Welcome to the 7th WorldPensionSummit

SPEAKERS

CHRIS BATTAGLIA
CEO, WorldPensionSummit
Vice President & Group Publisher, Pensions & Investments

HARRY SMORENBERG
Founder
WorldPensionSummit
Member of the WorldPensionSummit Advisory Board

ERIC EGGINK
Founder
WorldPensionSummit

TOPIC

Welcome to the 7th Annual WorldPensionSummit

The theme of the 2016 WorldPensionSummit is Managing Rising Risks. It's a timely focus for pension investors, faced as they are with increasing global political and investment volatility. To help chart the way forward, we present a comprehensive program of pivotal topics, bringing together investment professionals, system leaders and academics. Through plenary and track sessions, this summit will provide insight and actionable information on risk management for plan sponsors, government officials, consultants and investment professionals.

At the beginning of the year, WorldPensionSummit became part of Pensions&Invesments, the international newspaper of money management. This collaboration means that we are now able to draw on the significant resources of P&I and its market-leading reporting and information channels to bring global asset owners and asset managers together. WorldPensionSummit brings together these leaders to exchange expertise while working together on sustainable pension provision for plan participants, the self-employed and other workers.

The plenary sessions focus on the big picture topics that we know affect all in the global pension community. The track sessions, in contrast, provide a more in-depth look at specific issues. We hope you will take the opportunity to attend the plenary sessions and question our keynote speakers, while also exploring the various track sessions, which offer more possibilities for intimate discussion and debate. We hope you enjoy the 7th Annual WorldPensionSummit and look forward to seeing you in the Hague in November.
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<td>CHRIS BATTAGLIA, CEO, WorldPensionSummit and Vice President &amp; Group Publisher, Pensions &amp; Investments</td>
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<td>09.00</td>
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<td>INGRID VAN ENGELSHOVEN, Deputy Mayor The Hague, Introduced by ERIC EGGINK, Founder, WorldPensionSummit</td>
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<td>Managing Rising Risks</td>
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<td>09.15</td>
<td>Keynote Speech: Geo-Political Risks &amp; the Impact for Pensions</td>
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<td>DON EZRA, Don Ezra Consulting Services &amp; Formerly Co-Chair, Global Consulting at Russell Investments</td>
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<td>Key Global Pension Trends Regional Reports Showing Innovation &amp; Alignment in Best Practice Worldwide</td>
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<td>Bernard Delbecque, EFAMA</td>
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<td>LARRY KOTLIKOFF, Boston University</td>
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<td>KRIS DOUMA, Director of Investment Practice &amp; Reporting PRI</td>
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- **Investment & Asset Management**
- **Pension Scheme Development**
- **Corporate Pension Funds**
- **Pension Organization**
- **Risk Management**
Welcome in the Hague and Opening of the Summit

SPEAKER
INGRID VAN ENGELSOVEN
Deputy Mayor for The Hague and Alderman for the Knowledge Economy, International Affairs, Youth and Education
The Hague, The Netherlands

TOPIC
The Hague, International City of Peace and Justice, is delighted to co-host the WorldPensionSummit. The Dutch financial industry has a particularly strong reputation in the areas of pension expertise and management. The Hague is viewed as the home of a large variety of key players in the pension, asset management and insurance industries. Currently this sector accounts for 13,000 jobs in the city. The Hague region profits from a stable and flexible business, political, financial and regulatory environment, with efficient and transparent procedures. Globally, The Hague aspires to be a major actor in pension developments. The WorldPensionSummit is the international platform where new ideas are shared, and global networking is a stimulus for pension professionals. If we want secure the pensions of future generations, the world of business and politics need to join forces and act. Therefore you could not have chosen a better place to meet than The Hague. So welcome to The Hague!
Managing Rising Risks

SPEAKER
HARRY SMORENBERG
Founder
WorldPensionSummit and Member of the WorldPensionSummit Advisory Board
Amsterdam, The Netherlands

TOPIC
The theme of the WorldPensionSummit 2016 is Managing Rising Risks. We know that the key retirement risks are changing and becoming more complex. Increasing life expectancy and the aging population challenge governments seeking to provide adequate retirement provision. Pension fund sponsors and insurers need to rethink their strategies in this rapidly changing investment climate and uncertain economic environment in order to secure sustainability for the pension solutions offered to participants.

