European Pensions
AWARDS 2015

THE WINNERS

www.europeanpensions.net/awards

Gold sponsors

In association with

premier

Previnet

European Pensions
CONTENTS:

05 European Pensions Awards 2015 Judges
06 European Pensions Awards 2015 Overview

HIGHLIGHTED WINNERS 2015

10 European Pensions Consultancy of the Year: Mercer
12 Investment Manager of the Year: M&G Investments
14 Equities Manager of the Year: Vontobel Asset Management
16 Alternatives Investment Manager of the Year: Darwin Property Investment Management
18 Hedge Fund Provider of the Year: Aurum Funds Limited
20 Property Manager of the Year: LaSalle Investment Management
24 Infrastructure Manager of the Year: AMP Capital
26 Private Equity Manager of the Year: LGT Capital Partners
28 ETF Provider and Passive Manager of the Year: State Street Global Advisors
30 Emerging Markets Manager of the Year: HSBC Global Asset Management
32 SRI Provider of the Year: Newton Investment Management
34 Fiduciary Management: Cardano
36 Custodian of the Year: Societe Generale Securities Services
38 Transition Management Firm of the Year: BlackRock
40 Pension Provider of the Year: Friends Life
42 Buyout Firm of the Year: Partnership
44 Pension Scheme Administrator of the Year: Spence & Partners
46 Pensions Technology Provider of the Year: Equiniti
THE 2015 JUDGING PANEL

ASSOCIATIONS
Matti Leppälä
Secretary General/CEO
PensionsEurope

Jerry Moriarty
Director of Policy, CEO,
Irish Association of Pension Funds (IAPF)

Tim Reay
Treasurer,
International Employee Benefits Association (IEBA)

Chris Verhaegen
Board Member,
Belgian Technical Cooperation (EIOPA)

PENSION FUNDS / TRUSTEES
Bernard Abrahamsen
Director Trustee,
M&G Pensions Scheme

Anne Healy
Head of Business Development,
BESTrustees

Chris Parrott (Chair of the judges)
Pensions Manager,
Heathrow Airport Holdings

Richard Poole
Legal Director, Pensions,
Royal Mail Group Legal

Phil Rixon
Senior Reward Manager,
Ladbrokes

CONSULTANTS
Sam Gervaise-Jones,
Director, Business Development,
bfinance

Dorothee Gnaedinger
International Benefit Consultant,
Mercer

Des Hogan
Investment Consultant,
PiRho Investment Consulting

Matt Wilmington
International Benefits Actuary,
Aon Hewitt

PROVIDERS
Mark Atkinson
Partner,
CMS Cameron McKenna LLP

Rob Barrett
Institutional Sales,
Invesco Perpetual

Georgina Beechinor
Senior Associate,
Sackers

Chris Connelly
Senior Consultant,
aquilaheywood

Stephen Holt
Head of Institutional Business Europe,
Principal Global Investors

Julian Lyne
Head of Global Consultants & UK Sales,
Newton Investment Management

Terry O’Malley
Director, International Institutional Sales,
Calamos Investments LLP

John Owens
Principal,
First Avenue

Emma Watkins
Director Bulk Annuities Division,
Lloyds Banking Group

Alistair Wilson
Head of Institutional Business,
TwentyFour Asset Management
EXCITEMENT once again filled the air at London’s prestigious Grosvenor House Hotel on Park Lane as Europe’s pensions elite gathered to celebrate the European Pensions Awards 2015. Now in its eighth successful year, the European Pensions Awards continue to grow from strength to strength, year on year, as Europe’s pension providers take the opportunity to showcase their hard work and their dedication to raising the standards of pension provision across the continent.

This year’s event saw consultants, asset managers, technology providers, administrators, lawyers and pension funds travel far and wide from all corners of Europe to join in the celebrations to include representatives from some of Europe’s leading pensions associations such as Pensions Europe, EIOPA, the IAPF, NAPF and IEBA, to name a few.

The European Pensions Awards were launched in 2007 as the only Europe-wide pension provider awards, with the aim of giving recognition to those providers who work tirelessly to meet the needs of their clients day in day out, those who are dedicated to achieving excellence in everything they do, who refuse to stand still and continue to innovate, in spite of changing regulation, increasing longevity and uncertain markets. Year on year the number of entries continues to grow and this year was no exception, with hundreds of high quality entries received across all 28 categories.

Stand-up comedian Jo Caulfield did a fantastic job of hosting the event and kept entertainment levels at fever pitch while the coveted trophies were handed out to the many deserving winners.

Three firms went home with multiple trophies this year - Insight Investment was named both Fixed Income Manager of the Year and LDI Manager of the Year; State Street Global Advisers was this year’s ETF Provider of the Year and Passive Manager of the Year; while Mercer won two of the most high profile awards of the evening – the Consultancy of the Year and the European Pensions Personality of the Year which, voted by our readers, went to Martine Ferland, Leader, Mercer’s President, EuroPac region.

The asset management categories, which are arguably the most competitive awards of the night, some categories receiving over 20 entries alone, saw a spread of winners from across the European sphere, some global multi-nationals, others smaller niche players.
but leaders in their fields nonetheless.

Other disciplines to be recognised at the event included the essential roles played by the industry’s risk managers, the technology and administration providers, law firms, custodians and pension providers; as well as the leaders in the areas of fiduciary management, buyout, communication and innovation. Again, a spread of winners, with firms large and small from across Europe who all passed the rigorous and independent judging process to prove themselves as winners ahead of their peers.

Many thanks to this year’s European Pensions Awards judges (see page 5) who, with their hard work and dedication, helped us to ensure these awards remain one of the most respected and coveted awards in the pensions industry.

Please see pages 6-9 for the full list of winners and congratulations to everyone who went home with trophies on the night. We look forward to welcoming you all again next year.
PERSONALITY OF THE YEAR

Martine Ferland,
Leader, Mercer’s President,
EuroPac Region

The European Pensions Personality of the Year is the only award of the night voted for by the readers of European Pensions. The award aims to recognise those individuals that have truly made their mark in the European pensions space in recent years. Nominees can include anyone who has had an influential role in the European pension sphere - be they a government representative, someone from a pensions association, someone working for a service provider (such as an asset manager or a consultant), or someone working for a pension fund.

This year’s winner was Martine Ferland, leader of Mercer’s business for Europe and the Pacific and a member of its executive leadership team. Martine is also a director of the firm’s UK, Ireland and Netherlands Boards. She has over 30 years’ experience in retirement consulting, leadership, strategy and business development. She has worked with clients in a number of industries, in particular manufacturing, telecommunication, consumer goods and financial services providing advice on their global pension and benefit strategies. Most recently Martine founded and now oversees Mercer’s European Innovation and New Product&Solution development unit, which is focused on generating better financial wellness outcomes for all Europeans.

Commenting on her win, Martine said she was flattered to receive such a prestigious award. “As a company we hold these awards in high stance and are always honoured to receive recognition of our successful businesses and also the achievement of our people.”

Congratulations Martine.
European Pensions Law Firm of the Year
CMS Cameron McKenna

Pension Provider/Life Company of the Year
Friends Life

Buyout Firm of the Year
Partnership

Pension Scheme Administrator of the Year
Spence & Partners

Pensions Technology Provider of the Year
Equiniti

European Pensions Innovation Award
Columbia Threadneedle Investments

European Pensions Communication Award
Kingfisher Pension Trustee Limited

European Pensions Personality of the Year
Martine Ferland, Leader, Mercer’s President, EuroPac region

THE WINNERS

Follow us
@EPPensionAwards #EuropeanPensionsAwards

The awards will open for entries in December 2015.

For further information, please contact:
hayley.kempen@europeanpensions.net

For the latest news and updates about the European Pensions Awards: www.europeanpensions.net/awards

SAVE THE DATE:

European Pensions
AWARDS 2016

23 June 2016
Millennium Hotel
London Mayfair

The awards will open for entries in December 2015.

For further information, please contact: hayley.kempen@europeanpensions.net

For the latest news and updates about the European Pensions Awards: www.europeanpensions.net/awards

Follow us
@EPPensionAwards #EuropeanPensionsAwards


European Pensions Consultancy of the Year: Mercer

At a time when global organisations are increasingly on the lookout for advice and information surrounding their retirement provision, the role of a pensions consultancy has never been so important.

Therefore the European Pensions Consultancy of the Year category aims to recognise those firms the judges believe have delivered outstanding service to its pension fund clients, have shown a dedication to the delivery of pension scheme consultancy in its respective market and have demonstrated a superior understanding of the market’s needs.

Standing head and shoulders above the rest of its competitors, and winning the award for the second year, is Mercer.

With offices in 16 European countries, Mercer advises on and implements comprehensive and leading-edge retirement programmes. It does this by helping clients meet the commitments of the past and plan for the needs of the future, manage the retirement and financial impact on businesses and provide retirement plans that engage workforces. Indeed the judges were impressed with the firm consistently demonstrating innovation and excellence.

