

Local Authority Pension Fund Investment Issues

Thursday 15 March 2018
at Le Meridien, Piccadilly, London

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CPD = 6.5 hours



Programme

09.00 **Registration and coffee**

09.30 **Welcome and Opening Remarks**

TREVOR COOK, MANAGING DIRECTOR, SPECIALIST PENSION SERVICES

09.35 *Session 1: LDI & the hunt for yield*

Moderator: **JOHN ARTHUR**, SENIOR ADVISOR, ALLENBRIDGE

Are LDI strategies adopted by Corporate Schemes suitable for the LGPS today, given the scheme remains open and as a collective are cash flow negative?

Why have Local Authority Pension Funds historically been reluctant to embrace liability-matching strategies? What has changed to make such strategies more relevant than ever? How LGPS can reduce liability risk without sacrificing growth asset allocation

SIMON BENTLEY, HEAD OF LDI CLIENT PORTFOLIO MANAGEMENT, BMO GLOBAL ASSET MANAGEMENT

Not All Investment Grade Markets are Created Equal

Many UK institutional investors in investment grade rated bonds come from a historical starting point of investing in UK investment grade rated corporate credit. In embracing a global opportunity set, a common misconception is to think in terms of global investment grade rated corporate credit. While this does offer an improvement on the relatively narrow UK opportunity set, it misses potential opportunities in related fields such as investment grade rated emerging market debt and securitized assets. This presentation provides an overview of the true breadth of investment grade rated paper, spanning asset classes, geographies and liquidity profiles.

ANDREA DICENSO, VP, PORTFOLIO MANAGER & STRATEGIST, LOOMIS SAYLES & COMPANY

The Hunt for Yield in Equity Markets

The investment requirements of the LGPS have changed over the years; a continuous need for growth assets is now often accompanied by the need for cashflow to meet pension payments. This presentation will take a look at global equity markets and bring optimism that investors can continue to find companies that can provide attractive yields.

JACOB DE TUSCH-LEC, FUND MANAGER, ARTEMIS INVESTMENT MANAGEMENT

11.20 **Coffee / Tea**

11.50 *Session 2: Active Share Strategies & Factor Investing*

Moderator: **JOHN JONES**, INDEPENDENT CHAIR, DYFED AND TOWER HAMLETS LGPS PENSION BOARDS

The Latest Research on Active Share Strategies

While there is ample evidence to suggest that the average active manager underperforms net of fees, "closet indexers" are primarily to blame for active manager underperformance. We will apply Martijn

Cremers' most recent whitepaper Active Share and the Three Pillars of Active Management: Skill, Conviction and Opportunity as a method to differentiate between equity managers. By weeding out closet indexers and identifying managers with skill, judgement and opportunity over the long term, we believe fund selectors can still find tremendous value.

DANIEL A. NICHOLAS, CLIENT PORTFOLIO MANAGER, HARRIS ASSOCIATES

Low Down on Factor Investing

Factor investing is well and truly embedded into current portfolio management but the experience of investors will vary depending on their chosen path of implementation. It is vital to understand how factors are constructed and how best to combine them to get maximum benefit

THOMAS KIESELSTEIN, CIO AND MANAGING PARTNER, QUONIAM ASSET MANAGEMENT

13.05 **Drinks and Lunch**

14.15 *Session 3: Capital Allocation and Pooling Update*

Moderator: **PETE SMITH**, ASSOCIATE AND SENIOR INVESTMENT CONSULTANT, BARNETT WADDINGHAM

Capital Allocation and the Value of Behavioural Analysis'

Being human, active investors are susceptible to falling into behavioural traps whether or not they are aware of them. We'll take a look at some real life examples of behavioural traits investors can exhibit and discuss their potential impact on a portfolio manager's performance.

MICK DILLON, PORTFOLIO MANAGER, BROWN ADVISORY

A View from the Bridge

Overview on LGPS policy including pooling and the outstanding issues, fiduciary duties and investment regulations.