Today’s very low interest rates challenge all investors, particularly those in the pension industry. In order to generate adequate investment returns, pension providers may sometimes need to move into more volatile investments. This strategy may be at odds with the promises of prudence made to policyholders and pensioners. Yet diversification may still be the key to sustainability.

In this era of change, a new perspective on pension risk management is needed. First pillar pensions are losing their importance as governments retreat from the responsibility of providing pension support. With the transition from defined benefit to defined contribution plans, risk is being transferred methodically to participants. A growing number of self-employed workers have embraced the need to plan for income in old age, understanding that risk management is a primary requirement for a successful retirement.
Dr. Malmgren is a strategist who helps investors understand how risk and prices will be influenced by politics, policy and geopolitics. She was an economic advisor to US President George Bush in the White House and a member of the National Economic Council. She is on boards at MIT, Indiana University and the Ditchley Foundation. She participates in the UK’s Ministry of Defence working group on Global Strategic Trends and London’s GLA Infrastructure Advisory Board. She is a guest anchor on both Bloomberg and CNBC and regularly on the BBC. Her public speaking and writing take her all over the world. She is the author of an upcoming book, Signals, which James Galbraith says is “better than Piketty”.

The world economy is never predictable but pension funds can be better prepared for the price movements it inevitably brings. Dr. Malmgren will discuss the signals she sees: the return of inflation and geopolitics and the quickening pace of innovation. She will explain the economics behind the rise of the anti-establishment movement worldwide, which is giving us Brexit, other European exit movements, Donald Trump and social unrest in emerging markets. She will explain how these forces cause Mexico to emerge as the new China and why the Midwest and the Midlands have become the two most dynamic parts of the world economy today. There are many opportunities to profit but that requires new thinking.
In this timely presentation, Don Ezra will consider how people without a defined benefit pension plan can prepare properly for retirement. As one grows older, the fear of outliving capital supersedes the risk associated with being 100% invested in equities. Although longevity looms large, it is only one of several risks individuals face. The average couple in retirement has three competing goals: safety (because human capital is exhausted), growth (because their desired lifestyle is richer than they are) and longevity protection (because they fear outliving their money). Finding a combined solution forces us to re-think traditional approaches to retirement planning.
The Power of Cross-Border Pensions: Multinationals Look to Consolidate Plans in Belgium

PLENARY
10.05 - 10.30

SPEAKER
TON VAN DER LINDEN
Benelux Business Services Manager & Treasurer ExxonMobil
Member of the WorldPensionSummit Advisory Board
Breda, The Netherlands

TOPIC
With the confirmation in mid-October that the Belgian Council of Ministers will exempt cross-border pension funds from a range of taxes means that the country will continue to be the focus for multinationals seeking to consolidate pension provision in Europe. In this timely presentation, ExxonMobil's Dutch-based Treasurer Ton van der Linden will explain how the new schemes will work and why establishing a cross-border plan under IORP in Belgium makes so much sense. Consolidation allows for the streamlining of investment management and administration, while also lowering the costs associated with maintaining these important funds. Greater central control also allows for improved governance.
The WorldPensionSummit 2016 Regional Reports provide insight into the reform initiatives and regulatory, supervisory and distribution innovations in key countries: Australia, Japan and others. Retirement adequacy is a key government issue across the globe. However, each country faces its own specific combination of demographic, fiscal and system risks and challenges. Each constructs pension systems in different ways and each can learn from the other. Each speaker will provide examples of innovation and expertise across issues such as sustainability, system reform, coverage extension and globalization. These reports will illuminate the achievements of some of the world’s largest pension markets in addressing their domestic issues in a global financial landscape.
Pension Scheme Development

What Does Best-Practice Investment Governance Look Like

**TRACK A1**

12.15 - 13.15

**MODERATOR**

IAIN BROWN
Partner and EMEIA Pensions and Retirement Leader EY
London, England

**TOPIC**

Managing rising risks needs to be underpinned by a robust and effective investment governance framework. Investment excellence can only achieved within such a framework. This panel session aims to explore what investment excellence means in the context of governance and will look at examples from around the globe. Investment risk management tends to be very visible but the session will also aim to pull out key best practices in target operating models and internal controls and processes and how these interact with more complex areas such alternative investments and unlisted assets. Importantly we will draw on the experiences of our knowledgeable panel members.

