with nine years as a global fixed income and currency investment manager with CSFB Investment Management, SBC Portfolio Management, and Mercury Asset Management (1985 – 1994). Paul received his MA (1988) and BA (1985) in chemical engineering from Cambridge University. He is a member of the Securities Institute in London.



**Nisha Thakrar** is a client solutions specialist at **Capital Group**. She has 15 years of industry experience and has been with Capital Group for 12 years. Earlier in her career at Capital, she was the manager of product development for the European business. Prior to joining Capital, Nisha worked in investment administration and for the FundsNetwork™ platform at Fidelity International. She holds a master's degree with honours in electronic engineering with computer science from University College London. She also holds both the Investment Management Certificate and the Chartered Financial Analyst® designation. Nisha is based in London.



**Darren Toner** is a Portfolio Manager. He is responsible for managing Global Long-Only High Yield & Financial portfolios and is assistant Portfolio Manager for the **CQS** Credit Multi Asset Fund. Prior to joining CQS in 2010, Darren has worked at GE Capital in London, where he joined the graduate scheme in 2005. His career has been focused on Leveraged Finance execution, distressed debt and restructuring / workout. Darren holds a BSc (1st Hons) in Economics and Finance from University College Dublin.

## Conference Notes

**Purpose:** This conference aims to help maturing pension schemes to review their investment options and to address some of the main issues affecting their funds. Under the spotlight will be strategies such as LDI, cash flow management, buy-ins and buy-outs as well as defensive investment strategies and longevity risk management approaches.

**Date:** Thursday 12 July 2018 **Venue:** Le Meridien, 21 Piccadilly, London, W1J 0BH. Tel: 020 7734 8000

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**PMI Accreditation:** Attendance at the conference will be given 6.5 hours of CPD with the PMI.

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**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](mailto:sue@spsconferences.com)

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Free guest places are offered to genuine pension and institutional investor attendees. Please contact us to confirm you qualify. A limited number of provider places at a cost of £1625 + VAT may be available. Please enquire to Sue Golton [sue@spsconferences.com](mailto:sue@spsconferences.com).

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