WINNERS BROCHURE

European Pensions
AWARDS 2013

Overall sponsor:

Russell Investments

Platinum sponsor:

MN Fiduciary managers

Gold sponsors:

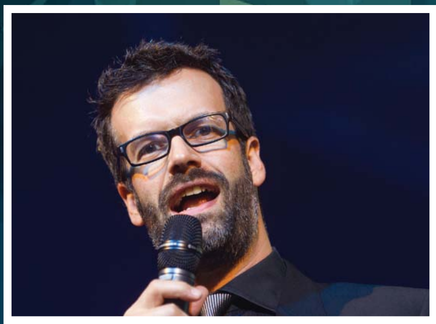
partnership seeing retirement differently

SPDR State Street Global Advisors

Precise in a world that isn't.

State Street Global Advisors

premier see change




AWARDS 2013

CONTENTS:

HIGHLIGHTED WINNERS 2013:

European Pensions AWARDS 2013

European Pensions Consultancy of the Year: Redington

Investment Manager of the Year: M&G Investments

Equities Manager of the Year: Vontobel Asset Management

Fixed Income Manager of the Year: M&G Investments

Alternatives Investment Manager of the Year: BlackRock

Hedge Fund Provider of the Year: Goldman Sachs Asset Management

THE WINNERS

The European Pensions Awards is now firmly established as the premier industry event, as it celebrates its sixth successful year for recognising innovation, dedication and excellence throughout European pension provision.

Following a long and intensive two-day judging process for what was once again a very impressive number of awards entries, our extensive panel of independent judges (see page 7) finally conquered the tough task of choosing the winners that most deserved recognition for the hard work and dedication they have given to the industry in the past year.

The result was more than 23 companies going home with the desired trophies throughout an extraordinary evening at London's Grosvenor House Hotel packed with the movers and shakers within the European pensions industry.

The night began with opening speeches from Laura Blows, editor of European Pensions, and John Woods, publisher of European Pensions.

Comedian Marcus Brigstocke then took over the proceedings and entertained attendees while presenting the 25 categories, which covered various fields of pension provision, culminating in the most coveted award of the evening, the European Pensions Personality of the Year.

The first award of the night, the European Pensions Consultancy of the Year, which is awarded to the consultancy firm that the judges believe has delivered the most outstanding service to its pension fund clients in the last year, was presented to **Redington** for its excellent corporate advice, its Redstart financial literacy programme and its innovative business approach.

The next award was for Investment Manager of the Year, which aims to recognise excellence in investment management at one of the most challenging times in European pensions history. The award was picked up by **M&G Investments** for its solid all-round performance and good capabilities across the board (see page 8).

The Equities Manager of the Year award, which celebrates those managers who have led the way in managing equities in the past 12 months, for the second consecutive year went to **Vontobel Asset Management**, as the judges were impressed with their innovation, managing of capacity, communication and performance.

This category also saw a highly commended honour bestowed by the judges to **MFS Investment Management** in this competitive category for their capacity and openness with clients.

Next up was the Fixed Income Manager of the Year, which rewards managers that offer a real specialisation in this key area and can offer their European pension clients a variety of solutions to meet the ever-changing market conditions. Collecting its second award of the evening is **M&G Investments** for ticking all the boxes across the European space and its developed outperformance and innovation (see page 8).

Another popular category was the Alternatives Investment Manager of the Year. This category, which looks to give recognition to the leaders in the provision of hedge funds, private equity, commodities and/or other alternative investment classes, was won by **BlackRock Investment Management**, for the second year in a row. The judges found it a strong submission and were impressed with its wide range of strategies and its real innovation throughout 2012 (see page 10).

This category also saw a highly commended, the second of the evening, which was given to **LGT Capital Partners**, for its clear achievements throughout 2012 and very good focus on smaller schemes.

The next award presented was the Hedge Fund Provider of the Year award. As pension funds look to diversify their portfolios in order to spread their risk and reap higher rewards, this category recognises the firm that has proved their excellence in the field of hedge funds/fund of funds at one of the most challenging times in investment history. In this closely fought category, the winner is **Goldman Sachs Asset Management**, for its innovation, client offering and client care (see page 12).

The Property Manager of the Year category seeks out 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.

THE WINNERS

A third time winner that evening, the 2013 award was for **M&G Investments**. The judges chose the firm for its good performance in very tough conditions, length of experience and pan-European approach (see page 8).

The next award of the evening went to **Hermes Fund Managers**, who won the Emerging Markets Manager of the Year accolade (see page 14). This award recognises those managers that have shown a dedication to the emerging markets space with a view to achieving performance often in areas where information flow is in short supply. Hermes Fund Managers has impressed the judges with the company taking ESG into emerging markets, along with its strong performance and use of technology.

A key category given the turmoil of recent years, the Risk Management Firm of the Year award – which rewards those firms that have assisted European pension funds in their quest for better risk management in this ever unpredictable economic landscape - went to **Redington**, for the third consecutive year. Described by judges as 'head and shoulders above', the firm has forced the rest of the industry to up their game, has taken its clients on a clear journey and has been consistent on delivering its aims.

Currency plays an increasingly important and diverse role in pension fund portfolios today. The Currency Manager of the Year category aims to highlight those currency managers who have displayed a capability and an expertise in this sector. This year's trophy went to **Berenberg Bank** for its dynamic hedging approach and anticipation and preparation of future market conditions (see page 16).

Next up, the award for LDI Manager of the Year rewards those players who have excelled in their LDI offerings in an effort to assist European pension funds better match their assets with their liabilities going forward. **F&C** retained this title for another year, going home with the 2013 trophy for its dynamic LDI that is winning more clients and their strong innovation (see page 18).

Indices are undoubtedly an essential tool for pension funds in the European space – the Index Provider of the Year award looks for those index providers offering the highest quality of relevant products and excellent service to European pension funds today. This year, **FTSE Group** took home the trophy the third year in a row for its range of products that are pertinent to the current times. The judges also liked its range of benchmarks, innovation and good partnerships.

European pension funds are becoming increasingly aware of the impact socially responsible investment (SRI) can have on their portfolio returns. The SRI award highlights the leaders in this increasingly sophisticated market. **Pictet** went home with the accolade due to the company's strong integration throughout the business and its impressive commitment to SRI.

Another hugely competitive category, the judges debated long and hard to decide the Fiduciary Management Firm of the Year. An award which commends those firms that have led the way in the fiduciary management space, tailoring their offerings to today's pension funds' needs, this year's winner was **P-Solve**. The judges liked its branching out of different options that schemes may not be able to access themselves and were impressed that it was a demonstrably leading player in this developing field (see page 20).

The European Pensions Law Firm of the Year was up next – an award which focuses on those law firms that stand out for their dedication to understanding the complexities of pensions legislation, and truly work with clients to see them through the legal maze. Congratulations go to **CMS Cameron McKenna LLP** who the judges considered to be an excellent firm that is leading edge and doing a lot for clients.

The role of the pension fund custodian is an ever-changing one, as products and services evolve to match changing pension fund needs. The Custodian of the Year award looks for those custodians that have proved themselves as leaders in this market with their excellence, innovation and dedication to meeting European pension funds' demands in today's market. The winner for 2013 is **BNP Paribas Securities Services**, for its demonstration of commitment in difficult times, European awareness, its data navigation that can be customised for client needs and its good solid wins in 2012 (see page 22).

The role of the transition manager has also become more acute as pension funds seek help in negotiating

Property Manager of the Year
M&G Investments

Emerging Markets Manager of the Year
Hermes Fund Managers

Risk Management Firm of the Year
Redington

Currency Manager of the Year
Berenberg Bank

LDI Manager of the Year
F&C

Index Provider of the Year
FTSE Group

European Pensions AWARDS 2013

SRI Provider of the Year:
Pictet

Fiduciary Management:
P-Solve

European Pensions Law Firm of the Year: CMS Cameron McKenna LLP

Custodian of the Year: BNP Paribas Securities Services

Transition Management Firm of the Year: Russell Investments

Pension Provider of the Year: Aegon Global Pensions

the minefield of moving to more complex investment strategies in order to meet increasing market demands. **Russell Investments** takes home the Transition Management Firm of the Year award for its transparency, innovation, rigorous process and proven track record (see page 24).

The Pension Provider of the Year award aims to recognise those firms that offer quality, relevant and innovative products in today's European pensions market. **Aegon Global Pensions** was presented with this award for the second year in a row for its innovation, client focus and European scope, particularly its work in the Netherlands (see page 26).

Next up was the Buyout Firm of the Year award, which gives recognition to those providers who have led the way in the buyout/buy-in space today, in order to help pension funds meet their de-risking needs. The winner, **Pension Insurance Corporation**, was awarded for its ground breaking buyout transaction involving active and deferred members of the pension scheme. It had done something that no one else has done before, the judges said (see page 28).

The key role of the administrator is often overlooked but without an excellent administration service the pension fund member cannot receive the level of service they deserve. This award recognises those administration firms that have gone beyond the minimum standards required to offer a value-added service to their clients. **Premier** retained the title of Pension Scheme Administrator of the Year for another year. The judges called the company refreshing, a little bit different and brave. They awarded Premier the trophy for being a small firm forcing the big guys to raise their game (see page 30).

Effective and reliable pensions technology is also essential for the successful running of any pension fund. The Pensions Technology Provider of the Year award, which was won by ***aquilaheywood*** for the second consecutive year, looks to recognise those firms that are leaders in the field of pensions technology. *Aquilaheywood* was awarded for its innovative use of technology and its auto-enrolment capabilities. The judges also liked its cost effective and scalable cloud technology.

Also proving to be a strong contender and therefore awarded the last highly commended of the evening, was **JLT Employee Benefits**.

Finally, moving on to our special categories, we come to the European Pensions Innovation Award which celebrates those firms that have brought true innovation to the pensions marketplace, be it through a particular product, service offering or overall business approach. This category is designed in response to the market volatility and to recognise those firms that have responded to market pressures with originality and creativity.

Collecting the award is **AllianceBernstein**. The company was presented with the Innovation Award by the judges, who described its target fund as invigorating the market and its bridge product as creating a paradigm shift in the DC market (see page 32).

