



INSTITUTIONAL  
INVESTOR INSTITUTE  
BY PENSION FUNDS, FOR PENSION FUNDS

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# UK & Ireland Pension Fund Roundtable

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17 - 18 June 2015  
Syon Park Hotel  
Richmond, UK

**Institutional  
Investor**

## Pension Fund Advisory Board

When choosing the topics to be included in the programme, the European *Institutional Investor Institute* continuously speaks to investors in the region to ensure the sessions are topical and exactly tailored to pension funds' interests. The following investors have kindly given advice and helped to put together the programme.

John Jones  
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**AllenbridgeEpic Investment Advisers Limited**

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**Aviva Staff Pensions Scheme**

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*Pensions Manager*  
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Per Reiff-Musgrove  
*General Manager, Trustee Services*  
**Shell Pensions Trust Ltd.**

Giustino Palazzetti  
*Risk and Investment Manager*  
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**The Pensions Trust**

Mark Thompson  
*Chief Investment Officer*  
**HSBC Bank Pension Trust**

Lester Farrant  
*UK Group Pensions Manager*  
**Total UK**

Andrien Meyers  
*Treasury & Pensions Manager*  
**London Borough of Lambeth**

Paul Haines  
*Chief Investment Officer*  
**Trafalgar House Pensions Administration**

Susan Martin  
*Chief Executive Officer*  
**London Pensions Fund Authority**

Mark Walker  
*Global Chief Investment Officer*  
**Unilever UK Pension Fund**

Geik Drever  
Chief Executive Officer  
**West Midlands Pension Fund**

Clive Ward  
*Investment Manager*  
**Wesleyan Assurance Society**

Hamad Ali  
*Senior Associate*  
**USS**

Kathryn Graham  
*Head of Strategy Coordination*  
**USS**

David Nuttall  
*Pensions & Benefits Manager*  
**TT Electronics Plc**

# Wednesday, 17<sup>th</sup> June 2015

## 08.15 REGISTRATION

### 08.45 INVESTOR-ONLY DISCUSSION ROUND

#### *Interactive discussion*

To start the Roundtable, senior investment officials of asset owner firms are invited to discuss the most important issues they are facing – exclusively amongst their immediate peers. This discussion will take place in a closed and confidential setting, with no asset managers or consultants allowed in the room. The agenda for this session will be put together shortly before the meeting by the participants themselves to ensure a timely and relevant discussion.

## 10.00 WELCOME & INTRODUCTION

Alex Beveridge

*Director*

**Institutional Investor Institute**

## 10.10 INVESTMENT PARTNERSHIPS: ARE TWO HEADS BETTER THAN ONE?

#### *Interview*

In this interview we will explore the recent investment collaboration initiative between the Lancashire County Pension Fund and the London Pensions Fund Authority. Their £10bn Asset & Liability Management (ALM) Partnership requires both pension funds to pool assets, and aims to produce a pension services operation with in-house tools and resources to service both the existing administering authorities. How did they set about creating a new pension fund organisation to manage their joint assets and liabilities? What were the main challenges they faced and how did they overcome them?

Mike Jensen

*Chief Investment Officer*

**Lancashire County Council Pension Fund**

Susan Martin

*Chief Executive Officer*

**London Pensions Fund Authority**

## 10.30 WORKING TOGETHER TO SOLVE INVESTMENT CHALLENGES

#### *Table discussion & audience feedback*

Seated in small groups, delegates will have the chance to discuss their views on the previous presentation. What are your thoughts on investment collaboration? Can a partnership model be employed effectively by corporate schemes? How easy is it to find other schemes with matching liabilities and risk appetites?

## 11.00 COFFEE

### 11.30 ANNUAL BANK OF ENGLAND BRIEFING

#### *Off-the-record briefing and audience Q&A*

The annual UK and Ireland Pension Fund Roundtable briefing from the Bank of England. What are the range of economic scenarios being considered by the Bank, and what could this mean for interest rates? Will it be a lower for longer or will there be a correction? There will also be plenty of time for questions from the floor.