The Innovation Factory is a team dedicated to accelerating the development of solutions that provide better retirement outcomes for members and sponsors.

In 2014, Mercer launched SmartDB, a groundbreaking framework for medium-sized DB pension plans to access affordable longevity hedging solutions previously available only to large schemes. Tools such as FSM Pro and Mercer Aspire also highlight the firm’s innovative approach.

Furthermore, Mercer’s Equity Portfolio 2.0 primer helps improve equity-portfolio returns, focusing on style factor biases and ESG factors. In the risk space, Mercer’s market-leading LDI monitoring tool enhances governance via post-trade verification, trigger monitoring, identifying value along the yield curve and assessing collateral adequacy.

The firm’s size, skill and knowledge have been instrumental in structuring deals. For example, the company served as lead trustee adviser on the £2.5bn L&G bulk annuity purchase of the TRW scheme liabilities. Indeed Mercer has been involved in over 50 per cent of longevity deals worth $1 billion and in the majority of the buyouts in excess of $1 billion.

Congratulations to Mercer, which is once again leading the way.

The European Pensions Consultancy of the Year award went to Mercer. Receiving the award was Pat Race, Senior Partner, Mercer (centre). Presenting the award was Paul Couchman, Managing Director, Premier (left) and host Jo Caulfield (right).
Closing the affordability gap

Robust pricing data and a clear strategy are key when planning a risk reduction exercise

Despite continued low yields, insured buy-in and buyout solutions continue to be increasingly popular for UK pension plan trustees and sponsors. Record volumes of UK pension plan liabilities were transferred to insurers in 2014 and the trend is set to grow.

For some plans, conventional wisdom suggests that a buy-in or buyout is a medium or long-term aspiration. However, obtaining robust management information on insurer pricing for that specific plan and having a well thought out strategy to transform the plan’s finances have been proven to challenge the status quo. A buy-in or buyout could be much closer than many trustees and sponsors otherwise think feasible.

Desktop solvency estimates can sometimes overstate the actual cost of a buy-in or buyout and there is no firm consensus among insurers on the price to charge now for taking on responsibility for future benefit payments. So much can depend on how the competitive broking process is structured and what other business an insurer is seeking to win at the same time. For example, it is not uncommon to witness a spread of 10 per cent between the least and most competitive insurer prices obtained via a broking exercise. As an example, consider a plan with £450 million of existing assets and a desktop estimate for the buyout deficit of £50 million. In reality, an insurer might price a buyout for the plan at £480 million. This means that, almost overnight, the expected deficit has reduced from £50 million to £30 million – a reduction of 40 per cent. This lower-than-expected deficit – immediately translating into a smaller capital injection being required from the sponsoring employer – could mean that the desired outcome of fully settling and winding-up the plan becomes a viable option with immediate effect.

It is a truth often overlooked that a plan’s finances are really based on the benefits that the trustee and members will reasonably accept. These are not necessarily the benefits that the funding and accounting valuations have until then assumed. Indeed, it is possible to transform a plan’s finances through a combination of well-established techniques to offer members choice in relation to their benefits. It is feasible – and increasingly common – for trustees and sponsors to proceed with a buy-in or buyout in parallel with, or shortly after, a programme of such exercises to offer plan beneficiaries the chance to change the shape of their benefits in some way. Enhanced transfer values, pension increase exchange, GMP conversion and trivial commutation are all examples of the techniques that can be employed. So, continuing with our example, the buyout price could be reduced by a further £10 million through member option programmes, reducing the capital injection to just £20 million. Plan members appreciate being offered choices and respond positively to well-managed exercises.

In conclusion, obtaining robust, up-to-date pricing information specific to a plan, coupled with an integrated programme of offering members’ choice about their benefits, can fundamentally transform the plan’s finances, unlocking the door to a better outcome for everyone.

Written by David Ellis, UK Leader, Bulk Pensions Insurance Advisory, Mercer Limited
Rising longevity rates coupled with investment market turmoil have meant that European pension funds are facing challenging times. Innovation, dedication, sophistication and foresight have become essential tenets of any investment manager hoping to succeed, and the European Pensions Awards aims to recognise excellence in these areas.

Standing ahead of its competitors in the eyes of the judges due to its notable new mandates, new fund launches across interesting strategies and clear evidence of strong client service, the winner of the Investment Manager of the Year award is M&G Investments.

Managing a total of £330 billion across equity, fixed income, property and multi-asset strategies on behalf of pension funds across Europe, M&G Investments is a clear market leader.

In the fixed income space, over three years, 97% of M&G’s active institutional portfolios for third party clients have outperformed their benchmarks. The firm’s five flagship bond funds have outperformed their benchmarks over one, three and five years. In addition, the European Loan Fund, which reached €3 billion in AUM, outperformed the Credit Suisse Western European Loan Index by 1.69% in 2014.

Success has also been witnessed in the real estate, equity and multi-asset spheres. The European Property Fund has maintained its record of outperforming the INREV Continental European Funds Index over one, three and five years and The Global Dividend and Global Emerging Markets funds’ focus on long-term value has produced consistent, long-term outperformance.

M&G has also continued its long track record of innovation and building solutions for its clients. It added to its range of multi-asset solutions for European institutional investors with the Episode Allocation Fund, seeking Libor +5% p.a. by investing dynamically across global equity, corporate credit, government bonds, convertible bonds and property.

For clients requiring immediate and steady cash-flows, the pan-European multi-asset Illiquid Credit Opportunities Fund, seeks 5-6% p.a. above cash rates, investing in medium-term illiquid investments with compelling prospective returns.

Further cementing its place as a real leader in the investment management space, M&G Investments improved its sustainable investment focus. The M&G UK Property Fund was named regional sector leader and three of M&G’s property funds were awarded Green Stars in the 2014 Global Real Estate Sustainability Benchmark.

Well done to a much deserved winner.

The Investment Manager of the Year award went to M&G Investments. Receiving the award was Irene Chambers, Senior PR Manager, M&G Investments (centre). Presenting the award was Martino Braico, Senior Manager, Previnet (left) and host Jo Caulfield (right).
Throughout our 80 years in the fund management industry, we have offered investors a range of innovative products and services designed to meet their changing needs.

Our aim is to deliver consistent investment outperformance through the strength of our team. We believe in giving our fund managers the freedom to act on their convictions. As a result, our clients benefit from a market-leading institutional offering that covers equities, public and private debt, multi-asset and property.

To find out more about our institutional capabilities, please contact institutional.clients@mandg.co.uk
Equities continue to form a core part of pension schemes’ strategic growth asset allocation, so the importance of understanding this asset class cannot be underestimated.

This is why the European Pensions Equities Manager of the Year award is given to the firm that not only proves its excellence in managing equities, but demonstrates a true understanding of how equities can best be used by pension funds to meet their ever-changing needs.

In this competitive category, the company that managed to shine through with its impressive work, and therefore the 2015 Equities Manager of the Year, for the third time in four years, is Vontobel Asset Management.

As a specialist multi-boutique asset manager, Vontobel offers innovative and transparent investment solutions by working closely with its clients. Headquartered in Zurich, European pension fund investors is a particular focus for Vontobel, with 71% of its AUM managed for institutional investors.

Because of this, Vontobel has always strived to create innovative products designed to meet the changing needs of pension fund investors.

Vontobel has expanded its attention to the needs of smaller pension schemes. For this, it launched a global equity fund solution, dedicated to UK pension funds. The Vontobel Global Equity Life Fund sits on the Mobius Life fund platform and is structured as a unit-linked life company fund.

As a daily dealing vehicle it offers considerable tax benefits for UK pension funds, in that it is eligible for reduced rates of withholding tax on foreign dividends in many of the markets in which it invests. This tax saving gives an estimated benefit of approximately 0.4% p.a. versus non-tax efficient vehicles.

This new fund is just one of its products benefitting from Vontobel’s ‘high quality growth at sensible prices’ – its belief that long-term, stable and sustainable earnings growth drives long-term investment returns and risk-adjusted outperformance.

Its results prove the success of Vontobel’s approach. For instance its Emerging Markets Equity and Global Equity strategies’ five-year annualised outperformance of +8.19% and +4.98% for the two strategies respectively offers great benefits to pension fund investors, most of whom are striving to close funding deficits in their schemes.

It is this commitment to pension fund clients, along with its impressive fund performance, that gained the admiration of the judges. Congratulations to this much-deserved winner.
A focus on quality and consistency has served our clients well for 25 years
Vontobel Asset Management

We are delighted to have been recognised as European Pensions’ Equity Manager of the Year for 2012, 2013 and 2015

By taking a long-term perspective we have delivered strong outperformance in Global Equities and Emerging Markets Equities with less volatile returns than the markets.

Our focus on serving pension schemes has led to the launch of two tax-efficient Global Equity fund vehicles, providing clients with higher returns for no additional risk*.