The European Pensions Communication Award went to **AHC** for its focus on low cost, pushing the envelope with its communications and the judges enjoyed its tv show grumpy old pensions men.

The penultimate award of the evening, the ETF Provider of the Year Award, was a new category for 2013. The winner of this inaugural trophy went to **iShares** for being "really committed and dominant in Europe with specialist products and pro-active innovative product launches through listening to the needs of pension funds" (see page 34).

Finally, the most coveted award of the night, the European Pensions Personality of the Year was won by Annie Healy, Senior Managing Director of UK & Ireland at **MFS International**. This award, which aims to recognise those individuals who have truly made their mark in the European pensions space in recent years, is the only category to be voted by our readers rather than a panel of judges. Congratulations go to Annie for being someone who works exceptionally hard in her role, is passionate about pensions, quickly gains the respect of anyone she meets, and is well liked by the industry.

Many thanks to everyone who was involved in this year's event – to the judges for all their hard work, dedication and commitment and to all those who took the time to enter. And of course a huge congratulations to all our 2013 winners. We look forward to starting work on next year's event!

THE 2013 JUDGING PANEL:

Chairman of the judges

- **Chris Parrott**
  Pensions Manager, Heathrow Airport Holdings

Associations

- **Matti Leppälä**
  Secretary General, CEO
  PensionsEurope
- **Vince Linnane**
  Chief Executive
  Pensions Management Institute (PMI)
- **Jerry Moriarty**
  Director of Policy, CEO
  Irish Association of Pension Funds (IAPF)
- **Tim Reay**
  Secretary
  International Employee Benefits
  Association (IEBA)
- **Bernard Abrahamsen**
  Director Trustee
  M&G Pensions Scheme
- **Steve Delo**
  Chief Executive
  PAN Governance LLP
- **Chetan Ghosh**
  Chief Investment Officer
  Centrica
- **Richard Poole**
  Legal Director, Pensions
  Royal Mail Group Legal

Consultants

- **Peter Ball**
  Managing Director
  JLT Investment Solutions
- **Adrian Cooper**
  Head of Business Development
  Trustee Clients
  Barnett Waddingham
- **Sam Gervaise-Jones**
  Director, Business Development
  bfinance
- **Dorothee Gnaedinger**
  Senior Associate, Mercer
- **Ben McDonald**
  Consulting Actuary and Partner
  KPMG
- **Emma Watkins**
  Partner
  Lane Clark & Peacock LLP
- **Matt Wilmington**
  International Benefits Actuary
  Aon Hewitt
- **Rob Barrett**
  Institutional Sales
  Invesco Perpetual

Providers

- **Georgina Beechinor**
  Associate
  Sacker & Partners LLP
- **Simon Chinnery**
  Head of UK DC
  J.P.Morgan Asset Management
- **Chris Connelly**
  Senior Consultant
  aquilaheywood
- **Anne Healy**
  Senior Managing Director UK & Ireland
  MFS International
- **Des Hogan**
  Head of Business Development
  Thomas Miller Investment
- **Stephen Holt**
  Head of Institutional Business, Europe
  Principal Global Investors
- **Julian Lyne**
  Head of Global Consultants &
  UK Institutional Business,
  F&C Investments
- **John Owens**
  Principal
  First Avenue
- **Alistair Wilson**
  Head of Institutional
  Business
  TwentyFour Asset
  Management

Buyout Firm of the Year: Pension Insurance Corporation

Pension Scheme Administrator of the Year: Premier

Pensions Technology Provider of the Year: *aquilaheywood*

European Pensions Innovation Award: AllianceBernstein

European Pensions Communication Award: AHC

European Pensions Personality of the Year: Anne Healy, Senior Managing Director UK & Ireland, MFS International

ETF Provider of the Year: iShares

Investment Manager of the Year:
Fixed Income Manager of the Year:
Property Manager of the Year:
M&G Investments

The European Pensions Awards 2013 saw M&G have a very successful night – mirroring the stellar year the company has enjoyed – being the only company to walk away with three accolades: the Investment Manager of the Year award, the Fixed Income Manager of the Year award and The Property Manager of the Year award.

It's no secret that the European Pensions **Investment Manager of the Year** award is one of the most prestigious of the night, recognising excellence in investment management at one of the most challenging times in European pensions history. When rising longevity rates coupled with investment market turmoil has put the pressure on investment managers to perform, innovation, dedication, sophistication and foresight have become the essential tenets of any investment manager hoping to succeed.

M&G has demonstrated this in spades, putting them ahead of the competition in the eyes of the judges, which acknowledged its "solid all-round performance and good capabilities across the board".

M&G is an innovative asset manager, with €282 billion across fixed income, equity, multi-asset and property. It manages assets for pension funds across the Netherlands, Belgium, Sweden, Denmark, Spain, France, Germany, Finland, Norway, Switzerland and the UK.

"(M&G) describes its strategy as to simply deliver excellent investment performance and to continue to bring innovative products to Europe throughout all aspects of the investment team"

The Fixed Income Manager of the Year award went to M&G, the second award of the night for the company. Receiving the award was Keren Perrott, PR manager, M&G (centre). The Fixed Income Manager of the Year award was presented by awards judge Tim Reay, secretary, IEBA (left) and awards host for the night Marcus Brigstocke (right).

It describes its strategy as to simply deliver excellent investment performance and to continue to bring innovative products to Europe throughout all aspects of the investment team.

This strategy is demonstrated within the equities investment team, which focuses on a long term investment horizon with strong corporate governance. To this end, the M&G Global Emerging Markets Fund looks at companies that are committed to excellent standards of corporate governance, rather than structural changes in the emerging economies. The fund has returned 5.1 per cent p.a. over the MSCI EMF Index since inception.

Also, the M&G Global Dividend Fund focuses on long-term dividend growth rather than today's yields. The fund identifies companies that understand capital discipline, have the potential to increase dividends consistently over time and are under-valued. The fund has returned 6.6 per cent p.a. above the MSCI AC World Index since inception.

Moving from wider investment to bonds, the **Fixed Income Manager of the Year** award recognises the manager that offers a real specialisation in this key area. European pension funds rely on fixed income for a reliable revenue stream, and as a result the fixed income market is now as diverse and sophisticated as any other.

Over the past year, in addition to delivering strong returns, M&G has helped European pension schemes diversify and enhance their fixed income allocations by investing in sectors such as infrastructure debt, junior and senior real estate loans and several direct lending opportunities.

M&G's flagship pooled fixed income funds have without exception outperformed their

The Property Manager of the Year award went to M&G, the third European Pensions Awards 2013 accolade for the company. Receiving the award was Richard Janes, communications manager, M&G Real Estate (centre). The award was presented by Francesca Fabrizi, editor-in-chief, *European Pensions* (left) and awards host Marcus Brigstocke (right).

benchmarks over three years, five years and since inception to 31 December 2012. Also, 100 per cent of M&G's active institutional fixed income portfolios have delivered returns ahead of their benchmarks over the past three years.

On a rolling basis, its All Stocks Corporate Bond and Long Dated Corporate Bond funds have both achieved higher returns for lower risk compared to the majority of funds in their respective peer groups. It was this "ticking of all the boxes across the European space and its developed outperformance and innovation" that impressed the judges enough to give M&G the Fixed Income Manager of the Year award.

M&G's third award of the night, the Property Manager of the Year award, highlights the company that has proved itself in the field of property investment, has shown innovation in its product offerings, and has displayed an excellence and consistency in its management of this diverse and exciting asset class.

The company certainly focused on innovation within this sector, as during the year its €1.75 billion M&G Secured Property Income Fund (SPIF) acquired its first residential property – a €145 million sale and leaseback of a new social housing development from the UK's Genesis Housing Association, which will continue to manage the property. This transaction is the first of its kind, providing clients with 35 years of secured, rising and inflation-linked income from an A-rated tenant.

This deal provides pension funds with an innovative way to access UK residential property, and as banks have been scaling back their lending, transactions such as these provide an alternative source of finance to the operators.

SPIF also acquired its first ground lease, which combines the inherent security of ground leases with long-term income, which is suitable for pension fund investors. Finally, the development of Premier Inn's flagship hotel at the UK's Gatwick Airport's North Terminal (a sale-and-leaseback for which SPIF provided the development finance in 2010) completed during 2012. This transaction provides clients with access to a high-quality asset, which would not have been available on the open market.

M&G has also been active in real estate debt, offering both senior and junior mortgage debt in the UK and Western Europe, and currently managing over €4 billion of mortgage and CMBS investments.

The results speak for themselves with M&G's property team. Its €850 million M&G European Property Fund, a core European (ex-UK) property fund invested in 22 assets across Germany, France, Benelux, Sweden and Finland, only invested in the safer markets of North-Western Europe since the fund's inception in 2006, and so has avoided the price falls that have plagued other European property markets since the start of the financial crisis in 2007.

Meanwhile, SPIF also performed well against its peers. The fund targets returns of around 4 per cent p.a. above the retail price index (RPI) by investing in prime long-lease property and provides mostly contractual inflation-protected income. It is one of the top-three best-performing funds in both the 'long income' and 'combined balanced' segments of the IPD UK Pooled Property Funds Index over one, three and five years.

As these results reflect, M&G was awarded this accolade by the judges for its good performance in very tough conditions, length of experience and pan-European approach.

Looking beyond investment strategies, M&G continued its non-bank lending innovation over the past year. For instance, under the Business Finance Partnership initiative, HM Treasury has invested €246 million in the M&G UK Companies Financing Fund 2. The fund lends directly to creditworthy small and medium-sized UK companies, and targets returns of Libor + 3 per cent to 6 per cent p.a.

Despite all this innovation, the need to focus on client service is not lost at M&G. To this end M&G holds regular investment review meetings with clients at least once a year, along with providing quarterly client-specific factsheets, monthly investment statements and annual scheme reports.

M&G has proved itself more than capable of delivering strong investment performance, not just across fixed income and property, but within its investment management technique as a whole, while also remaining focused on innovation and client service. Therefore M&G's impressive work across the three categories over the past year clearly makes the firm an eye-catching award winner.

Well done to a worthy recipient of these prestigious awards.

Alternatives Investment Manager of the Year:

BlackRock

Investment into alternatives by pension funds continues to rise, with recent figures reporting that pension funds globally hold almost a fifth of their portfolios in alternative investments, up from 5 per cent 15 years ago.