**PANELLISTS**

FRANCOIS JACQUEMIN
Head of Products & Solutions
Allianz Global Benefits
Stuttgart, Germany

WIM VAN OOIJEN
Sr. VP Corporate & Institutional Services,
Northern Trust
Amsterdam,
The Netherlands

NICOLETTE OPDAM
Dutch Pension Practice Leader EY | Attorney-at-Law
Holland Van Gijzen Advocaten en Notarissen LLP
Amsterdam,
The Netherlands

SIMON PISTELL
Chief Risk Officer
Legal & General Investments (LGIM)
London, England
As institutional investors, pension plans face a litany of non-investment-related risks broadly relating to their pension operations, technology infrastructure, regulatory assessments and overall strategy. None of these risks easily lend themselves to quantitative analysis or fit easily into out-of-the-box risk measurement frameworks. This session will provide insights into how a large Canadian defined benefit pension plan (OMERS) identifies, assesses, monitors and reports on a variety of these non-investment-related risks.

Specifically, the presentation will provide an overview of how this organization’s operational risk framework is constructed and will present high level examples of how this framework provides systematic and practical insights into key operational risks facing the plan.

In addition, the presenter will deliver a high level overview of this organization’s framework used to address “known-unknown” risks. Created specifically to deal with risk issues that do not fit easily into any one category but significant enough to impact a plan, this framework will provide insights into how the plan identifies and prioritizes actions in response to topical risks such as cyber exposure and climate change.

The overarching takeaway from this session is for participants to gain insights into how any pension plan sponsor can build an effective and sustainable, enterprise-wide and risk-conscious culture using practical and pragmatic approaches that evolve over time.
This session will examine the current challenges and opportunities in the Chinese stock and bond markets. As the Chinese GDP per capita approaches US$10,000, the world’s second largest economy is evolving into its version 2.0. With moderated GDP growth, the Chinese economy is trying to shift gears from investment-driven to consumption-driven. The traditional industries of China 1.0 are facing pressures from overcapacity and are undergoing a series of reforms. Yet the rising middle class and the increasing purchasing power of the millennials are still driving the Chinese stock market. Future growth will also be found in healthcare and high-end manufacturing. In bonds, China as well as the rest of the world, is facing challenges from low or negative yields as global central banks enter a race to reduce interest rates. At roughly US$6 trillion, China’s domestic bond market is the world’s third largest after the U.S. and Japan. Yet it has been under-allocated by global investors. Concerns have been raised over credit risk in China as the economy is transitioning towards a ‘new normal’. Monetary policy, interest rates, credit markets and currencies will be examined in a global context to provide investors an overview of the current opportunity set in the Chinese fixed income market.
This presentation will introduce the defined contribution retirement savings challenge from an Australian perspective where the system has compulsory contributions and preservation during the accumulation phase, but complete member flexibility in retirement. The focus will be on how QSuper is approaching the problem through an innovative default cohorting structure to group members by age and account balance. Investment strategies are based on basic asset/liability management methodologies which aim to manage a range of different risks that may impact members in various ways at different stages in the lifecycle through an ever changing economic environment.
This session will focus on both the innovative and the longstanding solutions to the problem of personal pensions. The self-employed, those employed by small businesses or simply by those businesses without pension provision face difficulties in savings for retirement beyond the state pension, where available. The importance of personal pensions to successful retirement funding is now well-understood. Representatives from the UK, Europe, Latin America and elsewhere will explain the many systems, from auto-enrollment to other opt-in approaches, that are changing the face of personal pensions, making retirement savings easier and more effective for the self-employed.
Risk Management