Vontobel's Quality Growth investment team are dedicated to managing benchmark unconstrained equities for institutional clients and currently manage over £2 billion on behalf of 46 UK pension schemes**.

For further information, please contact Sheridan Bowers on +44 (0)20 7255 8321 or sheridan.bowers@vontobel.com

* Comparison of investment performance achieved by the Vontobel Global Equity FCP-SIF Fund and Vontobel Global Equity Life Fund compared to non-tax efficient fund vehicles, including SICAV funds. ** As at 30th June 2015

Performance creates trust
vontobel.com/am

Important legal information: This is a financial promotion for institutional investors only and is not intended as investment advice. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. For your protection your telephone calls may be monitored and recorded. This communication is for information only and does not constitute an offer of financial services, nor a recommendation or offer to purchase or sell shares in any financial instrument. Investors should contact their advisers and consider the investment objectives, risks and expenses of any investment carefully before investing. Vontobel Asset Management S.A., London Branch is authorised by the Commission de Surveillance du Secteur Financier (CSSF) and subject to limited regulation by the Financial Conduct Authority (FCA). Details about the extent of regulation by the FCA are available from Vontobel Asset Management S.A., London Branch, on request.
In these challenging times within investment markets, pension fund investors are keen to diversify their portfolios. Therefore their attention has turned towards alternative investments in order to help pension funds achieve their goal of higher returns with smoother volatility.

As alternatives play an ever-greater role in the majority of European pension fund portfolios, the Alternatives Investment Manager of the Year award aims to reward those leading the way in this dynamic asset class, be they an expert in multiple alternative assets or a specialist in any particular area.

This year it is a specialist asset manager that has shone through. The winner of the Alternatives Investment Manager of the Year for 2015 is Darwin Property Investment Management.

Established in 2007, Darwin Property Investment Management Ltd (Darwin) is a small, independent boutique manager whose goal is to offer investment solutions that generate long-term absolute returns that enhance capital and provide high levels of income.

Instead of chasing benchmarks, Darwin believes that client returns and overall risk mitigation should be at the forefront of any investment strategy.

Achieving this aim is Darwin’s first investment strategy, the Darwin Leisure Property Fund (DLPF). Launched in 2008, it combines a secure yield that is well in excess of inflation with business strategies that create sustainable shareholder value.

The DLPF owns and operates a portfolio of 19 UK holiday parks and generates returns that are uncorrelated with any asset class, including real estate. The fund targets a return of 8-12% per annum, and revenues are generated from the park operations, making it an alternative investment proposition rather than a traditional real estate investment.

The excellent performance of the fund emphasises Darwin’s commitment to achieving strong absolute returns for pension funds, as opposed to simply focusing on the diversification benefits.

However, this benefit is considerable, as the fund is totally uncorrelated with any other asset classes and the portfolio is structured to ensure that it can perform well both when the economy is strong, when sales of holiday units will be higher, and during a downturn, when holiday rentals increase.

The judges were very impressed at this unique business model that truly expands the ‘alternatives’ space for pension fund investors, coupled with the strong performance generated by the DLPF.

Congratulations to this exciting and unique winner.

The Alternatives Investment Manager of the Year award went to Darwin Property Investment Management. Receiving the award were Anthony Esse, Chief Executive, and James Penney, Chairman, Darwin Property Investment Management (centre left and right). Presenting the award was Tim Reay, Treasurer, IEBA (left) and host Jo Caulfield (right).
Darwin Property Investment Management offers pension schemes stable income returns and capital growth through its innovative Darwin Leisure Property Fund, the only fund in the UK to invest in the lucrative UK holiday park market.

To find out more call 020 7408 1060 or email marketing@darwinpim.com
Pension funds are continually looking to diversify their portfolios in order to spread their risk and reap higher rewards. However this is no easy task. That’s why pension funds are increasingly turning to hedge fund investment to provide this much-needed diversification.

Therefore the European Pensions Hedge Fund Provider of the Year award recognises those firms that have proved their excellence within this dynamic sector and are truly committed to the needs of pension funds.

The winner of this accolade for the second year in a row is Aurum, once again standing ahead of its peers in this exciting asset class.

Aurum’s investment philosophy is focused on generating alpha driven, uncorrelated, consistent returns with low beta to traditional markets.

This approach has been applied to pension funds for over a decade, as Aurum provides them with funds that are particularly valued for delivering low volatility coupled with high Sharpe ratios, which, along with the high percentage of positive, creates the compounded returns desired by pension funds.

However, Aurum doesn’t like to rest on its laurels. So in 2014 the Aurum Alpha Fund launched, one of the first AIFMD-compliant fund of hedge funds available to investors in Europe.

This global multi-strategy fund provides access to the highest conviction alpha managers, hurdling the regulatory barriers that restrict European investors from accessing these managers, in order to generate a non-correlated return stream that provides steady growth, low volatility and capital preservation.

While Aurum’s strong performance could be considered award-winning in its own right, what really made Aurum stand out from the crowd was its dedicated ESG work.

Aurum believes that if mobilised the industry can make a significant, positive impact on environmental concerns.

To demonstrate this, Aurum, in collaboration with Synchronicity Earth, has set up the Regeneration Portfolio.

This portfolio, which is scalable and available to others, provides grants to NGOs that have a positive impact on the environment in high biodiversity areas globally.

For the judges, it was Aurum’s commitment to improvement – both to the hedge fund world itself and to the wider society of which it impacts – that made the company a worthy winner, along with its dedication to helping pension fund make the most of this dynamic asset class. Congratulations to an impressive company.

The Hedge Fund Provider of the Year award went to Aurum Funds. Receiving the award was Kevin Gundle, CEO, Aurum Funds (centre). Presenting the award Chris Verhaegen, Board Member, Belgian Technical Cooperation, EIOPA, (left) and host Jo Caulfield (right).
Has your consultant rated Aurum? European Pensions judges did for the second year running...
Property Manager of the Year: LaSalle Investment Management

Property has gained true recognition as an essential asset class for pension funds across Europe seeking to diversify their portfolios, with managers looking for returns from both the traditional and less accessible property markets across the world.

Therefore the Property Manager of the Year award recognises those managers that have proved themselves in the field of property investment, have shown innovation in their product offerings and have displayed an excellence and consistency in their management of this diverse and exciting asset class.

This year, the company standing out in the property investment space is LaSalle Investment Management.

As one of the world’s leading real estate investment managers, LaSalle manages $57.2 billion (as of Q2 2015) of private and public property equity and debt investments. It has managed real estate allocations for European pension funds for over 30 years, and currently has over 65 European pension fund clients.

A source of pride for LaSalle is its ability to adapt to the evolving needs of its pension fund clients, such as changing their benchmarks, reducing or increasing their allocations and altering the risk profile.

This dedication to European pension fund clients is evident through LaSalle launching a Kapitalverwaltungsgesellschaft mbH (KVG). The KVG allows German, Austrian and Swiss pension fund investors to benefit from tailor-made access to international investments by combining LaSalle’s global real estate with the best local vehicle structures for these investors.

In fact, throughout Europe, pension funds have turned to LaSalle for property investment. For instance, Italian pension fund Inarcassa made its first overseas real estate investment of €85 million via a mandate with LaSalle, BVK, Germany’s largest pension fund, awarded LaSalle a €500 million global mandate and Greater Manchester Pension Fund, one of the largest local authority pension funds in the UK, awarded a £750 million mandate to LaSalle after a competitive tender process.

This popularity is clearly due to LaSalle’s impressive track record. As an example, LaSalle’s Encore+ fund, an open-ended fund focused on Continental Europe, outperformed its peers over one, three and five years with total returns of 10.9%, 7.1% and 7.95% p.a. respectively.

It is this strong performance, along with its European breath and dedication to the pensions market that strongly impressed the judges. Congratulations to LaSalle Investment Management.
Real estate expertise that earns the trust of our clients around the globe

Amsterdam  London  New York  Shanghai
Atlanta    Luxembourg  Paris  Singapore
Baltimore  Madrid  Prague  Sydney
Brisbane   Mexico City  San Diego  Tokyo
Chicago    Milan  San Francisco  Toronto
Hong Kong  Munich  Seoul  Vancouver

Contact
Alan Tripp
alan.tripp@lasalle.com
Anne Lucking
anne.lucking@lasalle.com

lasalle.com
Cyclical shifts and secular trends in real estate

Jon Zehner explores why real estate investment has grown

The major forces affecting global real estate markets in 2015 were presented in LaSalle Investment Management’s Mid-Year 2015 Investment Strategy Annual (ISA). Many of the financial trends are driven by low interest rates and the consequent strong investor appetite for real estate as an asset class from a wide range of capital sources. This is a result of the significant spread between income producing real estate assets and the low yields available on fixed-income investments. In summary, these and other trends have produced a wall of capital that has driven capital value growth in quality real estate assets in major markets in excess of rental rate growth. So, how have investors been adjusting their investment strategies and how should they be focusing their strategies for the remainder of 2015? Here, I summarise strategic shifts that relate to risk, return and investment objectives.