As alternatives play an ever-greater role in the majority of European pension fund portfolios, the European Pensions Alternatives Investment Manager of the Year award aims to reward the company in the provision of hedge funds, hedge funds of funds, private equity funds, commodities and other alternative investment classes that has proved itself the best of the best in its field and has shown a commitment to the European pensions market with its product offerings.

Shining through in this dynamic investment sector is BlackRock, picking up the accolade of Alternatives Investment Manager of the Year for the second year in a row.

A powerhouse of the investment industry, BlackRock is a premier asset manager and provider of investment management, risk management and advisory services to institutional, intermediary and individual investors. As of 31 December 2012, BlackRock managed $3.79 trillion across asset classes in separate accounts, mutual funds, other pooled investment vehicles and ETFs.

This staggering figure can be attributed to BlackRock's attitude towards investment. For instance, it describes its goal with European pension funds as working in partnership to provide them with the broadest possible set of investment solutions that consistently add value within a risk-controlled process.

This is complemented by building multi-asset solutions that cater for specific client requirements, combining market insights, proprietary technology, a culture of teamwork and information sharing, analytical rigour and a focus on risk management aimed at delivering performance in all market environments.

This partnership is important, as BlackRock says: "In an increasingly correlated world, alternative investments have a pivotal role to play in helping investors gain access to uncorrelated and differentiated sources of return. For many investors, initial allocations into alternatives did not provide these expected types of return, meaning that a complete reassessment of their alternatives allocations in line with overall risk and liquidity budget constraints is required."

The Alternatives Investment Manager of the Year award was won by BlackRock Investment Management. Receiving the award was Ian Kitchenham, director, BlackRock Alternative Investors (centre). Presenting the award was awards judge Vince Linnane, chief executive, PMI (left) and awards host Marcus Brigstocke (right).

To achieve this aim, BlackRock focuses on innovation to constantly stay abreast in such a vibrant investment sector. BlackRock continues to add resources and capabilities to its alternatives business, BlackRock Alternative Investors (BAI), which consists of more than 370 dedicated alternative investment managers.

Additions to BAI over the past year have included a strengthened ability to implement multi-alternative solutions and expanded private equity capabilities, through its acquisition of Swiss Re's private equity and infrastructure business in September 2012.

Also in September, BlackRock hired a team of three infrastructure debt investors to help achieve Blackrock's goal of meeting investor demands for infrastructure solutions across the capital structure. The investment team will provide customised investment strategies and invest in infrastructure debt in the UK, and across Western and Northern Europe.

Other changes during 2012 include the expansion of its real estate offering with a new team of REITs experts and the launch of a number of hedge fund strategies, including a market neutral hedge fund, designed to optimise global equity investment recommendations and maximise risk-adjusted returns.

With its commitment to improvement, it's no wonder the judges award the prize to BlackRock. The 'impressive' range of alternative strategies and the real innovation made by the company in 2012 was cited as worthy of special attention.

Congratulations to an outstanding winner.

Hedge Fund Provider of the Year:

Goldman Sachs Asset Management

As pension funds look to diversify their portfolios in order to spread their risk and reap higher rewards, the Hedge Fund Provider of the Year award aims to recognise those firms that have proved their excellence in the field of hedge funds/fund of funds at one of the most challenging times in investment history.

In a closely fought category, the judges have chosen Goldman Sachs Asset Management as the winner, for its innovation, client offering and client care.

Its hedge funds team has a significant history in hedge-fund investing and now manages over $20 billion across portfolios of hedge funds, customised solutions and advisory relationships. GSAM has over130 leading hedge fund managers on its platform, which provides a substantial base from which to create attractive portfolios customised by any combination of strategy, transparency, geography, risk tolerance, regulatory concerns, and return targets.

As the needs of institutional clients change, Goldman Sachs has evolved its business in a number of ways. For example, through dialogue with existing insurance clients, it has developed a solution for clients exposed to Solvency II that may provide for materially lower capital charges. Given the increased regulatory environment, especially in Europe, clients are seeking investment solutions with increased liquidity and regulatory oversight, to which GSAM responded with its Ucits-compliant hedge-fund portfolio solution, launched in 2010.

The team has always provided advisory or customised service levels and bespoke solutions, however, as demand from institutional clients for advisory solutions has increased, so has its commitment to resources in this area. The firm has continued to deepen its existing focus on hedge fund advisory solutions, delivering investors timely and customised advice on hedge fund portfolios and complementing their own resources to help meet the objectives of their investment programs.

Building on its significant expertise as early stage investors, GSAM expanded its offerings with a hedge fund seeding strategy, which launched in mid-2011 and held its final close in early 2012. The strategy focuses on providing seed or strategic capital to emerging hedge fund talent, providing clients with the opportunity to partner with start-up managers and to potentially benefit from interests that accrue from hedge fund ownership.

Providing industry insights and knowledge transfer to clients also remain some of the distinguishing features of their success. In 2012, Goldman Sachs continued to offer various educational programs and ongoing training initiatives aimed at enriching investors' knowledge and understanding of alternatives. For example, GSAM hosted its twelfth annual Alternative Investments Symposium, which featured a series of in-depth discussions with the founders and CIOs of several of the world's leading hedge fund and private equity organisations. Goldman Sachs was joined by over 600 attendees from 39 countries, representing approximately $16 trillion.

Overall, few hedge fund solutions providers have GSAM's combination of investment talent, experience, and strong track record. Its robust investment and risk management process, diversified client base, and breadth of hedge fund solutions allow the firm to offer a unique partnership to both its managers and its clients.

With its ability to combine a world class investment and risk management framework with a keen understanding of clients' objectives and requirements, Goldman Sachs Asset Management is a deserved recipient of the Hedge Fund Provider of the Year award. Congratulations to a worthy winner.

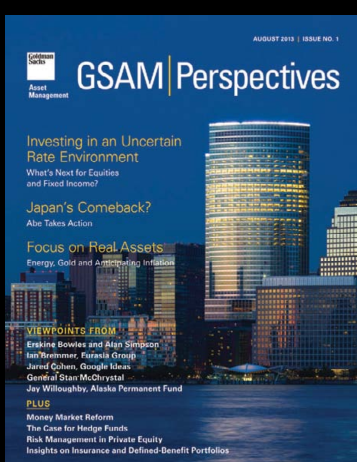
"The judges have chosen Goldman Sachs Asset Management as the winner, for its innovation, client offering and client care"

The Hedge Fund Provider of the Year award went to Goldman Sachs. Receiving the award is Robert Mullane, managing director, Goldman Sachs (centre). The award was presented by awards judge Chetan Ghosh, chief investment officer, Centrica (left) and awards host Marcus Brigstocke (right).

Goldman Sachs Asset Management

Goldman Sachs Asset Management (GSAM) is a global asset manager that partners with investors to provide unique investment and implementation solutions. With over 1,900 professionals across 32 offices worldwide, including over 670 investment professionals, GSAM provides expertise that spans geography and asset class. We offer solutions across public equity, fixed income, money markets, private equity, hedge funds, real estate, and commodities, as well as fully customizable strategies. Our investment processes are supported by active and dynamic risk management, governed by a dedicated team of risk professionals and technologists. Acting as a fiduciary to some of the world's leading sovereign wealth funds, pension plans, governments, financial institutions, endowments, foundations, and high-net-worth individuals, GSAM invests or advises on over $748.1 billion in assets[1].

The ***GSAM Perspectives***, a quarterly publication, discusses several of the important themes and opportunities facing our investors today. The *GSAM Perspectives* reflects insights and ideas on a variety of markets, asset classes and geographies, synthesizing views from across our investing teams at GSAM and other thought-leaders from around the world.



Please contact us at GoldmanSachsAssetManagement@gs.com

[1] As of June 30, 2013.

The material provided herein is for informational purposes only. It does not constitute an offer to sell or a solicitation of an offer to buy any securities relating to any of the products referenced herein, notwithstanding that any such securities may be currently being offered to others. In the United Kingdom, this material is a financial promotion and has been approved by Goldman Sachs Asset Management International, which is authorized and regulated in the United Kingdom by the Financial Conduct Authority. No part of this material may, without GSAM's prior written consent, be (i) copied, photocopied or duplicated in any form, by any means, or (ii) distributed to any person that is not an employee, officer, director, or authorized agent of the recipient.

Emerging Markets Manager of the Year:

Hermes Fund Managers

Seeking out potential in the less developed markets is a challenging role at which only the best can succeed; yet for those that do, the rewards for European pension funds investing in this area can be great. The Emerging Markets Manager of the Year award recognises those managers that have shown a dedication to the emerging markets space with a view to achieving performance often in areas where information flow is in short supply.

This year's winner is Hermes Fund Managers for its Emerging Asia Strategy. The judges were impressed with the company taking ESG into emerging markets, along with its strong performance and use of technology.

Launched in January 2010, Hermes Emerging Asia strategy is an attractive proposition, particularly for those investors looking for diversification benefits as it is lowly correlated to its peers. It also offers protection on the downside as a result of the manager's stock-picking approach, with its focus on the downside first and then the upside.

A key innovation for the team in 2012 was the launch of a Ucits-compliant fund for the strategy. It gives UK-based wholesale and pension fund clients easy access to the asset class and forms part of Hermes' recent expansion into the wholesale market, where its funds are now establishing themselves on a number of platform links in the UK and pan-European wealth management channel.

Hermes as an asset management firm has one single purpose in mind: to generate sustainable risk-adjusted alpha for its clients over the long term. Given Hermes' heritage of being owned by the UK's largest pension scheme, it understands the duty of care and commitment needed when servicing the needs of pension schemes and delivering performance excellence within a risk-conscious budget.

The Hermes ESG Dashboard – launched in 2011 and enhanced this year combines proprietary and third-party research to give immediate insights into the exposure of stocks to ESG risks. It was developed by Hermes Quantitative Equities and HEOS. The improved Hermes ESG Dashboard allows the investment team to better gauge companies' exposures to sustainability factors. For clients, this provides an enhanced risk control.

Enhancements this year include the addition of HEOS shareholder votes, further company-specific research and engagement progress. Ratings from the HEOS Controversial Company Report, covering more than 300 companies, are also shown. HEOS represents about $150 billion of institutional investors' assets in proxy votes, policy submissions and discussions aiming to improve sustainability practices at companies.