Pension Risk Transfer: An Opportunity to De-Risk in Today’s Low Interest-Rate Environment

SPEAKERS

AMY KESSLER
Senior Vice President and Head of Longevity Risk Transfer
Prudential Retirement, part of PFI
Newark, New Jersey, USA

ROHIT MATHUR
Senior Vice President of Global Product & Market Solutions
Prudential Retirement, part of PFI
Newark, New Jersey, USA

TOPIC

Pension fund/plan sponsors are well aware of the 15-year storm of investment headwinds that have put their funded status under continuous pressure. With regulatory oversight and longevity, many companies with defined benefit plans are looking to de-risk. While liability driven investing and other strategies can mitigate risk while keeping the plan on the balance sheet, there are other innovative options that can provide a more final solution.

Join Amy Kessler and Rohit Mathur as they examine pension risk transfer, the transfer to an insurer of some or all of the liabilities of a DB plan. It’s a strategy that companies can use to mitigate all or part of the risks associated with their plan. It’s also an option available to both fully funded or underfunded plans today. For those plans that need to top up funding to participate in pension risk transfer, the opportunity to borrow at attractive rates makes this a viable option.

The session will present case studies of a number of companies that have used these strategies to de-risk their pension plans recently, including ones that have simultaneously de-risk in four or more jurisdictions.
Keeping Participant Data Safe: The Challenge Posed by Cyber- and Financial Crime

Every day there is news about cyber and financial crimes. Estimations of damage vary but all show that damage is significant, rising and therefore worrying. A factor of complexity is that besides cyber attacks that due to current technological developments the digital component of ‘traditional’ financial crime and fraud increases. Pension funds must necessarily keep confidential personal and financial information about their participants. Without this information, funds would be unable to develop the best investment and payment plans. Yet in this era of cyber attacks and cyber-enabled crime, one of the most difficult issues managers face is keeping this information safe and secure. This session will call on expert advice and provide best practice activities to show how the challenge of cyber and financial crime in the 21st century can be met today and in the future. The session will aim to discuss issues of up-to-date information, identity fraud, managing cross border pension obligations but also financial crime in investments.
Societies across the world are aging, with challenges for sustainable adequate pension systems. Governments and pension funds have largely responded by raising pension ages and by discouraging early retirement. For some groups this has effectively resulted in extended working lives. Other groups are unable to work until the (extended) retirement age. These last groups may have health problems, disabilities or caring commitments for partners or parents. Other strategies are needed to extend their working lives. There are also groups of people, though, who are able and willing to work well-beyond the retirement age.

Flexible retirement schemes take this heterogeneity into account. They facilitate people to adjust retirement paths to their specific situations. Two types of flexibility clearly have the potential to extent working lives. The first facilitates work after the retirement age, by facilitating deferral of pensions or combining income from pensions with income from work. This stimulates extended working lives for people who are willing and able to work longer. The second facilitates combining part-time work with partial pensions. This allows people to decrease their working hours, for example enabling them to continue working longer.

This debate outlines new directions in pension scheme developments and presents experiences with flexible pension schemes from various countries. It identifies challenges and draws lessons in terms of how retirement schemes may best be designed to extend working lives.
Learning from the Best in Class: The Danish Pension System

TOPIC

Denmark has topped the Melbourne Mercer Global Pension Index since 2012. This annual rating of national pension systems ranks each against 40 indicators, while also highlighting the shortcomings of each system. Denmark is considered to have a first-class, robust retirement income system that delivers good benefits, is sustainable and has a high level of integrity.

This session will investigate why and how Denmark tops this important list, with Danish plan sponsors and pension experts explaining the key features of the system. The panel will consider the ways in which these features might be transferred or ideas adapted in other systems. In the interest of transparency, the shortcomings of the Danish system will also be acknowledged.