• The first shift has been of many investors focusing on real estate investments for their current income. With the spread between income yields and local government bond yields at greater than average levels, the appeal is obvious. Many investors seeking stable investments from around the world have been investing heavily in existing assets with longer term lease profiles. Depending upon the type of investor and their risk profile, these assets are leveraged moderately at very low borrowing rates to enhance the cash yields.
• As investors scratch for additional income yield, many are looking at alternative assets that provide somewhat higher cash yields. These asset classes would include medical office buildings, student housing and self-storage.
• For investors with a limited need for current income due to longer investment horizons, we are seeing a movement up the risk curve to value add and opportunistic risk profiles, including development and significant redevelopment opportunities, taking advantage of the lack of recent developments in many asset classes largely due to limited development financing having been available, particularly in Europe.
• Investors with the size to invest through separate accounts have grown in importance as a result of lingering frustration from the global financial crisis and the lack of control many investors experienced when investing in funds with other investors.
• Although the trend in the last few years has been for many investors to want to retain maximum control over all decisions when working through separate accounts, this is showing signs of changing. The flush capital markets make sellers and their agents biased in favour of bidders with clear and reliable decision making. As these investors struggle to get money invested in these markets they are reverting to granting discretionary separate accounts.

As always, the real estate industry is incredibly dynamic with capital markets that are increasingly global and inter-related with other capital markets and asset markets where the specific location, access to transportation and local demographics remain critical. Let’s see where it goes next.

Written by Jon Zehner,
Global Head of Client Capital Group
LaSalle Investment Management
Cyclical shifts and secular trends in real estate

Jacques Gordon explains the short-term cyclical shifts and long-term secular trends for real estate investors consideration

Our research points to important market movements that will determine how and where investors can earn attractive returns in real estate in the future. These changes can be put into two categories: 1) cyclical shifts and 2) secular trends. The cyclical shifts will likely dominate investment performance over the near term, driven by changes in economies, real estate supply-demand fundamentals and by capital markets. The secular shifts are longer-term drivers of real estate values that supersede cyclical shifts over a longer time horizon (seven to 10 years or longer).

Cyclical shifts
In many countries, property prices are rising for the sixth year in a row, after hitting a cyclical low in 2009-2010. Going into 2015 here is what we see: The strength of the US dollar (versus a weaker Euro and a devalued Yen), the slowing of China, upgraded prospects for European growth, and finally lower energy prices, disinflation, and low interest rates.

The biggest cyclical trend is the ‘lower for longer’ trend in interest rates and inflation. This trend will likely continue for several years more, as wage growth, producer prices, and consumer prices are all well below long-term trends.

The supply cycle for commercial real estate remains below long-term averages in nearly every major developed country that we follow. As economies recover, this will lead to scarcity of space in shopping centres, office buildings and logistics facilities. And as vacancy levels fall, rents will rise. At some point, this will lead to a stronger cyclical supply response, which we see heating up already in the US and London. Investors should experience several strong years of rental growth, before supply starts to exceed demand. The issue is that pricing already anticipates strong rental rate growth in the major real estate markets of the world. This means that real estate’s cash yield is approaching all-time low levels in many of these ‘gateway’ markets.

Secular shifts
One of the best ways to cope with ‘mid- to late-cycle’ investing is to focus on markets and assets that follow longer-term secular trends. These properties will be less exposed to cyclical downturns and should achieve above-average rent growth and occupancy.

We believe that the best strategies should emphasise demographic, technology, and urbanisation (DTU) themes that will outperform over the next decade or longer. For example, the ‘millennial’ generation look for urban lifestyles where they can work-shop-live and play all within a vibrant walkable neighborhood.

The wealthier ‘baby boomer’ generation is aging, but expecting to enjoy active lifestyles well into their 80s. The types of real estate this group will consume includes hotels, luxury apartments, high-end retail and restaurants, and eventually senior housing that emphasises the healthier lifestyles that many of these baby boomers will continue to pursue.

Refurbishment of older buildings will meet some of the rising demand, but in many cases this secular trend will also drive denser new development that is sustainable and transit-oriented.

Written by Jacques Gordon,
Global Strategist,
LaSalle Investment Management
Pension funds and infrastructure are seen as a natural fit, due to infrastructure’s need for long-term capital and pension funds being long-term investors.

Now in its second year, the Infrastructure Manager of the Year award recognises those players that understand this complex asset class and are working hard to help pension funds enter the market and reap the potential rewards.

The 2015 winner of the Infrastructure Manager of the Year award is AMP Capital, a specialist investment manager that shares a 160-year heritage with the AMP Group. AMP Capital is one of the world’s most experienced infrastructure managers, with over 60 infrastructure investment professionals and more than 120 infrastructure equity and debt investments completed since 1988. It has over €8 billion in infrastructure funds under management and successfully raised and managed more than 10 infrastructure funds across a range of strategies, including the recently launched Global Infrastructure Fund, which has already secured over $1 billion of commitments for its direct equity strategy, and the highly-successful Infrastructure Debt Fund II, which has raised more than $1.1 billion from 50 institutional investors globally since launching in August 2013.

A key aim of AMP Capital is to provide a market-leading infrastructure specifically designed to meet investors’ needs. This it achieves by being one of the few global managers with the scale and capability to offer exposure to infrastructure via direct equity, direct debt, listed equity, and bond strategies. But along with quantity, AMP Capital also offers quality. It is at the forefront of developing tailored solutions for clients, such as blending any number of styles and geographic regions to obtain the optimal risk and return outcome.

Examples of this innovation include AMP Capital’s pioneering work in unlisted infrastructure investment and global listed infrastructure securities. AMP Capital also enjoys a reputation as a thought-leader in ESG issues, with its in-house research and integration of ESG into investment decision-making.

Another key aspect of AMP Capital is its dedication to passing its knowledge onto clients, through educational infrastructure roundtables and educational newsletters and videos.

Due to its impressive understanding of the role infrastructure can play in a pension fund portfolio, along with its strong performance and desire to innovate, the judges were pleased to name AMP Capital the Infrastructure Manager of the Year. Congratulations to a worthy winner.
The time is now to invest in infrastructure

Boe Pahari explores why infrastructure allocations are increasing

Australian and Canadian investors have typically been the trailblazers when it comes to infrastructure investment but the rest of the world is catching up.

Research commissioned by AMP Capital has consistently showed that investors in Europe and around the world are looking more favourably on alternatives such as infrastructure and are increasing their allocations accordingly. Pension funds in particular like infrastructure for its long-term stable returns, lack of correlation with traditional asset classes, inflation linkage and predictable long-term yields providing the opportunity to match long-term liability profiles.

Earlier in the year, AMP Capital announced a first close for our newly-launched Global Infrastructure Fund. AMP Capital’s global infrastructure platform is targeting a final size of approximately $2 billion and we are now more than halfway towards meeting that target, with commitments from investors in countries such as Japan, Australia, the US, Canada, Ireland and Belgium.

AMP Capital’s global infrastructure platform seeks to offer investors the combination of stable cash yields and growth that they are looking for infrastructure to deliver.

Our strategy is to focus on mature, brownfield assets that hold monopolies or long-term contracted revenues in sectors offering the best relative value in OECD countries.

Two recent examples of deals we have done in Europe are Angel Trains, the UK’s largest rolling stock company, and Esvagt, a Danish company that provides emergency response and rescue services to the offshore oil and gas industry.

AMP Capital has been invested in Angel Trains, which leases its rolling stock to all 19 of the UK’s franchised train operating companies and two open access operators, since 2008. We like its investment characteristics so much, we secured a controlling stake in the company.

For Esvagt, AMP Capital partnered with 3i Infrastructure to jointly acquire 100 per cent of this high-quality business providing critical safety services to the offshore energy industry.

We believe Esvagt represents an excellent opportunity for our investors. It holds leading positions in its core Scandinavian markets where there are high barriers to entry. Its contracted revenue streams, unique operating model and market-leading margins mean it is expected to continue to deliver stable and predictable revenue.

With our 60 infrastructure investors and sector specialists around the world, we are in a unique position to effectively originate and deliver value in middle market investments in an environment of heightened interest in the asset class. In Europe, transport, airports and telecommunications infrastructure are hotspots of activity and we expect to see both increasing deal flow and greater investor confidence in countries such as Spain, Portugal, Italy and Greece.

We are encouraged by the growing interest in infrastructure from our existing and prospective investors. Historically, investors have made allocations to infrastructure out of a range of investment ‘buckets’. What we are seeing more of is sophisticated investors increasingly viewing infrastructure as an asset class in its own right, and making specific allocations to infrastructure within their overall portfolios. This has corresponded with increasing allocations to infrastructure and will do much to further raise the profile of the asset class.