Data feeds from Sustainalytics, Trucost, Bloomberg and FactSet determine if nearly 4,300 companies are rising or falling against industry-specific ESG standards. Environmental risks include greenhouse gas emissions and air pollution, waste, and use of land and water resources. Social risks cover business ethics, policies for health and safety, human and labour rights, and levels of fatalities. Governance risks are concentrated on the independence of company directors, separation of chair and CEO roles, gender equality on corporate boards, whether 'say on pay' is offered and that pay schemes are aligned with investors' objectives.

Furthermore, the firm offers the Hermes Investment Dashboard, an online application that provides access to a variety of performance and risk analytics across multiple asset classes. Hermes is in the process of enhancing functionality, including the provision of additional performance and risk data analytics, automation of data inputs and enhanced security and password control, allowing existing clients to access their investment data.

Hermes Fund Managers is therefore a well-deserved winner in this increasingly important awards category. Congratulations to this pioneering firm.

The Emerging Markets Manager of the Year award went to Hermes Fund Managers for its Emerging Asia Strategy. Receiving the award was James Cook, Emerging Asia equity specialist, Hermes Fund Managers (centre). Presenting the award was awards judge Adrian Cooper, head of business development, trustee clients, Barnett Waddingham (left) and awards host Marcus Brigstocke (right).

Currency Manager of the Year:

Berenberg

BERENBERG
PARTNERSHIP SINCE 1590

Currency plays an increasingly important and diverse role in pension fund portfolios today. The category Currency Manager of the Year therefore highlights those currency managers who have displayed a capability and an expertise in this sector.

This year's winner is Berenberg, chosen by the judging panel for its dynamic hedging approach and anticipation and preparation of future market conditions.

Berenberg's asset management provides quantitative currency risk management solutions to European pensions. It offers a dynamic hedging process that establishes hedge positions using fx-forwards when foreign currency markets depreciate and open hedge positions when they appreciate to save liquidity and make pensions' currency exposure participate from the positive movement. The firm achieves tremendous outperformance against their clients' bench-marks and therewith add value to European pensions' portfolios. This was accompanied by large inflows in terms of AuM of which one third belong to European pensions and €1 billion came from UK public pension schemes in 2012.

Berenberg offers a dynamic hedging approach for exposure resulting from international investing that takes into account risk/reward expectations, liquidity constraints and the fungibility of clients' international assets.

Its unique selling points include its real money track record since 2002; its impressive track record with stable and uncorrelated return characteristic; its quantitative multi-model approach that implements the latest findings in behavioural finance theory; and its broad range of G10 and emerging currencies, using a homogenous mathematical trend following approach.

As the company is focused on institutional clients, it looks for holistic solutions optimised to meet their specific needs. One driver of the tremendous value it adds to its client's international portfolios is the active hedging of emerging currencies. Using a dynamic hedging strategy offers both protection in periods of market shocks and hedging cost minimisation in good market situations. Therewith, Berenberg enables European pension funds to increase their emerging exposure and maintain high cash flows without increased currency risk.

The Currency Manager of the Year award went to Berenberg. Receiving the award is Matthew Stemp, senior relationship manager and Jasper Düx, head of overlay management, Berenberg (centre). Presenting the award was awards judge Peter Ball, managing director, JLT Investment Solutions (left) and awards host Marcus Brigstocke (right).

Berenberg's dynamic hedging is based on a quantitative decision-making architecture in order to identify price trends, i.e. it uses technical trading models with a trend-following characteristic.

A multi-model framework is also being used in order to exploit trend behaviour in different time clusters (short, medium and long term). Berenberg's models can be distinguished in terms of trading frequency, trading sensitivity and mathematical analysis technique. Applying different models on distinct time clusters results in increased stability of generated returns as a daily movement is significantly smaller than a weekly movement, which in turn is significantly smaller than a monthly movement or vice versa. Whereas a strong positive trend prevails on the currency market for several consecutive days and the correction movement appears on subsequent days, the weekly trend may be neutral despite great turbulence during the week. A multi-model architecture therefore lends itself here, which is scaled into and back out of the market by means of short, medium and long-term signals.

Furthermore, its quantitative trend following approach is homogeneous adoptable to all liquid currency pairs around the world as our models show the occurrence of trends and they have the same characteristic in each currency pair.

With its dynamic hedging approach and its dedicated team, Berenberg is the well-deserved winner of the Currency Manager of the Year award. Well done Berenberg.

Berenberg: A star investment process

Berenberg explains how its history, strategy and expertise within currency management makes it an award-winning industry leader

Please give us a short overview about one of the oldest private banks and its asset management competencies?

Joh. Berenberg, Gossler & Co. KG (Berenberg) is a leading financial institution in Europe, with 1,100 employees in 17 offices, total assets of €4.3 billion and assets under management of more than €28 billion. Objective in thought, approach and structure, the owner-managed bank operates globally with headquarters in Hamburg. Established in 1590, Berenberg is now a modern partnership with unlimited liability, and is active in four core business divisions: Private Banking, Investment Banking, Asset Management, and Corporate Banking.

The Asset Management of Berenberg focuses on quantitative investment and risk management strategies for institutional investors with almost €12 billion of assets under management. The offering covers overlay strategies used to systematically hedge interest rate, equity, currency and commodity risk, volatility-based strategies serving to generate additional market-neutral earnings and quantitative selection strategies for equities and bonds. We are proud to be awarded once again as Europe's leading currency manager.

Could you tell us more about your currency management?

Berenberg's asset management provides quantitative currency risk management solutions. We offer a dynamic hedging process that establishes hedge positions using fx-forwards when foreign currency markets depreciate and open hedge positions when they appreciate to save liquidity and make pensions' currency exposure participate from the positive movement. We achieve tremendous outperformance against our clients' benchmarks and therewith, add value to European pensions' portfolios. This was accompanied by large inflows in terms of AuM of which one third belong to European pensions and €1 billion came from public sector pension schemes in the UK.

Besides tremendous outperformance against our clients' benchmarks we add value for liquidity management. European Market Infrastructure Regulation (EMIR) will implement an overall collateral management protocol for derivatives, i.e. static hedging will become more unattractive as it requires high liquidity movements. Dynamic hedging needs far less liquidity, i.e. we add value by reducing liquidity needs to maintain collateral management.

What makes Berenberg's currency approach different from other providers?

We have a Real Money Track Record since January 2002 that shows stable and uncorrelated return characteristics, making us one of the best-known and most established active currency managers. We employ a scientifically proven, systematic decision-making process that implements the latest findings of behavioural finance theory within our quantitative multi-model architecture, leading to consistent investment and risk management decisions over various time horizons within various currency pairs. At Berenberg Asset Management, the investment process itself is the star, not the portfolio manager, allowing a team approach with no key-man risk within a dynamic working environment where innovative and entrepreneurial thinking is strongly encouraged. Within our risk management framework we manage not only highly liquid G10 currencies but also all relevant emerging market currencies. In times of low interest rates in Europe investors need to diversify to higher interest regions. Emerging Markets offer attractive opportunities for equity and bond investments plus adding a further source of return through the currency. However, currency volatility can be high in comparison to the underlying volatility especially when it comes to bond investments. Therefore, we meet the demand for dynamic currency hedging as static currency hedging would systematically pay out the high interest gained within the Emerging Market, leaving the investor with the credit spread. Using a dynamic hedging strategy offers both: protection in periods of market shocks and hedging cost minimization in good market situations. Therewith, we enable European pensions to increase their Emerging exposure and maintain high cash flows without increased currency risk.

BERENBERG
PARTNERSHIP SINCE 1590

European Pensions
AWARDS 2013
WINNER
Currency Manager of the Year

LDI Manager of the Year:

F&C

The value of the market for liability driven investment (LDI) is continuing to rise. As market pressures continue to affect pension scheme funding arrangements, LDI is fast becoming a useful strategy to minimise risk and volatility within portfolio arrangements.

The European Pensions LDI Manager of the Year award recognises the company that has achieved outstanding performance in its pension offerings to help pension funds match their assets with their liabilities.

F&C was the stand-out performer for this category, impressing judges with its multi-strategic approach, robust internal controls and procedures and being right on top of clients' aspirations and needs.

F&C is a leading European asset manager with a winning strategy based on three pillars consisting of advisory and solutions, alpha investing and ESG investing. Under the first pillar, F&C places particular focus on delivering tailored investment solutions, shareholder engagement programmes and fiduciary management expertise. The second pillar consists of active management across multiple asset classes and markets focusing on UK and European equities, fixed income and emerging markets. Lastly, the company is constantly building on its own market-leading presence in responsible investing by incorporating ESG into investment analysis and decision-making processes. The company now manages €29.9 billion worth of assets and €38.6 billion of liabilities for European pension schemes and a total of €117 billion of assets for a range of institutional and retail clients across Europe including the UK, Netherlands, Germany and Ireland across all major asset classes. F&C's innovative LDI strategies allow pension schemes regardless of their size and governance budget, the opportunity to access appropriate strategies for their own situation. The company won 46 new LDI clients in 2012 despite a market backdrop that has seen relatively few pension schemes add to their de-risking portfolios.

In the UK, F&C's dynamic LDI strategy has re-defined the LDI market as pension scheme trustees face the bewildering task of deciding whether to hedge their pension scheme's liabilities with gilts and gilt derivatives or swaps. The LDI team has demonstrated its ability over the past year to identify the most cost-effective hedging instruments available and structure trades that take advantage of higher yields.

The instrument selection decision allows F&C's team to monitor the market in real time so that it can execute trades as quickly as possible.

The launch of F&C's bespoke EUR pooled funds was extremely popular in the Dutch market in 2012, as clients can easily access all hedging instruments in one single regulated fund. Clients have the luxury of using a combination of government bonds, investment grade credits, swaps and more complex derivative instruments like swaptions and equity options.

In 2012, F&C transacted almost €10 billion of derivate notional for Dutch clients in instruments such as interest rate swaps, equity options, swaptions and commodities. The firm's transition LDI fund launched in 2012 has also had much success allowing trustees to avoid out-of-the-market risk from selling one fund and investing into another and also reducing transaction costs.