MODERATOR

ELSEBETH AAES-JOERGENSEN
Partner
Norrbom Vinding
Copenhagen, Denmark

PANELLISTS

HASSE JØRGENSEN
CEO
Sampension
Hellerup, Denmark

HELEN KOBÆK
Former CEO
PenSam
Copenhagen, Denmark

SVEND E. HOUGAARD JENSEN
Professor of Economics and Director of PeRCent Copenhagen Business School
Pension Research Centre
Frederiksborg, Denmark
MODERATOR

AMY RESNICK
Editor
Pensions & Investments
New York, New York, USA

TOPIC

As substantial pools of assets, pension funds are always looking for effective investment solutions. In an era when traditional asset classes can offer low returns, pension managers seek new ways to put the assets to work. In this session, several pension managers will explain how they use the power of their assets to support investments close to home in the real estate, infrastructure and energy sectors. Many governments face issues with funding the need for more housing, better roads and new, often greener energy projects.

While a pension fund’s first duty is to its participants and beneficiaries, working closely with local and state governments in public-private partnerships and other arrangements means that pension assets can both support the local economy and benefit participants over the long run. The session will provide case studies of how this approach has worked in a number of different settings.

PANELLISTS

GERALD CARTIGNY
Chief Investment Officer & Member of the Managing Board MN
The Hague, The Netherlands

DEREK DOBSON
CEO & Plan Manager Colleges of Applied Arts and Technology Pension Plan (CAAT)
Toronto, Canada

FRANK ROETERS VAN LENNEP
CIO, Private Markets PGGM Vermogensbeheer
Zeist, The Netherlands
Preventing for the Impact of IORP II

SPEAKER

FAUSTO PARENTE
Executive Director
EIOPA
Frankfurt, Germany

TOPIC

The Institutions for Occupational Retirement Provision (IORP) Directive adopted in 2003 covered certain occupational pension plans in Europe. The Trilogue negotiations for a revision have been already concluded at a technical level and IORP II is likely to be voted in this October. This development could have a wide-ranging impact on pension systems in Europe. Fausto Parente will open this session, which will explore the potential ramifications of IORP II on pension operations, investment strategies and product distribution. Panellists will debate how best to position pension plans and systems for the changes.

GEORGE SIMEONIDIS
Executive Board Member
Hellenic Actuarial Authority
Athens, Greece

FEATURING

PETER BORGDORFF
Managing Director
PFZW
Zeist, The Netherlands
TOPIC

APG is well-known for its innovative approach to long-term investing. In this speech, Ronald Wuijsters will describe the elements of the APG blueprint. This approach always maintains its focus on the long-term, matching the needs of the pension participants for high-quality and consistent income in retirement. In making investment decisions, managers always seek a balance between risk and return, specifically the benefits of ignoring short-term market noise as well as the costs associated with portfolio churn to focus on reaping the results available from identifying long-term value.

APG has an advantage in that knowing the demographics of the fund and the pattern of cash flows required by its participants. It is therefore able to devise cash-flow matching strategies that take advantage of innovative investment techniques as well as well-known strategies. These ideas include a focus on real asset and infrastructure investing, alongside other illiquid asset classes, and factor investing. APG holds a firm belief that non-financial elements should be factored into any investment decision and that responsible investing should play a central part in the process.

This session will provide insight into the multiple strands of investment thinking that APG incorporates into its focus on creating long-term value for pensioners in the Netherlands.
TOPIC
Pensions & Investments’ WorldPensionSummit is once again honouring
great initiatives and proven solutions in pensions with the 2016 Innovation
Awards.

We are awarding pension funds who are using innovation to drive their
pensions forward through investment, design, innovation, participation or
any way that may help drive successful outcomes for the plan participants.

We wish to highlight innovation and excellence and provide inspiration.
Past winners were selected for their cutting-edge ideas in plan design,
investing, technology, driving employee participation and engagement
and more.