Written by Boe Pahari,
Global Head of Infrastructure Equity,
AMP Capital
With all eyes on risk and return, European pension funds’ allocations to private equity continue to increase.

The European Pensions Awards acknowledge those private equity experts who are passionate about helping Europe’s pension funds get the most from this complex area of the market.

The Private Equity Manager of the Year award is only two years old, and the winner, for a second time in a row, is LGT Capital Partners.

The judges were impressed by this firm’s strong submission, which demonstrated a clear understanding of and commitment to improving the private equity world and providing it with excellent examples.

LGT Capital Partners is a leading alternative specialist with $50 billion in assets under management and more than 400 institutional clients in 33 countries. An international team of over 350 professionals is responsible for managing a wide range of investment programmes focusing on private markets, liquid alternatives, specialised long-only and multi-asset class solutions.

In 2013, LGT launched a UK-focused impact investment fund, IVUK, with a £15 million cornerstone investment from the social investment bank Big Society Capital. With current capital of £36 million, IVUK’s diverse investor base includes European institutional investors, such as the European Investment Fund, as well as private clients. IVUK invests in enterprises that create strong, positive social impact for disadvantaged people and communities as well as generating a financial return.

Over the last 18 years, the firm has consistently outperformed in its private equity investments. It helped European pension fund investors access private equity in the past year by providing exposure to the best private equity managers globally and accepting new private equity subscriptions from a significantly large number of European institutions.

In another show of strength, the firm also advised its Nordic pension fund client on developing their own ESG framework. Furthermore, LGT Capital Partners helps pension funds optimise their multi-asset class portfolios through its proprietary scenario analysis framework.

In the past year, it has run its scenario analysis for 10 European institutions, in order to show them how to enhance their asset allocation and portfolio diversification.

Well done to LGT Capital Partners on a richly deserved award.
Leading the way
in alternative investing

Outstanding track record
18 years experience in generating attractive risk-adjusted returns

Significant asset base
USD 50 billion of assets under management

Strong alignment of interests
Team and shareholder invest in own programs

Global client base
400+ sophisticated institutional investors in over 30 countries

Large, international team
350+ people representing 41 nationalities
ETFs are gaining ground as a useful investment tool among pension funds providing cost-effective exposure to an even broader range of investments. The European Pensions Awards ETF Provider of the Year category aims to recognise those providers who have stayed ahead of the market to offer ETFs to pension funds and tailored their offerings to pension fund demands.

This year’s deserving winner was State Street Global Advisors (SSGA). Operating in Europe for over 20 years, the firm’s client base is diverse and focuses primarily on institutional investors, intermediaries and pension schemes. State Street Global Advisors’ SPDR brand has become a market leader. With 64 European SPDR ETFs, the firm’s range includes core, institutional fixed income and equity benchmarks, and a targeted selection of niche exposures.

The firm’s tremendous growth in assets under management during 2014 is a testament to its leading industry edge. It reached a milestone of $10 billion in assets under management in Europe in June 2014 (a year-on-year growth of 80%) and manages $11.2 billion as of 31 January 2015.

In displaying its ongoing commitment to pension fund clients, SPDR ETFs can offer unique exposure around emerging market local debt, convertible bonds or emerging market dividend exposures. The range of ETFs include the largest emerging market local debt fund in Europe and the world’s first and only passive global convertible bonds fund.

Pension funds are also increasingly using SPDR ETFs as strategic ‘building blocks’ in a multi-asset portfolio as well as for immediate diversification. Furthermore, SPDR ETFs are now available in the firm’s Managed Pension Fund wrapper, facilitating unprecedented institutional access.

Managed Pension Funds Limited (MPF) is State Street Global Advisors’ flagship UK-domiciled pooled fund vehicle for pension fund investors, designed to provide defined benefit and defined contribution schemes with cost-effective access to a broad range of investment strategies, many of which capitalise on the company’s strengths in index investment management.

This solutions-oriented approach means that UK pension funds can access the ETF asset classes without the need to trade them directly or the need for a custodial account. Investors simply invest in MPF as they would for any other sub-funds available in the vehicle.

Other launches include the SPDR Russell 2000 U.S. Small Cap UCITS ETF, the SPDR BofA Merrill Lynch 0-5 Year

ETF Provider of the Year and Passive Manager of the Year

State Street Global Advisors

The ETF Provider of the Year award went to State Street Global Advisors. Receiving the award was Alexis Marinof, Managing Director, State Street Global Advisors and Paul Young, ETF Capital Markets, State Street Global Advisors (centre left and right). Presenting the award was Richard Poole, Legal Director, Pensions, Royal Mail Group (left) and host Jo Caulfield (right).
EM USD Government Bond UCITS ETF and the SPDR Barclays 3-5 Year Euro Government Bond UCITS ETF.

Four new smart beta ETFs tilted towards value stocks were also launched in February 2015.

Taking all of this into account, the judges applauded the firm for its strong pension fund focus and in recognising the crucial role ETFs can play in the institutional investment sphere.

It’s not only in the ETF space that SSGA has been recognised either. The European Pensions Awards Passive Manager of the Year award aims to celebrate the passive manager that demonstrates strong returns, provides excellent customer service and shows a true understanding of the needs of their clients. SSGA was also the standout firm in this category. The judges commented that the firm differentiated themselves with their inspiring innovation, robust client service and impressive bespoke offerings.

SSGA believes smart beta is one of the most powerful innovations helping clients achieve their investment goals. It was an early innovator in the advanced beta space, first adopting this discipline in 1999 via the company’s use of equal weighting. SSGA has built on its extensive passive investing experience to truly innovate this space for its clients.

The firm’s two ground-breaking products launched last year, the High Quality/Low Volatility fund and the Multi-Factor (High Quality, Low Volatility/Low Valuation) fund reflect the firm’s experience in this area.

The former was launched in May 2014 and combines two of the most well-documented and researched smart beta risk premia into a single product, reducing administrative burden for clients and enhancing diversification and return. The emphasis is on transparency and a portfolio construction that is based on rules and regular rebalancing. This ensures the targeted exposures (high quality and low volatility) remain in place.

The Multi-Factor Fund, launched in September 2014, invests in global developed market equities using a rules-based investment technique. The fund builds on strong academic research around factors that have proven to be robust, interact well and produce better risk-adjusted returns over the long term versus standard cap-weighted indices. SSGA’s innovations help European pension schemes, sponsors and trustees with precision targeting within their investment strategies, reducing government burden and delivering on performance expectations. Well done to an impressive company.

The Passive Manager of the Year award went to State Street Global Advisors. Receiving the award was Natalie Waller, Head of Global Equity Beta Solutions Group and Helen Copinger-Symes, EMEA Head of Consultant Relations, State Street Global Advisors (centre). Presenting the award was Emma Watkins, Managing Director, Bulk Annuities & Investment Strategy, Lloyds Banking Group (left) and host Jo Caulfield (right).
The emerging market space remains of great importance to European pension funds, as trustees and scheme managers look to seek the highest possible returns from their portfolio asset allocation structures.

The European Pensions Emerging Markets Manager of the Year looks to recognise those managers that have shown dedication to emerging markets, with a view to achieving performance in areas where information flow is often in short supply.

This year’s winner is HSBC Global Asset Management, having been recognised by the judges for its pension focus, its strength in both the equity and debt spaces and its European-wide success.

With over €123 billion in emerging market assets worldwide, managed by over 200 dedicated professionals in 12 emerging markets locations the firm’s global EM offering is one of the widest, covering both equities and fixed income. On the fixed income side capabilities cover sovereign and corporate debt, hard and local currency strategies, as well as inflation-linked bonds and total return strategies.

Furthermore, the company recently launched the Emerging Markets Local Rates Fund, aimed at pension clients who seek to benefit from the currency-appreciation potential in EM currencies, to diversify out of their base currency and/or concentrated USD-denominated holdings, diversify their EM exposure; or simply hold EM local-sovereign bonds. In 2013, the firm launched an innovative emerging markets equity fund on its Luxembourg UCITS platform. Economic Scale Indexation Fund offers investors access to beta in a passive way through an alternative-weighting scheme by investing in companies according to their economic footprint rather than their market capitalisation.

HSBC Global Asset Management’s consultative approach means that it can offer bespoke advice on investment guidelines, (such as the incorporation of ESG guidelines and principles within security selection) and benchmarks and risk tolerance to create the right solution for institutional clients. As a result of its hard work and innovation, HSBC Global Asset Management saw its EM total return strategy return 6.17% in the three years to December 2014.

The company aims to continue this work, as its objective is to deliver appropriate investment solutions and provide a highly dedicated service to European pensions.

Overall, it is these factors and innovative services that made HSBC Global Asset Management a clear winner in the judges’ eyes. Congratulations to an outstanding firm.