Melissa Davey

*Head of the Inflation Report and Agency Intelligence Division*

**Bank of England**

### 12.00 REDEFINING FIXED INCOME – INVESTING IN BOND MARKETS DEFINED BY CENTRAL BANK INTERVENTION

#### *Table Workshops*

Seated in small groups, delegates will discuss their views on the outlook for fixed income markets. How do you position your fund in markets that have rate rises looming on the one and negative yields on the other spectrum? What will rising interest rates really mean for investment portfolios?

### 12.20 THE VIEW FROM THE REGULATOR

#### *Presentation and Q&A*

This off-the-record presentation and Q&A, will address the key issues investors face when dealing with the Pensions Regulator. Delegates will be able to submit questions in advance to the moderator, or question the regulator in person. Find out how the regulator aims to help pension funds meet their obligations within the context of a continued weak economic outlook.

Fred Berry

*Lead Investment Consultant*

**The Pensions Regulator**

### 12.50 LUNCH

#### *HOW INVESTORS ARE POSITIONING THEIR PORTFOLIOS IN THE CURRENT ECONOMIC CLIMATE*

A series of case studies from industry thought leaders that will exemplify how investors are meeting the current challenges and uncertainties.

### 14.20 USS ON GOVERNANCE STRUCTURE AND INVESTMENT CHALLENGES FOR YEARS TO COME

#### *Interview*

We will hear how USS revamped its governance structure to deal with investment challenges of the next generation. Furthermore we will question which investment trends their Head of Strategy Coordination thinks are worth paying attention to and how USS is setting up its allocations.

Kathryn Graham

*Head of Strategy Coordination*

**Universities Superannuation Scheme (USS)**

#### 14.35 THE EVOLUTION OF HSBC'S INVESTMENT STRATEGY

##### *Case Study*

Mark Thompson, CIO at the HSBC UK Pension Trust scheme will trace the changes he has initiated in the schemes investment strategy, moving the fund away from traditional credit towards a more long-dated and illiquid portfolio.

Mark Thompson  
*Chief Investment Officer*  
**HSBC Bank Pension Trust**

#### 14.50 SEEKING OPPORTUNITIES IN DIRECT LENDING

##### *Case Study*

A UK investor will discuss how they have restructured their fixed income portfolio to achieve improved returns.

*Speaker TBC*

#### 15.05 INVESTING TO MEET LIABILITIES IN THE CURRENT MARKET CONDITIONS

##### *Panel discussion*

What have been the experiences of the pension funds on the panel, and how can success be defined? The panellists will evaluate the types of approaches which work best for individual end investors.

Mark Thompson  
*Chief Investment Officer*  
**HSBC Bank Pension Trust**

David Nuttall  
*Pensions & Benefits Manager*  
**TT Electronics Plc\***

Kathryn Graham  
*Head of Strategy Coordination*  
**Universities Superannuation Scheme (USS)**

#### 15.35 COFFEE

#### 16.05 HOW WE MANAGE GLOBAL EQUITY VOLATILITY?

##### *Case study*

What are your and the other delegates' views on market developments? How do people structure their allocations? And is the belief in the equity risk premium more important than ever in the low yielding environment?

Ian McKnight  
*Chief Investment Officer*  
**Royal Mail Pension Trustees Limited**

#### 16.20 OPTIMAL EQUITY ALLOCATIONS IN INSTITUTIONAL PORTFOLIOS

##### *Table Workshops*

Seated in small groups, delegates will have the chance to discuss their views on the previous presentations. What are their opinions and experiences of hedging strategies? Do they actually work? Do the benefits to be gained merit the complexity of the instruments?

#### **16.40 FEES: DOES ANYONE REALLY KNOW WHAT PENSION FUNDS ARE PAYING?**

##### ***Presentation***

David Pitt-Watson will delve into the topical issue of manager fees, asking how and why institutional investors can find themselves paying up to three or four times the published fund costs in hidden charges? What is the true cost of this lack of transparency and is it avoidable?

David Pitt-Watson

*Executive Fellow*

**London Business School**

#### **16.55 JUSTIFYING PRICING & PERFORMANCE: WORKING TOWARDS A FAIRER FEE MODEL**

##### ***Panel discussion***

What have been the experiences of investors in the audience, and have they done anything proactive to address this issue within their own fund? Is it up to pension funds to play detective or would a single charge regime be a better option?