F&C has long been at the forefront of innovation with the launch of the first LDI swap transaction, first low risk cash-backed swap funds, first inflation-only swap funds, first range of equity-linked bond funds and first LDI solutions for DC pension schemes.

F&C was deemed the winner as the judges praised the company for its strong innovation in the LDI market and for its ever increasing client base, delivering solutions in a cost-effective fashion.

Congratulations to an impressive company.

The LDI Manager of the Year award went to F&C. Receiving the award is Marius Penderis, head of UK LDI solution structuring, F&C (centre). The LDI Manager of the Year award was presented by awards judge Emma Watkins, principal, Lane, Clark & Peacock (left) and awards host Marcus Brigstocke (right).

Understanding LDI

Alex Soulsby explains F&C's award-winning approach to LDI

At F&C we are committed to providing the very best solutions for our institutional clients and we are delighted that this has been recognised by the European Pensions Award for LDI Manager of the Year 2013.

Through our extensive experience of managing the liabilities of pension schemes we understand the necessity of intelligently implementing the right solutions. Since 2003 when F&C was involved in the very first swap transaction for a pension scheme, liability management has been at the core of our business. We realise that, 10 years on, much has changed in the financial world and that is why we continue to look for new ways to meet the changing needs of clients in an evolving pensions landscape.

As well as putting considerable efforts into developing our innovative bespoke and segregated solutions for larger clients, we recognise the value to mid and smaller sized pensions schemes of having access to this innovation for their liability management mandates. That is why we developed our Dynamic LDI funds and Equity Linked Bond Funds, which offer liability management in cost effective pooled fund formats, and our recently launched Annuity Conversion Funds, which address a clear need within the fast growing defined contributions (DC) area of the pensions world.

It is not enough, we believe, for an asset manager to have the best products if the client does not understand what they are buying. Pension scheme trustees often take on the role on top of a day job without any formal investment training and with a limited time allowance. Therefore the solution provider needs to explain effectively the concept and the different types of solutions available. To this end F&C produced the industry-acclaimed guide to LDI ('Liability Driven Investments Explained'). We also run many trustee training sessions and workshops, from introductory level to continuing development. We have also worked closely with consultants to understand the changing needs of clients and make sure we continue to innovate – one solution does not fit all. Recent developments include an inflation-only version of our Dynamic Funds and a transition fund to make switches into our Dynamic range of funds more cost effective for our clients.

Given the increasing governance burden on trustees, we believe that strong client service can be as important as innovative investment solutions. We adopt a flexible approach to client service which allows us to deliver support which is tailored to the unique needs and governance models of each of our clients. At the one extreme, this accommodates clients with very limited governance budgets through low-maintenance pooled funds and the provision of informative and transparent reporting. At the other end of the spectrum, we work closely with a number of clients with significant governance resources who are keen to have regular and detailed discussions on all aspects of their investment strategy. Our experienced derivative fund management team identify market opportunities and ideas that we evaluate against the individual needs of each client before proactively highlighting them to the relevant clients. In recent months this has included equity replacement and protection strategies, swaption strategies and locking into recent increases in interest rates.

The above illustrates our continuing commitment to providing innovation within LDI solutions and a range of products to meet the differing needs of individual pension schemes. We are extremely pleased that our efforts have been recognised and we will strive to remain a leader in the field.

Alex Soulsby
Head of Liability Driven Investment & Head of Derivative Fund Management

Fiduciary Management Firm of the Year:

P-Solve

P-Solve

The concept of fiduciary management has taken the Dutch pensions market by storm and is now a well-established investment technique in that market. It has since spread to the UK where it is a fast-growing sector, and is now penetrating other parts of Europe.

The European Pensions Fiduciary Management Firm of the Year Award therefore commends the company that is leading the way in this dynamic and continuously growing sector, while being ever-mindful of the needs of pension funds. This year the firm standing head and shoulders above the rest in this field was P-Solve.

This award is even more poignant considering P-Solve celebrates its tenth anniversary of providing fiduciary management services in the UK this year, giving it one of the longest track records in the country. Over its nine years performance to 31 December 2012 P-Solve made an average return of 9.8 per cent a year, which is 4.3 per cent above equities with about half the volatility, it states.

In 2012, P-Solve's three-year annualised return was 10.2 per cent – 3.5 percentage points ahead of equities and 3.1 percentage points ahead of a static portfolio of equity, bonds, property, commodities and alternative investments. In terms of assets, P-Solve had £7.4 billion of assets under management as of end 2012. P-Solve is not just the longest running fiduciary management provider in the UK, it is also the largest by number of clients, having 38 per cent of the fully delegated market with 66 clients.

The number of clients rapidly increased over a particularly positive year for P-Solve, winning many new fiduciary clients in 2012. One of its wins in 2012 was the £800 million AgustaWestland scheme. Its head of pensions, Mike Nixon, described its decision to use P-Solve as due to its "expertise in dynamically managing asset allocation and liability risks" and that the trustees drew "significant comfort and confidence from knowing that there is ongoing attention to the adaptation of the portfolio to changing market conditions and opportunities".

"P-Solve is not just the longest running fiduciary management provider in the UK, it is also the largest, having 38 per cent of the fully delegated market with 66 clients"

The Fiduciary Management Firm of the Year award went to P-Solve. Receiving the award was John Conroy, managing director, P-Solve (centre) and Robbie Bowker, managing director, P-Solve (far left). Presenting the award was awards sponsor Susan Raynes, head of EMEA business, SSGA (left) and awards host for the night Marcus Brigstocke (right).

P-Solve's clients also benefit from the company's dedication of partnership with its clients, by providing professional education in its nationwide seminars showcasing P-Solve's investment views. It also provides each client with a quarterly investment governance report, as well as visiting the clients to discuss the previous quarter's performance and hosting conference calls to discuss any significant developments.

P-Solve also continues to search for ways to serve its clients better. For instance, last year it worked with a fund manager to look into insurance-type investment opportunities linked to extreme mortality events such as a pandemic. The manager was able to find a small but viable number of illiquid opportunities, which was constructed into a fund, using P-Solve (with its clients' capital) as the seed investor.

P-Solve also offers delegated investment services to DC schemes. This has been achieved by P-Solve negotiating a contractual arrangement with a life assurance company to allow P-Solve to employ diversification, active asset allocation as well as a lifestyling and hedging capability. This has resulted in a more sophisticated approach to a default fund than normal, with four DC schemes already using this service.

It was this branching out, and the development of different options that clients may not be able to access for themselves, which made P-Solve attractive to the judges, along with the company being a demonstrably leading player in this developing field.

Congratulations to an outstanding winner in this dynamic sector.

How P-Solve builds fiduciary management for clients

P-Solve | *Performance Matters*

Asset allocation matters most

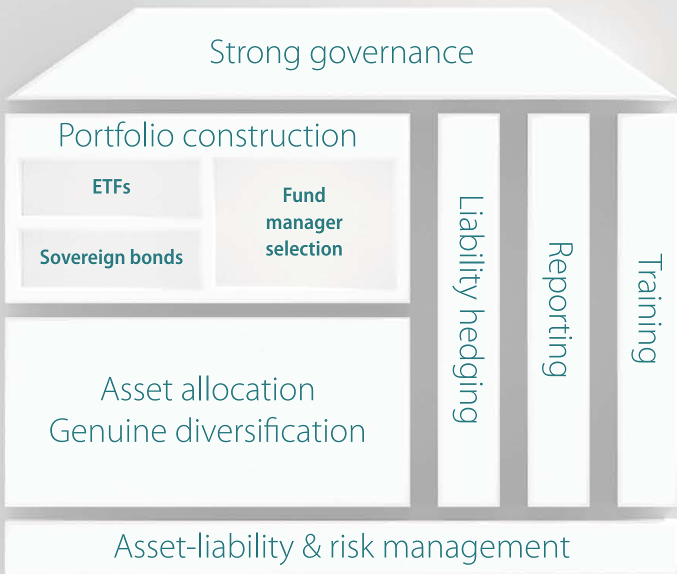
Asset allocation is the cornerstone of our approach to investment. It is well-established as the most important determinant of returns, but doing it well is very difficult – which is why only a minority of investors attempt it. Every working day, we look at the markets, the economy and the politico-regulatory environment, ready and able to adjust asset allocation immediately, through ETFs or our selection of fund managers.

We ally this with genuine diversification – aiming to allocate some capital to assets whose returns are driven by factors other than general economic growth, such as catastrophe bonds – and liability hedging.

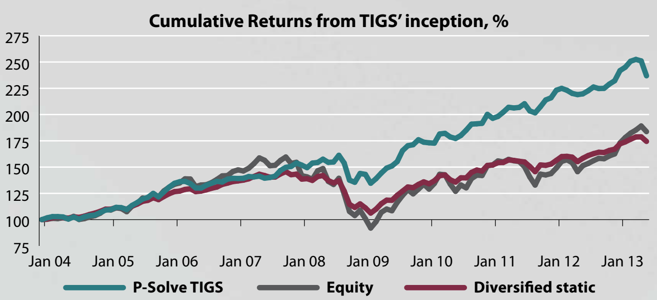
Enhancing the power of trustees

The primary purpose of fiduciary management is to help trustees improve the governance of their pension schemes. Engaging a dedicated expert to take decisions such as asset allocation, liability hedging or fund manager selection may be sensible, but the trustees must be able to know, understand and evaluate what their agent is doing.

We engage with our clients in many ways. We apply the same standard of clarity and candour in our communications as we would for a consulting client, and training is an essential component of our service.



A tried and tested approach



Source: P-Solve, Bloomberg

P-Solve TIGS returns are actual client returns and are stated net of fees. Equity is a composite of 15% UK Equity and 85% Global Equity. Diversified static is a composite of 40% Equity, 10% UK Bonds, 25% Broad Bonds, 10% UK Property, 5% Commodities and 10% Alternatives.

Please note that past performance is not necessarily a guide to future returns, and investors may not get back the amount invested.

We tailor our service to you

We became a fiduciary manager 10 years ago – when, we believe, this service was just beginning in the UK. We approached a consulting client with a suggestion that we implement some of our recommendations. The client asked us to implement all of them. As a result, we launched our Total Investment Governance Solution, or TIGS.