The Emerging Markets Manager of the Year award went to HSBC Global Asset Management. Receiving the award was Heiner Weber, Managing Director for Germany, HSBC Global Asset Management (centre). Presenting the award was Terri-Ann Humphreys, Development Executive, Pensions Management Institute (left) and host Jo Caulfield (right).
With more than 200 investment specialists in over 20 countries we tap into considerable expertise in Emerging Markets to offer you excellent investment opportunities across all asset classes. Interested? We would be glad to provide you with additional information.

www.assetmanagement.hsbc.com

For Professional Clients only and should not be distributed to or relied upon by Retail Clients. *Assets under management at the end of June 2015. The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. © Copyright HSBC Global Asset Management (UK) Limited 2015. All Rights Reserved. 27292/0815 Expiry 28/02/2016. FP15-1466
European pension funds are increasingly aware of how their investment and involvement, or lack thereof, in companies can impact on both society and environment. They are also noticing the positive returns socially responsible investment can generate for their portfolios.

For these reasons the European Pensions SRI Provider of the Year award recognises those firms leading the way in this growing and sophisticated arena.

Shining through in this dynamic sector is Newton Investment Management, a London-based, global investment management firm with nearly four decades of experience offering actively managed solutions to both DC and DB pension funds.

These pension funds benefit from Newton’s significant experience in socially responsible investing, as the firm has run ethically-screened portfolios for more than 20 years.

Newton describes its response to ethical investing as one grounded in the belief that responsible investment is better investment – in the ‘economic’ sense of the word, not just the ‘ethical’ or ‘moral’ meaning. This viewpoint is built into its entire investment process and therefore all the company’s portfolios.

This manifests itself through Newton’s dedicated ESG research and active stewardship. For instance, during 2014, Newton exercised its clients’ voting rights at 654 company meetings.

Along with participating in the development of industry standards, codes and guidelines relating to responsible investment, Newton signed the Principles for Responsible Investment (PRI) in 2007 and has achieved a consistently top-quartile score in the PRI self-assessment.

Also, last year saw Newton join the UK’s National Association of Pension Funds (NAPF) Stewardship Advisory Group, tasked with developing NAPF policy positions on issues that impact upon pension funds as institutional investors and their stewardship of investee companies and assets.

As active managers, Newton also speaks up on a range of governance issues such as boardroom diversity, notably through the 30% Club, founded by Newton CEO, Helena Morrissey CBE, which advocates for greater female representation on company boards.

It was these demonstrations of just how seriously Newton takes SRI concerns that particularly impressed the European Pensions Awards judges, along with the company’s clear understanding of the importance SRI can play in the pension fund world.

Congratulations to Newton, a worthy winner with its pioneering SRI work.
Responsible investing is better investing

Sandra Carlisle explains how responsible investing can achieve long-term economic gains

Our approach to responsible investment is grounded in the belief that responsible investment is better investment. We mean this in an economic sense; we believe that responsibly managed companies are better placed to achieve sustainable competitive advantage and provide strong long-term growth.

Our approach is made up of four key elements:

1. Environmental, social and governance (ESG) research
   We believe ESG issues can have a material impact on company value. We aim to identify ESG risks and opportunities faced by companies to ensure that these challenges are well-managed within their business strategy.

   Since 2013, our responsible investment team has conducted ESG quality reviews of all companies that our sector analysts are considering recommending. Where we cannot gain clarity over a company’s management or strategy, we engage with the company prior to an investment recommendation being made.

2. Engagement and active stewardship
   We have a rigorous approach to corporate governance and proxy voting and take our stewardship responsibilities to our clients very seriously. Our approach is best reflected in the UK’s Corporate Governance Code, the International Corporate Governance Network’s Global Corporate Governance Principles and the UK Stewardship Code. In 2014, in line with Code best practice, we appointed KPMG to provide an independent opinion and an assurance report on our engagement and voting practices.

3. Active proxy voting
   We always vote actively, which means we support or withhold support from management and only abstain where a conflict of interest exists. The three most common resolutions that we voted against in 2014 are the appointment of board directors, the approval of remuneration reports and issues around pre-emptive rights.

4. Transparent client reporting
   We believe that, as stewards of our clients’ assets, we have an obligation to report regularly and transparently to our pension fund clients. We state our responsible investment beliefs in our responsible investment policies and principles report, which is updated annually, and publicly disclose all our responsible investment activities in a quarterly report. In addition, we publish thematic reports on topical ESG issues which we believe are of interest to our clients.

   At Newton responsible investment is investment-led and fully integrated into our investment process; our dedicated team sits within our global research department and is an integral part of the investment decision-making process.

Written by Sandra Carlisle, head of responsible investment, Newton Investment Management
Fiduciary Management Firm of the Year: Cardano

Since taking the Dutch and UK markets by storm, fiduciary management is now becoming more prominent across other parts of Europe. This award recognises a firm that has led the way in the fiduciary management space, tailoring their offerings to meet the needs of today’s pension funds.

Taking the prize for the second year in a row, Cardano has firmly established itself as a leader in the market, excelling on performance, innovation and client service. Cardano works with the philosophy of delivering steady and it clearly is working.

For clients following its ‘liabilities +’ approach the results have been superb, achieving an outperformance against their liabilities of c.3% (net of fees) for clients with over £5 billion of assets. Despite such high results, Cardano does not falter when it comes to risk, with relative risk on a rolling three year basis less than 3% p.a, a remarkably low figure.

Such extraordinary results does not stop Cardano from striving for better; it is constantly looking for ways to improve itself and the market as a whole. For example, it is currently campaigning for greater disclosure and transparency within the sector, to help pension funds understand issues such as assessing providers, performance and fees.

Internally, Cardano has developed its service to provide smaller clients with a bespoke, directly invested, non-pooled fund solution. In 2014, this was extended to an even broader range of clients.

It also spearheads conversations with clients and insurers so that clients can hedge the longevity risk of smaller tranches of their liabilities. Cardano views the total solvency risk budget holistically, creating an integrated solution for its clients.

Cardano’s efforts to improve its client’s fiduciary management services do not go unnoticed. The firm was rated 100 per cent by clients in the Buck Fiduciary Management Client Satisfaction Survey, a very positive endorsement.

In Europe, Cardano is very active in participating on pension development. The company has contributed to the UK government debate on collective DC and was also appointed to consult on collective DC for EIOPA in Frankfurt. In the UK, the firm has also given oral evidence to the Parliamentary Commission on the Pensions Bill.

With its extensive contribution to the industry and commitment to its clients, it’s easy to see why Cardano were the winners of the Fiduciary Management of the Year award. Congratulations, a worthy winner.
Worry's just a part of life. Unless you work with Cardano.
We believe in better outcomes – helping reduce pension deficits in a more planned way.
To find out more about us, contact Richard Dowell - 020 3170 5926 or visit cardano.com

Cardano. Say yes to predictable pension outcomes.

Cardano Risk Management Limited is registered in England and Wales number 09050863. Registered office: 5th Floor, 55 Gracechurch Street, London EC3V 0JP. Authorised and regulated by the Financial Conduct Authority.
A custodian of a pension fund is an ever-changing role, and as the industry develops, it offers a perspective other services cannot. The winner of this award stood out because it understands the importance good custody can play in today’s evermore-complex pension fund world. That is why the Custodian of the Year Award went to Societe Generale Securities Services (SGSS).

As the industry looks at improving existing structures to help fund an ageing population’s retirement needs, SGSS has been working towards solving these challenges for its own clients. It has, most notably, done this by offering competitive risk and performance analytics capabilities, supported by strong data management services.

Always thinking ahead of the game, SGSS has been very active in proposing new products and services that deliver a strong added-value to pension funds that help comply with the regulation that will impact them in the close future.

For example, in 2017 pension funds may become subject to EMIR regulation, bringing organisational complexity for pension funds and higher costs to maintain technology and manage legal requirements.

As a forward-thinking company, SGSS has already launched fully integrated services that include services coming from Newedge and SGCIB. Orchestra, the name of the solution, combines the OTC clearing capability extended by Newedge with the comprehensive post-trade derivatives processing and reporting offered by SGSS.

Innovation is never forgotten at SGSS, which is clear to see in the dynamic SGSS Gallery, a platform that allows pension funds to access a wide range of services and manage their daily business reporting activities. It has been rolled out to pension fund clients across Europe and will produce up to a million reports a year for all of its clients.

Its strong commitment to clients has seen SGSS win new mandates such as Inarcassa, the national social and assistance fund for self-employed engineers and architects, which is a stand-up institution among social security institutional investors, with €7 billion of assets under management and around 170,000 fund subscribers.

Through this mandate, Inarcassa benefits from a comprehensive portfolio of services covering custody and settlement, fund accounting, trustee, portfolio analysis reporting and cash management services.