Our judges have been reviewing the nominations in order to find the
best out-of-the-box thinkers and doers in the business and why their
initiative deserves an Innovation Award. The winners are announced and
recognized in the following categories:

- Investment Innovations
- Communication Innovations
- Technology Innovations
- Pension Reform Innovations
Pension Organisation

Tackling Longevity Risks through Employment and Retirement Income for Life

SPEAKER
SHAUN GOH
Director (Retirement Systems), Income Security Policy Division, Ministry of Manpower, Singapore

TOPIC
Singapore uses workforce policies and a comprehensive social security system to address the longevity risks of an aging population. Besides enabling older workers who are willing and able to stay employed beyond retirement age, Singapore’s Central Provident Fund (CPF) helps Singaporeans meet their retirement, healthcare and housing needs. This includes the national CPF LIFE scheme that provides Singaporeans with a retirement income for life. This session provides an opportunity to hear from the Singapore experts who oversee this unique approach towards retirement adequacy.
TOPIC

This panel will provide insight into how pension investors and other asset owners can formulate investment strategies that embed ESG considerations. The panellists will discuss how an ESG strategy can impact performance, who should be involved in developing these strategies and how the impact of an ESG strategy can be measured. Drawing on the experience of both corporate pension plans and other investors, the panel will explore how the principles of ESG in mainstream business can be used in the formulation of ESG investing strategies. Finally, the session will seek to describe the ingredients of an effective ESG investment strategy.
Factor investing has emerged as a new paradigm for long-term investment for pension funds. A research trial compares the more traditional sector investing approach with factor investing. The results show that when investors are allowed to short, factor investing is more successful. But the conclusion is not that simple. There is a tradeoff between the risk premia associated with factor investing and the diversification effect from sector investing. This means that rather than choosing one approach above the other, investors will achieve better results from combining both factor and sector investing into an efficient portfolio. Amundi has implemented this combined approach and will describe the real world impact and its value for pension plan investors.
Insufficient or inadequate infrastructure is a global concern. It manifests in traffic congestion, power outages and water scarcity. These issues are not limited to emerging markets but ever-present in developed ones as well. The amount of funding required to upgrade existing infrastructure and support the development of new projects is enormous. Pension funds and other institutional investors are an obvious source of finance. This type of investment offers real benefits for asset owners: attractive risk-adjusted returns, reliable protection against inflation, and low correlation to other asset classes. But aligning the interests of long-term investors and infrastructure project sponsors, often governments, can be difficult. One issue is idiosyncratic risk, one example of which is consistency in regulatory. For 30 or 40 year projects, investors are exposed to potential changes in political and economic environments. This session will explore the many advantages of infrastructure investing for pension funds, as well as some of the potential pitfalls.
Traditional investment theory – mean-variance portfolio optimization – is 64 years old. Yet it still dominates thinking about how households should invest their savings and how pension funds should invest on their participants’ behalf. The theory, which originated with Harry Markowitz’s seminal work, teaches critical lessons about portfolio diversification. But the theory was framed in a simplistic and unrealistic model in which households live for just one period. At the beginning of this period, all the saving the household will ever do is available to invest. At the end of the period all funds invested as well as all investment returns are consumed.

In reality, people save, spend, and invest each year and their saving, spending, and investment decisions early in life have major consequences for the level and variability of their consumption (living standard) later in life. Modern financial theory focuses on the level and spread of a household’s annual living standard not at a point in time, but through time. Aggressive spending when young can be even more important than aggressive investing in determining the average level and downside risk of one’s future living standard.
Pension funds, along with all asset owners, have an important role to play in driving the development of responsible investing. In the Summit's closing address the PRI's Director of Investment Practice & Reporting, Kris Douma, will consider the history and future of environmental, social and governance (ESG), emphasizing the issues that pension funds must consider. Kris will touch on the themes of risk and return: How can ESG integration affect returns, what are the risks if these are not considered?

Kris will consider the changing nature of Fiduciary Duty and the implications for the beneficiaries. What ESG activities will be in the ultimate interest of pension beneficiaries? Financial considerations are important, but how should pension funds consider the societal impact of their investments? Do ethics have a role to play?

As all asset owners consider the cost of execution in this era of declining returns, Kris will reflect on the move to align fee structures more closely with investment managers, pushing down costs but not at the expense of either performance or responsible investing. For instance, while passive investing may provide the lowest cost execution, it makes it difficult for investors to pursue any responsible investing agenda.

Finally, the address will look further into the future contemplating how best to bring the responsible investing agenda into the mainstream by looking at how universal ownership can impact climate change and how sustainable development goals can have both positive financial and ESG effects.