In becoming the fiduciary manager with the largest number of fully-delegated mandates in the UK (according to KPMG's 2012 survey of the sector and our own figures) we have learnt that it is normal for different pension schemes to want different amounts of fiduciary management. Some want full-delegation, some – especially if they have not used such a service before – only partial (just asset allocation, say, or just fund manager selection). We tailor our service to what suits you.

Get in touch for a free training session on how we might be able to help you.
www.psolve.com • 020 3327 5100

BNP PARIBAS SECURITIES SERVICES

Custodian of the Year:

BNP Paribas

The role of the pension fund custodian is an ever changing one, as products and services evolve to match changing pension fund needs. This award recognises those custodians that have proved themselves as leaders in this market with their excellence, innovation and dedication to meeting European pension funds' demands in today's market.

This year the judging panel chose BNP Paribas as the winner, for its demonstration of commitment in difficult times, European awareness, its data navigation that can be customised for client needs and its good solid mandate wins in 2012.

BNP Paribas Securities Services works from 16 offices across Europe and 34 locations around the world. It has made two acquisitions - CreditoEmiliano Spa and Anima SGR – and saw its assets under custody increase by 22 per cent over 2012.

The ongoing European financial crisis and new regulations have defined the state of the market – a tough climate has gotten much tougher. BNP Paribas has supported their pension fund clients by implementing new, differentiated measures and initiatives to streamline processes and reduce costs.

Pension funds increasingly require complex reports to present to their boards and members. In response to this, BNP Paribas launched their Data Navigation Analysis (DNA) tool that gives clients a complete picture of their funds portfolio. DNA is easily accessible via a PC or iPad and provides a clear, detailed and holistic understanding of their risk analytics. Pension funds use it for daily performance analysis, board reporting or to communicate to their clients. They can choose applicable criteria and immediately receive market risk analysis including the impact of the funds on a global investment structure with multi-level multi-assets and multi-currency consolidated investment structures. It also gives dynamic and immediate access to historical data.

In order to meet the demand for increasing transparency, responsibility, safety and control of their risk measurement that trustees face, BNP Paribas has developed their pension fund dashboard to help pension funds monitor the risk exposure of their investment strategy and make relevant decisions. Clients are using the dashboard via the interactive DNA tool, to assess their key risk indicators in a consolidated manner – such as volatility, value at risk and tracking error. In addition they have developed a comprehensive liquidity risk reporting tool.

With pressure to produce high returns, pension funds are increasingly investing in alternatives and private equity funds. Investment in this asset class can be complex since they require specific capabilities not offered by traditional administration platforms. In 2012 BNP Paribas launched a specialist private equity and real estate administration service, a solution containing sophisticated monitoring and analysis of committed amounts and cash flows, look-through reporting with investment analysis at PE/RE sector and/or sub-sector level (commitments, vintage, exposure, multiples, summary and detailed reporting), and calculation and reporting of investment performance. New business for the company in 2012 included Germany's DT Post CTA, Wacker Pension Fund, PSV Germany and Teeside Pension Fund, helping the total of institutional investor clients pass the 500 threshold.

After having had such a successful year, it is no wonder that BNP Paribas was awarded Custodian of the Year. Congratulations to a well-deserved winner.

"BNP Paribas has supported their pension fund clients by implementing new, differentiated measures and initiatives to streamline processes and reduce costs"

The Custodian of the Year award was given to BNP Paribas. Receiving the award was Annalisa Bicknell, regional head of sales and relationship management, BNP Paribas (centre). Presenting the Custodian of the Year award was Adam Cadle, senior news reporter, *European Pensions* (left) and awards host Marcus Brigstocke.

Transition Management Firm of the Year:

Russell Investments

Russell Investments

Whether it is to capture opportunities from changing market conditions, or a shift in a scheme's approach, pension funds often find themselves having to change the allocation of large parts of their portfolio. This can be a complex, costly, and risky enterprise. That is where transition management comes in.

The European Pensions Transition Management Firm of the Year award rewards the firm that has proved itself to be an expert in the transition management space. Accordingly, this year's trophy went to Russell Investments in recognition of the transparency, innovation, and rigorous process in the global asset manager's approach. Its proven track record also impressed the independent judging panel.

Russell's commitment to transparency with remuneration and performance measurement is a particular strength. The industry-leading multi-national fully discloses all compensation it receives from transition activities, unlike some of the more opaque fee structures available.

Russell contacted all of its European clients to communicate its approach, and engaged its compliance and finance departments to explore solutions to provide clients with an independent confirmation of all remuneration earned during any transition event.

Transparency is also at the fore of how Russell demonstrates its performance. The company launched the 'T Standard' in 2003 to make it easier for clients to evaluate performance, and help bring transition management up towards the same consistency expected in more traditional forms of performance measurement. The T Standard is now an industry-wide standard.

And transparency works for Russell, as its track record shows consistently strong performance in delivering on its targets. For example, in 2012 the average T Standard implementation shortfall on two sided equity transition events was just -2.7 basis points away from the estimated cost. Taking into account the tracking error between the portfolios being restructured this was only -0.1 of a standard deviation away from the firm's mean estimate, a significant achievement considering the figures cover more than 200 separate events.

Potential clients can review one, three and five year rolling track records, a level of detail that places Russell above its peers. This track record shows Russell delivers transition results very much in line with initial estimated costs, one of the key indicators risks have been mitigated and a provider has been successful.

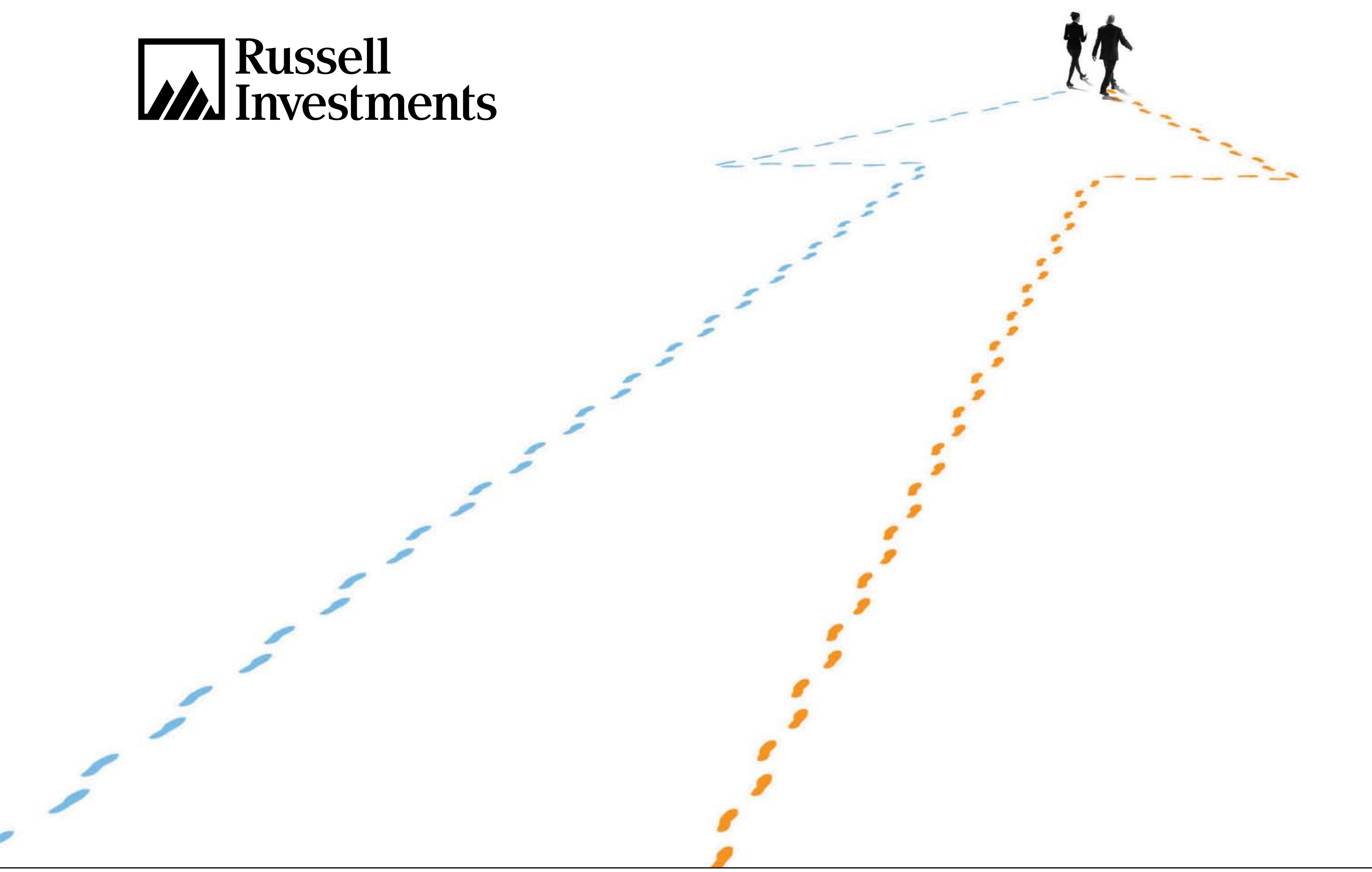
Russell has been providing transition management services for more than 25 years, with the past 12 months in particular being a turbulent time in the transition management industry, as trading volumes have been depressed globally. Yet Russell Investment's expertise clearly shines through, as its volumes have still been growing in this environment. In fact, Russell has capitalised on its recent success by expanding its portfolio management, with the company increasing its trading staff.

Russell also meets the challenges it faces with innovative approaches, while providing thought-leadership to the industry in areas of interest to its clients. This innovation is demonstrated by Russell's approach to fixed income transitions, which continue to be the fastest growing area in the industry. Russell's fixed income trading volumes increased by 40 per cent in 2012, the vast majority of which were in relation to events managed on behalf of its European clients.

Russell introduced a new way of crossing fixed income trades between two portfolios, ensuring both parties are equally benefiting from the cross, to solve the cost and transparency issues associated with such transactions. And, in an example of the firm's thought leadership, Russell has published papers on the challenges of fixed income crossing and potential solutions.

Congratulations to Russell Investments on its deserved success.