David Pitt-Watson

*Executive Fellow*

**London Business School**

Robert Waugh\*

*Chief Investment Officer*

**RBS Pension Scheme**

#### **17.25 THE PRACTICAL APPLICATION OF BEHAVIOURAL FINANCE IN PENSION FUND INVESTING**

##### ***Presentation***

Prof. Dr. Thorsten Hens, Director of the Department of Banking and Finance at the University of Zurich, will explore how theories of behavioural finance can be put to practical use in your pension fund. As a consultant to the Investment Committee of the City of Zurich Pension Fund and President of the Investment Committee at Vita Sammelstiftung, he has had ample opportunity to apply his research first-hand. This session will focus on investment decision-making processes, drawing on the fields of psychology and biology to understand the different dynamics at play.

Prof. Dr. Thorsten Hens

*Director of Department of Banking and Finance*

**University of Zurich**

Switzerland

#### **18.00 COCKTAILS IN SYON HOUSE**

Guests will be able to take a short tour of Syon House, the last remaining ducal residence in Greater London. Syon House and its 200 acre park is the home to the Duke of Northumberland, whose family has lived here for over 400 years.

#### **19.00 DINNER & UK & IRELAND AWARDS**

Institutional Investor Institute is delighted to announce the inaugural Investor Intelligence Network Awards for the UK & Ireland. These prestigious awards are designed to honour outstanding achievement, innovation and industry service amongst institutional asset owners. Nominees will be selected by, and voted for, by their industry peers.

## Thursday, 18th June 2015

### 09.00 THE MODERNISATION OF LAMBETH'S INVESTMENT APPROACH

#### *Interview*

This interview will explore the array of changes that have been made at the London Borough of Lambeth Pension scheme, including overhauling governance and accounting structures, a new approach to investment and valuation strategy, taking on new employers and more collaboration.

Andrien Meyers  
*Treasury & Pensions Manager*  
**London Borough of Lambeth**

### 09.15 DELEGATED CIO'S: CAN THEY BE TRULY IMPARTIAL?

#### *Panel debate*

Fiduciary Management is a rapidly expanding market, but are there issues with the model? We will discuss the pros and cons from all sides in this interactive discussion.

Andrew Chapman  
*Chief Investment Officer*  
**The Health Foundation**

Andrew Waring  
*Chief Executive*  
**MNOPF Trustees Ltd**

### 09.45 SIMULTANEOUS SESSIONS

The audience will split into four groups for informal and off-the-record discussions.

#### **BREAK-OUT 1: UK LOCAL AUTHORITY SESSION**

Update on recent developments in the world of UK local authority pensions. This session will touch on the recent changes and consider what else may lie ahead for investors at local government schemes.

Phil Triggs\*  
*Strategic Finance Manager*  
**Surrey County Council Pension Fund**

#### **BREAK-OUT 2: IRISH PENSION FUND DISCUSSION**

After much campaigning it's been confirmed that the tax levy on Irish pension funds will cease in 2015 and there is a feeling that pensions schemes are finally getting back to business after the fallout of the government raid. How will they set about making up for lost time? Is now the moment for the government to follow the lead of the UK and introduce long overdue reforms?



Moderator:

Jim Foley\*

*Group Pensions Director*

**Eircom**

### **BREAK-OUT 3: CO-INVESTMENTS**

How has co-investment worked for Pension funds and how big do you have to be to do it? Is it the way to access P.E without high fees and can you find the best opportunities? Angel investors or big society partners are often overlooked, but can bring a lot of expertise.

Moderator:

Sarah Smart

*Chairman of Trustee Board*

**The Pensions Trust**

### **BREAK-OUT 4: INCORPORATING ESG INTO YOUR PORTFOLIO**

How are schemes introducing long-term, sustainable thinking to their investment strategy? Is it possible to align ESG principles with long-term value creation?

## **10.30 COFFEE**

## **11.00 YOUR LIQUIDITY ISSUES MAY NOT BE WHERE YOU EXPECT THEM**

### *Interview*

Conventional wisdom has it that the financial markets are awash with liquidity, which is in turn forcing investors up the risk curve, in the quest for yield. It might therefore appear an odd time to worry about a liquidity crunch. Even mainstream asset markets which are currently well bid might be impacted. How much (and why) should we be concerned about this risk?