BOB HOLLOWAY, PENSIONS SECRETARY, LOCAL GOVERNMENT ASSOCIATION

15.30 **Coffee / Tea**

15.50 *Session 4: A Consultants' View and LGPS Perspectives*

Moderator: **KAREN SHACKLETON**, INDEPENDENT ADVISORY INCL. WARWICKSHIRE PENSION FUND

The Consultants' View: Looking to the Future

This session will address some of the other issues facing Local Authority pension investment, such as acting on improved funding positions, investment opportunities and the impact of pooling on transitions and governance arrangements.

DAVID WALKER, HEAD OF LGPS INVESTMENT, HYMANS ROBERTSON

A panel of LGPS scheme executives will talk about their pension fund's investment strategies and experiences. Panelists to include:

DAWN TURNER, CEO, BRUNEL PENSIONS PARTNERSHIP
PETER WALLACH, DIRECTOR OF PENSIONS, MERSEYSIDE PENSION FUND

PHIL TRIGGS, TRI-BOROUGH DIRECTOR OF TREASURY AND PENSIONS, WESTMINSTER CITY COUNCIL

JOHN HARRISON, INTERIM CIO, BORDER TO COAST PENSIONS PARTNERSHIP

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

Speaker bios



Simon Bentley is Head of LDI Client Portfolio Management for **BMO Global Asset Management**, responsible for the investment outcome for a range of our LDI clients. Simon has significant experience working with large UK Pension and Insurance clients implementing a range of LDI and derivative based solutions. Simon joined the group in 2011. Previously Simon worked at UBS Global Asset Management and Insight Investment where he covered a range of asset classes, focusing in particular on LDI and fixed income mandates. He started his career at Lazard Asset Management. Simon holds a BEng in Manufacturing Engineering from Loughborough University.



Andrea DiCenso is a vice president of **Loomis, Sayles & Company** and co-portfolio manager for the credit asset and world credit asset strategies. She is also a senior strategist for the alpha strategies group and oversees all FX and commodity activity for the firm's multi-asset product suite, and is primarily responsible for asset allocation, idea generation, portfolio construction and risk management. Since 2009, Andrea has been a strategist within the alpha strategies group, implementing emerging market and commodity related themes within the long-only and multi-asset products at the firm. She joined Loomis Sayles in 2006 as a junior analyst covering the investment grade and high yield commodity related sectors. She began her investment industry career in 2003 at Fidelity Investments as a financial analyst. Andrea earned a BS in finance from Bentley College and an MBA from Northeastern University.



Mick Dillon, CFA, joined **Brown Advisory** as Global Leaders portfolio manager and has managed the Brown Advisory Global Leaders strategy since launch in May 2015. Previously, Mick was the co-head of Asian equities at HSBC Global Asset Management in Hong Kong. While at HSBC, he was responsible for managing a range of strategies: quality/dividend, large-cap and small-cap focused pan-Asian equity, as well as a number of country-specific strategies. Before this he managed a global equity long/short fund for HSBC in London and was a global technology equity analyst at Arete Research early in his career.



Bob Holloway joined the pension's team at the **Local Government Association** in October 2016 after 42 years service with the Department for Local Government and Communities (DCLG) and its various predecessors. His career in the public services began at the then Department of the Environment in 1974. He undertook a variety of jobs before a posting in 1984 to the team responsible for the Local Government Pension Scheme in England and Wales. Bob continued to work with the scheme in various capacities until his retirement from DCLG in 2016. During this time, Bob was responsible for the scheme's investment regulations and introduced three new sets of regulations. More recently, he was project manager for the new scheme introduced in April 2014 as part of the public service pension reforms under the Public Service Pensions Act 2013. In his present role, Bob is responsible for managing the LGPS' Scheme Advisory Board and its various sub-committees and supporting the Head of Pensions at the LGA.



Thomas Kieselstein is co-founder and Chief Investment Officer of Quoniam Asset Management. As CIO, he oversees Quoniam's Equity, Fixed Income and Multi-Asset investment teams. Prior to Quoniam, Thomas worked for DZ Bank and Dresdner Bank Investment Group. He has been developing quantitative investment processes for multi-factor equity strategies since 1994. Thomas obtained his MSc. in Engineering from the University of Karlsruhe.