The Transition Management Firm of the Year award went to Russell Investments. Receiving the award was Chris Adolph, head of transition management EMEA, Russell Investments (centre). The award was presented by awards sponsor Scott Ebner, global head of product development and research, SPDR ETFs (left) and awards host Marcus Brigstocke (right).



Pension Provider of the Year:

Aegon Global Pensions

As the European Pensions Awards celebrate excellence in the European pensions market, of course the Pension Provider of the Year award is one that cannot be missed.

The award looks at the company leading the way with its pension offerings for European pension funds. Judges were looking for the firm that offers quality, relevant and innovative products in today's European pensions market and they found just that in Aegon Global Pensions.

The judging panel awarded Aegon Global Pensions this prestigious award for its innovation, client focus and European scope.

Aegon Global Pensions helps companies with operations in multiple countries that want to take a more efficient, centralised approach to pension management.

The firm works with multinational companies to restructure their pension plans worldwide and is focused on assisting companies in two key areas: DB de-risking and new DC, with solutions including asset pooling, cross-border DC, investment portals, buy-ins and buyouts and solutions for investment, interest rate, inflation and longevity risks.

Furthermore, Aegon Global Pensions is committed to providing its clients with access to the latest thought leadership from their international experts in the form of research papers and quarterly newsletter articles.

In 2012, it published research on pensions and employee commitment (based on a survey of 9,000 respondents in nine countries), a comparative study of defined ambition pensions in the Netherlands and the UK, and a case study on the effectiveness of longevity insurance with a Dutch multinational company, and introduced the concept of the equilibrium retirement age (together with underlying equations) to help individuals to better plan for their retirement.

"The judging panel awarded Aegon Global Pensions this prestigious award for its innovation, client focus and European scope"

The Pension Provider of the Year award went to Aegon Global Pensions. Receiving the award was Iain Stringer, regional sales director, Aegon Global Pensions (centre). The award was presented by James Pamplin, associate publisher, *European Pensions* (left) and awards host for the night Marcus Brigstocke (right).

Aegon Global Pensions' commitment to high quality research enables it to engage and partner with its clients in identifying and developing new pension solutions for the future. In order to do so, its global team of pension experts work closely with multinationals and their consultants, providing support to develop a more integrated approach to both domestic and cross-border pension issues.

In fact, its new Dutch cross-border pension vehicle, the Pension Premium Institution or PPI, is the first cross-border pension vehicle designed specifically for defined contribution pensions and will enable companies to start optimising the management and delivery of their pension plans across Europe.

Aegon Global Pensions helps multinational companies improve management of their international retirement and employee benefit plans. It is part of Aegon, one of the world's largest life insurance and pension companies, and a strong provider of investment products. It has experts across Europe, as well as in the Americas and Asia, with first-hand knowledge of the local legislation.

Aegon Global Pensions aims to provide the best possible solutions for its customers' needs. Its goal is to help strengthen multinational companies' corporate governance, increase efficiencies and enable them to maximise the opportunities offered by today's increasingly international business environment.

With its commitment to corporate clients, dedicated team of international pension experts and continued innovation in pension solutions for multinationals, it is no wonder that Aegon Global Pensions is once again the recipient of the Pension Provider of the Year Award.

Many congratulations to a worthy winner.

AEGON
Global Pensions

New DC - A shared responsibility

Defined Contribution (DC) pensions are quickly becoming the norm for pension provision worldwide, but companies are increasingly recognising their shortfalls. If DC is the future of pensions, how can we improve it? In its latest white paper, Aegon Global Pensions interviewed 14 leading multinational companies and 4 international consultants to find out how they are managing their DC pensions worldwide and how they view the future of DC.

With New DC, more companies are looking at re-adopting some of the better features of Defined Benefit pensions: a focus on outcome, disciplined contributions and, last but not least, sponsor involvement.

As one of the interviewed companies said, 'We wish to help our employees to do the right thing.' This is the foundation of New DC.

Receive a free copy of the white paper

To receive a free copy of the white paper 'New DC – a shared responsibility' please visit our website.

Aegon Global Pensions

+ 31 (0)70 34 48 931 | aegonglobalpensions@aegon.com | www.aegonglobalpensions.com

Buyout Firm of the Year:

Pension Insurance Corporation

PENSION INSURANCE CORPORATION

As defined benefit schemes increasingly become legacy issues for sponsors, as opposed to ongoing concerns, de-risking transactions such as buyouts grow in popularity. Or, certainly, desirability. In the current environment it is not as simple as waiting for funding positions to improve and then transacting, schemes are looking for innovative solutions. Buyout therefore shapes the nature and strategies of pension schemes today.

The European Pensions Buyout Firm of the Year Award recognises the buyout provider that is driving the nature and strategies of pension schemes today. In particular, this award aims to recognise the buyout provider that is driving forward these insurance deals and is shaping the way this still-growing market develops.

Having led the way in this field over the past year is the 2013 award winner, Pension Insurance Corporation.

Pension Insurance Corporation provides tailored pension insurance buyouts and buy-ins to the trustees and sponsors of UK defined benefit pension funds. 'It has almost £9 billion in assets and has insured more than 85,000 pension fund members.

The company has a trailblazing legacy to be proud of, including being the first to execute and transition a £1 billion pension insurance buyout and concluding the first UK public sector backed pension insurance buyout.

Pension Insurance Corporation carried on this ground-breaking tradition over the past year, making it stand above its peers in the judges' eyes.

In 2012, following the success of the 2009 buyout it tailored for Denso, Pension Insurance Corporation was called upon again to insure further liabilities of circa £200 million. In addition, Denso wished to maintain ongoing benefit accrual for active members rather than transferring them to a DC arrangement. This was a ground-breaking transaction with this type of structure never having been created.

This was achieved by having policies issued to active members at the outset, allowing benefit accrual to survive the scheme wind-up process and to arise as it would have in an ongoing scheme but fully insured from day one. This required considerable legal, tax and regulatory analysis, structuring and notification. However the result was that the cost of future service accrual was no longer affected by longevity extensions and equity movements.

Another first-to-market innovation by Pension Insurance Corporation in 2012 was Graham & Brown Retirement Benefits Scheme's £15 million pensioner buy-in. This involved part of the premium being paid at the point of the risk transfer and the balance of the premium being paid in instalments over five years, with the scheme retaining deflation risk.

In addition to pushing new boundaries, Pension Insurance Corporation also enjoys clients increasingly returning to the firm to secure further liabilities, whether for the same scheme, or for other schemes backed by the same sponsor.

Overall Pension Insurance Corporation's pension payroll increased by 20 per cent year on year. During 2012 it completed the transfer of administration services from the trustees' administrators for 16 schemes and individual buyout policies were issued to 3,200 members.

It was Pension Insurance Corporation's ground-breaking buyout transactions that caught the judges' attention to reward the company with this accolade. The judges explained: "Pension Insurance Corporation had simply achieved things that no one else has done before."

Congratulations to a much deserved winner.

"Pension Insurance Corporation had simply achieved things that no one else has done before"

The Buyout Firm of the Year award was given to Pension Insurance Corporation. Receiving the award was David Collinson, co-head of business origination, Pension Insurance Corporation (centre). The award was presented by Matt Wilmington, international benefits actuary, Aon Hewitt (left) and awards host Marcus Brigstocke (right).

Pension Scheme Administrator of the Year:

Premier

Pension schemes across Europe have been subject to many legislative, structural and investment changes in recent years. Underpinning these developments, while at the same time ensuring that the day-to-day running of the scheme remains a smooth process, is the pension scheme administrator.

As this role can often be overlooked, the European Pensions Pension Scheme Administrator of the Year Award aims to recognise the administration firm that has gone beyond the minimum standards required to offer a truly value-added service to its clients. Embodying this ethos is this year's winner, Premier, described by the judges as "refreshing, a little bit different and brave".

Winning this award for the second year running, Premier provides actuarial, administration, benefits consultancy and wealth management services to the UK pensions industry. It assists trustees, employers and members with all aspects of their pensions responsibilities and provides advice where necessary to improve the quality and efficiency of the benefits package on offer.

Its dedication to improving standards reached a new level in 2012, as Premier decided to "transform the quality of our industry", by challenging all aspects of the admin process. It firstly decided to implement a new fully integrated business process management solution, BizFlow, which would not only control processes but also allow members to be better informed about the status of their requests.

Implemented in October 2012, BizFlow improves member services by automatically sending SMS and email updates advising them on their progress or advising them to take action. As a result of this, average processing times fell from 1.9 days in February 2012 to 1.4 days in February 2013, along with a 16 per cent increase in volume.

"(Premier) won for being a small firm forcing the big guys to raise their game"

The Pension Scheme Administrator of the Year award went to Premier. Receiving the award was Daniel Taylor, head of administration services, Premier (centre). The Pension Scheme Administrator of the Year award was presented by John Woods, managing director, *European Pensions* (left) and awards host Marcus Brigstocke (right).

Along with the business process management solution, Premier also developed an employer self-service portal in 2012. Instead of having to go to the administraton team with every question or request for simple changes or reports, employers can log into the web portal to view member records and make changes themselves at no additional cost. Through the portal, employers can run calculations, submit contributions and leaver notifications along with tasks such as uploading renewal data.

While Premier improved the administration process, it also looked at a contentious area for administration, that of fees.

Premier has publicly affirmed that trustees should not have hidden costs buried in the small print of agreements and that a fixed-fee should mean exactly that. So in July 2012 Premier scrapped all transaction charges. This meant that providing the client does not make any significant change to their scheme, they would only pay the fixed fees quoted regardless of how many enquiries are answered.

Many developments were required to make these changes but Premier was careful to ensure that member service remained a priority. As Premier explains, administration is a very personal service, dealing with bereaved relatives to explaining complex calculations requires a special set of skills. Therefore every member of Premier's team is studying towards a recognised industry or complementary qualification.

The result of this hard work? The three months from January to March 2013 alone saw Premier's portfolio grow by 30 per cent with six new clients.

These significant changes over the past 12 months made Premier a clear choice for the award. As the judges explained: "They won for being a small firm forcing the big guys to raise their game."

Congratulations to a pioneering firm.