SGSS’s continued passion it shows for the market and its commitment to pioneering products and services made it an irresistible choice for the judges. Well done SGSS.
Meeting the challenge

Emmanuelle Choukroun explains how SGSS can help pension funds face the challenges ahead

Policymakers across the EU are engaged in a detailed assessment of their pensions delivery mechanisms. With many governments keeping a tight rein over public expenditure, this has restricted the pool of government funds that might be used to finance pay-as-you-go public pensions. And while this may invite a more prominent role for private pensions provision, recent economic conditions (characterised by low growth, low returns on investment and low interest rates) and the challenge of supporting workers who are living longer have also stretched the ability of private pensions to deliver adequate retirement income.

According to the latest pension funds OECD report, pension funds’ assets rank third (at $21.8 trillion, representing 28% of total invested institutional assets) after investment funds (at 38.4%) and insurance companies (at 31.3%).

Even taking into account the possible double counting of pension funds’ and insurance companies’ investment in mutual funds, what these figures cannot hide is the important role played by other types of savings, as a complement to pensions, in long-term saving plans. Few OECD public pension systems offer a gross replacement rate greater than 50%. In the EU, for example, the gross replacement rate is 30% in the Netherlands, 32% in Great Britain and 41% in Germany, whereas in France at the figure is 59%.

Private pension arrangements appear to offer a natural way of fixing this relatively low replacement rate. However, in a number of European countries, pensions’ funding levels fall well short of the cash flows that will be required to meet future obligations to their retiring population.

In addressing this challenge, a major question in the EU is whether the legislative proposal for new rules on occupational pension funds (IORP II) - to be transposed in all member states by the end of 2018 - will be effective to address these shortfalls and to retain public belief in pension funds. The new EU regulation has three high-level ambitions:

1. ensuring that pension scheme members are properly protected against risks;
2. removing obstacles to cross-border provision of occupational pension services;
3. reinforcing the capacity of occupational pension funds to invest in financial assets with a long-term economic profile, thereby financing growth in the real economy.

Few will question the objectives targeted by IORP II. The main challenges lie in choosing an appropriate implementation methodology to deliver these goals. Should the IORP II implementation fail to deliver these objectives, this may prompt a shift towards other personal savings vehicles.

At SGSS, we remain focused on helping our clients to solve the pension challenges ahead, notably by offering competitive risk and performance analytics capabilities, supported by strong data management services. This is a natural complement to the experience we have established over many years in supporting an extended investment universe across more than 80 markets and across a full range of asset classes, while also providing specialist expertise to meet clients’ foreign exchange and securities lending requirements. With asset diversification and innovation an integral part of the value proposition, we also offer a variety of outsourcing solutions for your physical real estate and private equity investments.

Emmanuelle Choukroun, New Services, Asset Managers and Owners Segment, Societe Generale Securities Services

| SECURITIES SERVICES |
Over the past few years, transition managers have played an increasingly important role as investors grapple with ever-changing and challenging market conditions. They have been at the forefront in helping pension funds undertake complex investment restructures while managing the risk and cost often inherent in shifts of this type.

In recognition of this, the European Pensions Transition Manager of the Year Award aims to reward those firms that have distinguished themselves as all round experts in the transition management field and have proven themselves to be a cut above the rest.

This year, the winning firm impressed the judges with its flair for innovation, its strong emphasis on education and its fiduciary focus. It has demonstrated an unrivalled commitment to the industry and excellence in service to the European pension fund community. For the second year in the row, the winner is BlackRock.

BlackRock’s transition management team has substantially raised the profile of the transition management industry around Europe; it has been at the forefront in educating investors on the value add of transition management. In 2014, this team assisted clients from numerous countries across Europe with their transition requirements.

In challenging and volatile markets, BlackRock sailed through, experiencing a record year in 2014, which saw it grow the transition management market overall and increase its market share. It has entered new markets which are recent adopters of the service and continued to develop markets that have traditionally embraced the product.

BlackRock’s dedication to not only product delivery, but also to educating the investment community particularly impressed the judging panel. It has made significant thought leadership contributions via educational articles addressing topics such as the consolidation of pension funds in the Netherlands and transition considerations when merging funds.

BlackRock is constantly innovating and continues to develop and enhance its formidable fixed income and equity trading capabilities. In the face of lowered liquidity in the market, BlackRock is already prepared to assist and guide its clients.

By pushing ahead with ideas, educating and combining its expertise in areas such as fixed income with innovation, BlackRock has worked hard to deliver the best results for its clients. It is for this reason the European Pensions judging panel found the firm to be a worthy winner. Well done BlackRock.
In recognition of being voted transition manager of the year for the second consecutive year, BlackRock transition management thanks all clients for their long-standing partnership and the continued vote of confidence in our service.

BlackRock’s Transition Management has been a trusted partner to the world’s top institutions since 1993. We focus on our fiduciary duty while implementing efficient and innovative trading solutions across asset classes.

Build on BlackRock

Trusted to manage more money than any other investment firm in the world.*

*As of 30.06.15. This material is for professional clients and qualified investors only and should not be relied upon by retail clients. Issued by BlackRock Investment Management (UK) Limited (authorised and regulated by the Financial Conduct Authority). Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Registered in England No. 2020394. Tel: 020 7743 3000. For your protection, telephone calls are usually recorded. BlackRock is a trading name of BlackRock Investment Management (UK) Limited. © 2015 BlackRock, Inc. All Rights reserved. BLACKROCK, BLACKROCK SOLUTIONS, iSHARES, BUILD ON BLACKROCK, SO WHAT DO I DO WITH MY MONEY and the stylized i logo are registered and unregistered trademarks of BlackRock, Inc. or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.
In a world where legislation, regulation and technology are constantly changing, pension providers are faced with the difficult challenge of modernising and adapting their delivery processes to help maintain the best results for savers.

It is for this reason the European Pensions Pension Provider of the Year award aims to recognise those providers who have been offering quality services alongside relevant and innovative products to meet the demands of today’s European pensions market.

This year’s winner is Friends Life – a provider that has truly displayed a real dedication to the pensions market with its original products tailored towards the shifting needs of its clients.

Against a backdrop of legislative change, 2014 was a landmark year for Friends Life, as it worked hard to develop solutions for a transforming market. Among some of the provider’s key innovations are its master trust, which has helped clients deal with mounting governance duties while affording members the same standard of oversight found in traditional trust schemes.

Additionally, on the technology side, Friends Life has developed a number of new platforms as part of its aim to engage with members. Among these is a social media platform, e-community, which has been developed to give members access to a diverse range of financial education resources.

Friends Life has also developed ‘My Money corporate platform’, which gives members a broader range of services all in one place. Members can save into ISAs alongside their pension, fund individual advice and transfer-in benefits.

Creativity and the ambition to develop some of these influential platforms is what helped Friends Life stand out as leaders in the field of pension provision. The provider has worked to expand on the technology behind each platform by using customer feedback to improve and develop the existing models.

As the retirement market evolves and changing legislation implemented, the line between pensions and other savings products become somewhat blurred. Because of this, Friends Life is launching My Savings, a retirement platform that allows members to take advantage of their freedoms and easily access support services to help them make informed decisions.

Innovation, modernisation and technology development are the areas in which Friends Life has excelled over the past year. Responding to change is never easy for pension providers, who already have a wealth of activities to keep up with. Well done to Friends Life – a much worthy winner.
Can we declare auto-enrolment a success?

Dale Critchley takes stock of auto-enrolment’s current achievements and examines what more needs to be done

As we approach the third anniversary of its introduction, auto-enrolment (AE) is being hailed a success by many. Figures released by the Office for National Statistics (16 July 2015) show that 5.3 million workers have been enrolled into a workplace pension scheme by their employer as part of AE*1.

The new figures revealed that 70% of eligible workers are saving in a workplace pension, 15% up on the figures for 2012. The figures for younger workers are particularly encouraging, with the percentage of 22 to 29 year olds making contributions more than doubling to 54%.

With opt-out rates impressively low (around 10% cent nationwide)*2, there is reason to be optimistic. But even though we are half way through staging, less than 4% of all employers affected by AE have staged so far.

There are 45,000 small and micro employers reaching their staging date this year and over a million next year and beyond*3. The administrative burden for these employers will be very different from that of the large employers. Yet in many ways, it is a greater challenge: pension provision may not exist at many of these businesses, and there are no employees filling specific pension roles to help with the process. As a result, it’s unlikely that their opt-out rates will be as low as the rates we have seen for the larger employers.

But there could complicating factors as AE is likely to be touched by further changes over the next few years.

• Increase in contribution rates in 2017 and 2018. This will be a critical point as many auto-enrolled employees will see a significant increase in the amount that they are having to contribute towards their pension – the employee’s contribution in 2018 may be five times more than they were paying in when they were originally auto-enrolled.

• Potential changes to tax relief. A flat 33% rate has been suggested, which would redirect relief to basic-rate taxpayers and make increases in contributions more affordable. On the other hand, treating all pension contributions as taxable up front would make them more costly and compound affordability issues.

• Further rises to minimum contributions could be introduced post-2018.

• Larger employers will be leading the way in dealing with the cyclical automatic re-enrolment of eligible jobholders.