Danny Nicholas is currently Client Portfolio Manager with **Harris Associates** which he joined in 2012 as Director, Institutional Sales. He has 18 years of investment industry experience. Prior to joining Harris Associates he was Executive Director at Morgan Stanley and before that he was Executive Director at UBS. He started his career as Equity Portfolio Manager at the University of Wisconsin Applied Security Analysis Program in 1999 and then as an Equity Analyst Intern at T Rowe Price and Associates. Danny has a BBA from the University of Wisconsin-Madison.



Dawn Turner is Chief Executive Officer for **Brunel Pension Partnership Ltd** the pooling company managing the £28 billion investment assets for the pension funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset and Wiltshire. Dawn is part of the Local Government Pension Scheme Cross Pool Collaboration Group looking at matters that will impact all the pools and leads the Responsible Investment Sub group. Dawn previously was at the helm of the EAPF for four years which is a global leader in Responsible Investment (RI) and she is passionate about the role of pension funds in moving to a more sustainable business world. Highlighting the need for robust governance, valuing human resources and the effective management of climate and water related risks to protect investment returns. Dawn is a member of the IFOA ESG Investment Working Group and the PLSA LA Committee. Dawn also is the Deputy Chair of the Joint Audit Committee for the Gwent Police. Dawn is a qualified accountant and draws insights from a wealth of experience as a finance professional for over 30 years, including floatation of a major clothing company and managing the implications of mergers and monopolies commission reviews for the brewing industry.



Phil Triggs has been Tri-Borough Director of Treasury and Pensions at **Westminster City Council** December 2017, having worked in similar roles at Surrey County Council from 2012, Warwickshire County Council from 2003 and Buckinghamshire County Council from 1999. He has worked in local government finance over his entire career, previously specialising in revenues collection and rating valuation at Havant Borough Council and qualifying as a Chartered Accountant with Chichester District Council. He is a keen cyclist, marathon runner (has completed the London, Boston, Berlin, New York and Chicago marathons) and holds a UK private pilot's licence.



Jacob de Tusch-Lec has managed the **Artemis Global Income Fund** since launch in July 2010 and the Artemis Global Equity Income Fund since launch in June 2015. He has also managed, with James Foster, the Artemis Monthly Distribution Fund since its launch in May 2012. Having joined Artemis in 2005, he managed the Artemis Capital Fund from January 2006 until June 2010. Jacob began his career in 1998 at BankInvest, one of Scandinavia's largest independent fund managers. In 2002 he joined Merrill Lynch as vice-president of pan-European equity strategy. Jacob holds a BA and an MSc in economics from the University of Copenhagen; and an MBA from the Stern School of Business at New York University (NYU). He is a member of Artemis' executive committee



David Walker is an Actuary and Senior Investment Consultant. He has been with **Hymans Robertson** for over 16 years and currently advises a number of private sector and LGPS funds across the whole range of investment services including the setting of high-level investment strategy, at both a total fund level as well as for individual employers. He also provides advice on detailed asset allocation and investment manager structures, managing manager procurement and selection exercises, and the regular monitoring of investment arrangements. As Head of their LGPS Investment team, David is responsible for developing their investment services and strategic investment proposition for public sector clients. David also sits on the Research Oversight Group and ensures their LGPS clients benefit from their latest strategic thinking.



Peter Wallach's career commenced in private banking, with Coutts, where he worked in the City for 12 years. In 1997 he relocated to the North-West working initially for Close Wealth Management as an Investment Manager. In 2004, he joined **Merseyside Pension Fund**, taking up his current position as Director of Pensions in April 2007.

Conference Notes

Purpose: As the deadline for pooling approaches, this conference aims to consider a broad range of topical investment issues for local authority pension funds. Areas under the spotlight will include the outlook for investment strategies and themes such as those designed to deliver growth, income or liability risk management as well as factors such as governance, transparency and cost, the accessibility of investments and the pooling structures.

Date: Thursday 15 March 2018 **Venue:** Le Meridien, 21 Piccadilly, London, W1J 0BH. Tel: 020 7734 8000.

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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

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Please reserve place(s) at The **SPS Local Authority Pension Fund Investment Issues** taking place on **15 March 2018**.

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

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