European Pensions Innovation Award:

AllianceBernstein

With so many challenges facing the pensions landscape, innovation is essential to ensure that the industry keeps meeting member expectations. New ideas and concepts continue to be introduced and providers need to keep creating new products and strategies to keep up with the demands and wishes of their clients.

The European Pensions Innovation Award therefore celebrates the firm that has brought true innovation to the pensions marketplace, be it through a particular product, service offering or overall business approach. This category recognises the company that has responded to market pressures with originality and creativity.

This year's winner of this prestigious award is AllianceBernstein, for its target date funds and its newly launched Retirement Bridge. The judges described its target date fund range as invigorating the market and its retirement bridge product as creating a paradigm shift in the DC market.

Last year the company launched Retirement Bridge, as it believes that target date fund principles can be used to provide a more effective retirement income solution than many of the standard answers currently in use, such as immediate annuitisation.

Retirement Bridge uses a managed drawdown approach to allow retirees to take an income from their retirement savings, giving them much more flexibility than taking an annuity immediately. Its portfolio will be managed in a fund which groups participants of a similar age group. The retiree may still aim to take an annuity eventually, but can choose the right time to do so.

The new product could give future generations of retirees more choice, more breathing space and more retirement income, on average, than alternative options. Retirement Bridge is likely to have a big future role in DC provision, judging by the favourable comments AllianceBernstein has received.

Furthermore, AllianceBernstein has launched the UK's first ethical target date fund and has put a lot of work into their target date funds last year, producing good performance for their clients. These flexible funds are being used by clients ranging from single-company pension schemes and master trusts, as well as insurance platforms and retail distributors.

The firm is now creating bespoke default target date fund ranges under a single contract and providing a full investment platform service. For its packaged target date funds, a contract is provided allowing for the client to customise the strategy later when they feel the time is right.

As the asset allocation manager, AllianceBernstein lifts the responsibility for much of the administrative and governance burden from clients. Because a single-fund, open-architecture approach is being used, schemes can be customised very cost effectively. And because the company takes on responsibility for the asset allocation decisions, it removes the inherent conflict of interest where trustees set the asset allocation and also monitors its effectiveness.

AllianceBernstein's target date funds seek to provide a much smoother path to retirement than a lifestyle arrangement, while being superior to many rivals, notably the currently popular diversified growth funds.

With service standards being checked daily and monthly, the firm's performance reporting results in a much more fruitful exchange than clients typically have with DC providers as it actually replicates the experience of members. Members are shown how their fund would have actually grown or shrunk in the period, rather than having to create a proxy by aggregating the performance of several fund components as in a lifestyle offering.

With such an innovative offering and its new product launches, it is no wonder that AllianceBernstein has won the award in this significant category. Well done to the winner.

The European Pensions Innovation Award was won by AllianceBernstein. Receiving the award was Tim Banks, managing director, AllianceBernstein Defined Contribution Investments (centre). The award was presented by awards sponsor Paul Couchman, MD, Premier (left) and awards host Marcus Brigstocke (right).

ETF Provider of the Year:

iShares

Economic and stock market conditions over the past five years have created unprecedented challenges for European pension funds. A low growth environment, the absence of reliable alpha, quantitative easing and increased longevity have all conspired to put pressure on funding levels. In these challenging times, ETFs have played a key role in enabling institutions to capture opportunities quickly and effectively.

For this reason, the European Pensions Awards 2013 saw the launch of a new award category: ETF Provider of the Year. The winner of this first ever ETF award is iShares, as they have demonstrated excellence and innovation in a number of key areas.

The judges described them as really committed and dominant in Europe, with specialist products and proactive innovative product launches through listening to the needs of pension funds.

As the continent's biggest ETF provider, iShares continues to attract investors, which is proven by its brilliant performance over 2012. At 31 December, iShares' European AUM stood at $140 billion, representing 38.1 per cent market share, an increase of 2.7 per cent over last year.

iShares also runs a successful securities lending programme that is a large contributor to fund performance by reducing the total cost of ownership. Several changes to this program were introduced in June 2012 to improve investor protection, including a cap on the proportion of securities a fund loans and providing an indemnity, with negligible effect on the returns provided to investors.

The firm has seen strong client interest in accessing diversified sources of yield, especially in fixed income, and efficiently capturing emerging market growth.

Therefore iShares engineered innovative risk-managed products, bringing its total European ETP range to 206 (202 ETFs, 4 ETCs). It listed 24 new funds on the LSE and cross-listed 39 products on exchanges around Europe, including eight single country eurozone sovereign debt funds, five of which offer world-first exposures for an ETF.

The ETF Provider of the Year award was won by iShares (part of BlackRock). Receiving the award was Mark Johnson, head of UK iShares sales, iShares (centre). The ETF Provider of the Year award was presented by Mark Evans, publishing director, *European Pensions* (left) and awards host Marcus Brigstocke (right).

Launched in May 2012, the new single country eurozone sovereign debt funds, providing exposure to sovereign debt from Austria, Belgium, Finland, the Netherlands and Spain, are the first of their kind in the world.

In October 2012, iShares launched the Barclays Capital Euro Corporate Interest Rate Hedged ETF, the first ETF to offer physical corporate bond exposure and mitigated interest rate risk in a single fund. Using an innovative strategy, the ETF buys physical corporate bonds and sells German government bond futures, thus offering isolated credit exposure and helping to lock in past profits from corporate bond price appreciation.

The new minimum volatility funds, launched last December, track bespoke indices that seek to create a portfolio of stocks from the parent index which has lower volatility than standard market-capitalisation weighted indices. Each of the four funds are optimised, physically backed and offer a range of equity exposures including World, Emerging Markets, Europe and the US.

The company has also partnered with Bloomberg to develop the first consolidated tape for the European ETF market, improving market transparency and the investor experience. The launch of the tape was the first time that market participants could see consolidated ETF trading volumes by looking at just one ticker.

Furthermore, iShares has a strong track record in supporting the responsible development of the ETF industry. Recent credentials include iShares' proposals for new ETF standards around labelling, transparency, disclosure and reporting that would reduce systemic risk and improve investor protection.

It is therefore no wonder that iShares has won the first ever ETF Provider of the Year award. Congratulations to a well-deserved winner.

ETFs come of age

By Julia Hughes, Investment Strategist, iShares.

In the 13 years since Exchange Traded Funds (ETFs) were introduced in Europe inflows have strengthened year-on-year so that total assets held are now over US$378 billion – approximately 20% of the global ETP assets under management[1].

While tracking ETP ownership can be difficult due to the impossibility of attributing trades executed on exchange it's nevertheless broadly accepted that around two thirds of European ETP assets are institutional – held by pension funds, insurance companies and other large entities. For these investors, the cost-efficiency, trading flexibility and pricing transparency of ETFs is proving an extremely compelling investment case.

Multi-purpose vehicles

Not only have we seen rising adoption of ETFs by pension funds in recent years, we're also seeing a divergence in the ways they are being used. Traditionally, ETFs were largely used as efficient management techniques – for cash equalisation and rebalancing. However, their usage has evolved so they are now key tools for core strategic exposure, accessing niche markets, and for shorter-term tactical allocation strategies, including shorting.

The intra-day liquidity and time-zone flexibility offered by ETFs makes them the ideal vehicle for short-term trading opportunities, both long and short. For example, if a penion fund manager has a strong view on a regional market, such as Japanese equities, an ETF can be acquired (or sold) to position the fund to capitalise on this investment view. Furthermore, the tradability of ETFs facilitates risk being added or removed to a portfolio on a timely basis, which can be very advantegous in markets driven by top down themes, such as the risk on / risk off trade.

Core satellite portfolios

Another key trend is the use of ETFs to build core strategic positions, with many European pension funds using ETFs alone or alongside other index and active vehicles to build core satellite portfolios. Using ETFs in the core can reduce overall costs and deliver the market return element of the portfolio, leaving the satellite open for more specialised or alpha-driven investments. However, the huge range of ETFs means they are also being used in the satellite for exposure to niche markets, individual sectors and commodities.

A major factor supporting the use of ETFs in pension funds is the widespread move away from a traditional 'home bias' to more diversified, international asset allocation. Many of the larger European larger pension funds now invest significantly in alternative asset classes[2], such as commodities, infrastructure investment and property – all of which are supported by a huge range of cost-efficient ETFs.

Fixed income ETFs are also gaining significant traction in pension funds due to their scale and liquidity benefits. In a single transaction fixed income ETFs offer exposure to a broad range of fixed income sectors, avoiding the high idiosyncratic risk that comes with directly held bonds. According to the Mercer's Asset Allocation Survey[3] Emerging Market debt is one of European (ex-UK) pension funds' most popular alternative asset classes. Thanks to their high liquidity, many funds are using ETFs to fulfill this allocation.

Specialist strategies

Interest has also increased in bespoke ETF solutions, such as strategies that apply alternative weighting schemes. Within the equity space, there are a number of index strategies available that weigh countries or stocks by alternative measures to market capitalisation, such as GDP, minimum volatility and fundamental index strategies.

Minimum volatility index strategies focus on achieving global equity exposure with lower absolute risk, without deviating substantially from the characteristics of the broad-cap weighted market index. For example, there is now an MSCI World Minimum Volatility index that broadly reflects the sector, style and country weightings of the main MSCI World Index, but has a more defensive tilt holding less volatile stocks. For pension funds that invest minimum volatility ETFs, the outcome should be smoother returns.

Just the beginning

If the US experience is anything to go by the popularity of ETFs with pension funds and other institutional investors is only going to grow in Europe. According to the 2013 FinEx Capital Management survey 42% of (144) European pensions planned to increase allocation to ETFs over next three years. In many ways pension funds are at the forefront of beta strategies, using ETFs in a variety of different ways to achieve better outcomes for their investors.

[1] Global ETP assets: US$ 2.13 trillion. Source: BlackRock ETP Landscape, May 2013.
[2] Jan De Dreu and Jacob Antoon Bikker (2009), 'Pension Fund Sophistication and Investment Policy', Jan De Dreu-Royal Bank of Scotland (RBS) - Global Banking & Markets, Jacob Bikker –De Nederlandsche Bank; University of Utrecht - Utrecht University School of Economics, May 1, 2009 , Netspar Discussion Paper No. 05/2009-016
[3] Mercer Asset Allocation Survey: European Institutional Marketplace Overview 2012