• A solution to the problem of small pots will need to be introduced at some stage, although what this will be is looking less certain than perhaps 12 months ago.

AE certainly feels a success so far and it has continued to make a positive mark on UK pension saving over the last year. The increased number of savers and the increased number of younger savers in particular gives us cause to celebrate. The ever-changing pension landscape will doubtless impact schemes and the decisions of savers over the coming years.

But regardless of any changes, it is crucial that over the next three years we build on the early successes and continue to inform, educate and encourage people to save for the kind of retirement they would wish for.

Written by Dale Critchley, technical reform manager, Friends Life, part of the Aviva Group

---

Buyout Firm of the Year: Partnership

Buyout is widely considered the holy grail for DB schemes, the destination that all flightpaths head toward as trustees look to close their schemes.

Therefore the buyout market has enjoyed a period of growth and innovation, with the industry moving beyond simple transactions to more unique solutions that meet the needs of all schemes.

The Buyout Firm of the Year award recognises the buyout providers driving forward these ground-breaking insurance deals and shaping the nature of this dynamic market.

Partnership, this year’s winner, is certainly shaping the market with its pioneering medically underwritten bulk annuity (MUBA) transactions.

Partnership wrote the UK’s first medically underwritten deal in 2012, bringing 20 years and 120,000 policyholders of underwriting experience and data gathered in the retail annuity space to the bulk annuity market. It saw 2014 as the ideal opportunity to grow the market through education and innovation.

To achieve this, Partnership hosted thought-leadership dinners and sponsored various reports that highlighted not only the potential of the market but also the scope for growth and the benefits offered by medically underwritten de-risking.

It also developed a guide highlighting what trustees might expect as part of the process, along with an extensive programme of face-to-face contact with EBCs.

In addition to focusing on education, Partnership was keen to work with other insurers and experienced third party data collectors to build and develop a common underwriting platform. This allowed a streamlined and light touch process for collecting health and well-being information from members whilst providing insurers with the highly valuable information which drives their competitive pricing.

To help with this, Partnership developed a short medical questionnaire for all providers to use and worked with a panel of industry experts to help develop best practice guidance.

The results speak for themselves. Every major EBC in the UK has now requested a quote from Partnership, the number of medically-underwritten deals have more than doubled in the space of a year and there are now four insurers actively quoting in this market.

Last year ended on a high for Partnership as it announced the UK’s largest medically underwritten bulk annuity transaction of £206 million.

The awards judges were certainly impressed with Partnership’s dedicated work to improve the buyout market. Congratulations to this pioneering firm.
MEDICALLY UNDERWRITTEN BULK ANNUITIES
WE SEE DE-RISKING DIFFERENTLY

Partnership has been making waves with our fresh thinking in the retirement market for over 20 years now. In that time we have grown to now pay over 120,000 policyholders. In 2012 we wrote the UK’s first medically underwritten bulk annuity (MUBA) transaction. Since then momentum has grown as the UK’s leading employee benefit consultants and their clients have seen first-hand the tens of millions of pounds we have saved trustees to date.

If you would like to find out more then please visit our website.

www.partnership.co.uk/derisking  derisking@partnership.co.uk
European Pensions
AWARDS 2015

Pension Scheme Administrator of the Year:
Spence & Partners

European pensions have faced a challenging few years, as legislative, structural and investment reforms all converge. Responding to these changes, on top of the day-to-day pressure of ensuring the scheme runs smoothly, is the pension scheme administrator.

This is why the Pension Scheme Administrator of the Year award recognises those administration firms that have gone beyond the minimum standards required to offer a truly value-added service to their clients.

In this hotly-contested category, the company that managed to rise above and win this prestigious accolade for 2015 is Spence & Partners.

Innovation is at the heart of all Spence & Partners does. The company is dedicated to using cutting-edge software and the most talented people to deliver the highest quality service to clients and scheme members, whilst providing value for money.

To achieve these goals of innovation, value and quality, Spence has generated ‘first of its kind’ software that uses the live administration database for actuarial valuations.

With access to accurate, timely information, decision making can be improved, while the real-time reporting allows clients to reduce risks and capture opportunities as the market changes.

The administration process is fully automated to ensure complete consistency of approach. These efficiencies are then passed onto clients either in the form of greater certainty around administration costs or fixed fees.

The administration tool also audits the quality of data in real time, such as reporting against common data level targets set by The Pensions Regulator or on the data required to complete a buy-out exercise. Despite the automation this system delivers, all work is checked by Spence’s administration team in order to provide additional insight.

Spence & Partners’ impressive track record is also validated through the UK’s Pension Protection Fund (PPF). Spence & Partners is one of just eight firms appointed to the Pension Protection Fund’s (PPF) Specialist Administration Services Panel following a significant due diligence exercise.

As a result of all this impressive work, Spence & Partners has grown significantly since 2013. It has enjoyed a 32% growth in administration staff, 33% in software development staff and a 28% increase in schemes administered.

It is no surprise that the judges were impressed with Spence & Partners’ focus on innovation, particularly its use of technology that meets the needs of schemes of all sizes. Congratulations to a well-deserved winner.

The Pension Scheme Administrator of the Year award went to Spence & Partners. Receiving the award was Brian Spence, Founder, Spence & Partners (centre). Presenting the award was Julian Lyne, Head of Global Consultant Relations, Newton Investment Management (left) and host Jo Caulfield (right).
An end to uncertainty

1. Automated daily administration and actuarial calculations
2. A clear and closely monitored funding and investment strategy
3. A known fixed fee

All managed from a single online platform

Triennial valuation results available in just 24 hours

This award winning approach gives small to medium sized schemes access to the kinds of analysis and services usually reserved for larger schemes, with big budgets.

Instead of spending money on number crunching, our clients’ budgets can now be better spent on advice and developing solutions.

Watch our video to find out more: spenceandpartners.co.uk/full-scheme-service

Or contact Alan Collins to discuss further: alan_collins@spenceandpartners.co.uk 07894 835143
In recent years the European pensions industry has gone through major reform, altering all aspects of the sector. Responding to these changes are pension fund managers, which require increasingly-sophisticated tools to ensure all aspects of the pensions journey run as smoothly as possible.

The European Pensions Technology Provider of the Year accolade recognises effective and reliable pensions technology as essential for the successful running of a pension fund, and therefore rewards those firms that are innovators in this field.

Leading the way in this important sector is Equiniti, the winner of the Pensions Technology Provider of the Year award for 2015. Equiniti is a pensions administration specialist with a mission on its mind: to be the leading technology-driven pensions admin business in the market. This aim was achieved by implementing internal changes in order to focus on technological innovation. This included expanding the product development team by 40% and encouraging each member of the team to spend time on their own project ideas. This work is further stimulated by regular showcases and technical forums to discuss new ideas and areas for improvement.

One major change this generated was the overhaul of Equiniti’s existing Compendia administration platform to create an advanced, responsive platform that’s accessible across any smartphone or tablet.

Equiniti is a pensions administration specialist with a mission on its mind: to be the leading technology-driven pensions admin business in the market.

One major change this generated was the overhaul of Equiniti’s existing Compendia administration platform to create an advanced, responsive platform that’s accessible across any smartphone or tablet. Fully integrated with payroll, the platform enables real-time updates and can even be white-labelled to reflect employer branding. Members can now easily amend details, view fund performance in a simple graph, switch funds and change future investment instructions. They can also view their transaction history, access payslips and play with different scenarios/pension income, based on varied contributions.

Benefitting from this client-focused technological approach are the 28 million people around the world enjoying Equiniti’s services. The result is £90 billion in payments processed by Equiniti simply, speedily and successfully. A survey of scheme members found 93% strongly agreed/agreed that Compendia helps them to manage their pension more effectively.

It was this demonstration of innovation that particularly impressed the judges and made Equiniti stand out amongst its peers, along with the company’s focus on boosting member engagement.

Congratulations to Equiniti, a worthy winner for its innovative approach to using technology to improve the pensions administration space.
A self-service strategy for the connected world.

Benefits Modeller
Get engaged, stay informed

The Benefits Modeller allows DC, DB and combined scheme members to model the impact of retiring at different ages, increasing or decreasing their contributions and taking their chosen level of tax free cash.

Income Drawdown Modeller
Stay informed, be empowered

The Income Drawdown Modeller allows members to model how long their retirement fund will last based upon a selected annual income, or model how much annual income they will receive over a selected period.

For more information go to: equiniti.com
OPEN FOR ENTRIES

Deadline: 28 October 2015

The deserving winners will be announced at the Pensions Age Awards Gala Dinner & Ceremony on Thursday 25 February 2016 at the London Marriott Hotel, Grosvenor Square.

View the Pensions Age Awards 2015 highlights video and find out more at:
www.pensionsage.com/awards

For the latest news and updates follow us @PAPensionAwards #PensionsAgeAwards

Overall Sponsor

Gold Sponsors

Organised by