Julian Pendock

*Investment and Pensions Manager*

**Brent Council**

## **11.20 HOW WE CHANGED OUR HEDGE FUND ALLOCATION**

### *Case study*

This case study will examine how one fund has reviewed its hedge fund allocations. How have they achieved optimal positioning and transparency for its asset location?

Nick Greenwood

*Pension Fund Manager*

**Royal County of Berkshire Pension Fund**

## **11.35 THE ROLE OF HEDGE FUNDS IN A MODERN PENSION FUND PORTFOLIO**

### *Table Workshops*

Can hedge funds play a role for long-term investors who need to find the right balance between generating returns, matching liabilities and controlling risk? Which Hedge Fund strategies make sense in today's markets and can they deliver going forward?

## 12.00 LUNCH

### INVESTING IN ALTERNATIVES & REAL ASSETS

#### 13.00 INVESTING IN PRIVATE EQUITY

##### *Case Study*

Private Equity is becoming a more and more approachable asset class for institutional investors. This case study will give insights on how the Church Commissioners for England approach their Private Equity investments. How do they view illiquidity, and what is their attitude towards fees and investor transparency?

Tom Joy

*Director of Investments*

**Church Commissioners for England**

#### 13.15 ACCESSING THE RIGHT OPPORTUNITIES IN INFRASTRUCTURE

##### *Case study*

Many investors have now bought into the idea of investing in infrastructure, but it can be difficult to find the right investment structure for a fund's individual requirements. There are a multitude of approaches and various factors to take into account including scale, risk and the merits and ease of finding of direct vs. fund opportunities. This case study will explore how smaller projects – not big enough to be interesting for the larger players – can provide an opportunity for mid-sized pension funds.

Leyland Otter

*Chief Investment Officer*

**Merseyside Pension Fund**

#### 13.30 ALTERNATIVE ROUTES TO REAL ESTATE RETURNS

##### *Case study*

Is it possible to find investment options in non-prime real estate areas? This case study will explore how the Greater Manchester Pension Fund is utilising property development in underserved markets and social housing to generate returns.

Paddy Dowdall

*Assistant Executive Director*

**Greater Manchester Pension Fund**

#### 13.45 HARNESSING ENERGY TO FEED RETURNS

##### *Case Study*

This case study will examine the Santander scheme's recent investments based on converting natural energy into food and returns for the pension fund. From fish farms to cattle ranches monitored by drones inspections and beyond, how far should pension funds travel to find yield?

Antony Barker  
*Director of Pensions*  
**Santander UK plc**

#### **14.00 TABLE DISCUSSIONS ON ALTERNATIVES AND REAL ASSETS**

##### ***Table Workshops***

Seated in small groups, delegates will have the chance to discuss their views on the three previous presentations and their organisation's allocations and attitudes to alternative investments.

#### **14.25 KEY LEARNINGS: INVESTING IN ALTERNATIVES AND REAL ASSETS**

##### ***Panel discussion***

The panel will discuss their views on alternatives and real assets, summarising the learnings from their earlier presentations and asking for feedback from the table discussions.

Leyland Otter  
*Chief Investment Officer*  
**Merseyside Pension Fund**

Paddy Dowdall  
*Assistant Executive Director*  
**Greater Manchester Pension Fund**

Tom Joy  
*Director of Investments*  
**Church Commissioners for England**

Antony Barker  
*Director of Pensions*  
**Santander UK plc**

#### **14.50 KEYNOTE INTERVIEW**

##### ***Interview***

#### **15.10 CLOSING REMARKS**

Alex Beveridge  
*Director*  
**Institutional Investor**

#### **15.15 INVESTOR-ONLY DISCUSSION ROUND**

##### ***Interactive discussion***

In the light of previous discussions, senior investment officials from asset owner firms have the opportunity to exchange ideas among themselves in a confidential setting on the findings of the past two days.

#### **16.00 CLOSE OF MEETING**

*\*Pending confirmation*