

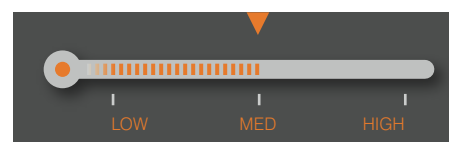
# SUPERANNUATION AND PENSION FUNDS SUMMIT

**LOCATION:**  
TORONTO, CANADA

## DEGREE OF FOCUS ON KEY THEMES



## INVESTMENT FOCUS OF FORUM CONTENT



Thursday 22 – Friday 23 March 2012

Commences Thursday morning and concludes Friday late afternoon



TORONTO CANADA

**Superannuation and Pension funds share a common goal**, to protect and grow retirement assets regardless of the challenges they face in the Defined Contribution (DC) and the Defined Benefit (DB) environments. CIE believes that the future of the industry can be shaped through the creation of a global network aimed towards increased levels of cooperation and exploring co-investment opportunities between the largest holders of capital globally. Furthermore, such a network will also add to the global progression of best-practice in investments, operations and strategy.

In light of the global sovereign debt crisis which has engulfed the world, cooperation at a global level is more important than ever, as pension funds across the globe need to adapt to an aging population and the upcoming wave of retiring baby boomers. The 2012 Superannuation and Pension Funds Summit will bring together a global network of Institutional Investors in search of solutions to some of the common challenges Institutional Investors face in today's world of uncertainty and volatility.

**2011 saw the launch of the inaugural Superannuation and Pension Fund Summit in Amsterdam, The Netherlands.**

The Summit brought together approximately 40 of the largest Australian and Dutch practitioners representing some A\$1.015 trillion in funds under management. Attendees shared the common objective of discussing opportunities for cooperation and collaboration at a global scale in a highly interactive and confidential environment. The Superannuation and Pension Fund Summit facilitated the sharing of knowledge among peers and the exchange of ideas around accessing new markets and the use of cooperative investment structures.

In addition, the overarching key challenges both groups of decision makers face in the defined contribution (DC) and defined benefit (DB) environments were debated and contrasted.

Delegates shared their views on the fundamental frameworks in the DC and DB environments, debated the value of cooperation and explored the economies of scale that could be achieved from increasing levels of cooperation. The key challenges each group faced in relation to balance sheet management were also a key point of discussion, as were the opportunities resulting from co-investment and better collaboration on a global scale.

Delegates discussed the differences and strengths/weaknesses of the Dutch and Australian approaches to pension/superannuation. Australian superannuation funds viewed the inadequacy of member contributions and the ageing population as the two main risks they were facing within their countries. Dutch pension funds also highlighted ageing member demographics as a primary concern. The DC environment is arguably a step ahead with the imposition of a superannuation

guarantee (SG) which in Australia appears set to increase with the Australian federal government having introduced legislation to increase the SG to 12 % and abolish the SG age limit.

Both Dutch and Australians agreed on the value from sharing of knowledge as the primary benefit from cooperation. However, inherent in cooperative structures may be the risk of internal governance issues.

Irrespective of size, managing cost remains an important consideration for funds. In light of this, the structural trend of consolidation and growth in average fund size in Australia was an area of focus. The benefits related to larger fund size were discussed with the majority of attendees pointing out that cost reductions achieved from economies of scale tend to be maximised once funds reached a scale where they were managing \$20 billion or more.

CIE noted a convergence between some investment approaches in the DC and DB environments. An asset/liability management approach was gaining traction in the DC market as a means of preventing the type of losses borne by a number of members during the GFC , especially in post-retirement. With more than fifty percent of retirement income typically generated from assets post-retirement, this will remain a topic of discussion at the 2012 Summit.

Better access to investments was identified as the key advantage of co-investment. Pooling of investment capacity to create critical mass, the pooling of intellectual capital and cost savings are other key considerations that were identified for further exploration. On the other hand, some of the key risks associated with co-investments are related to exit strategies and misalignment of investment horizons.

**WHO SHOULD ATTEND?**

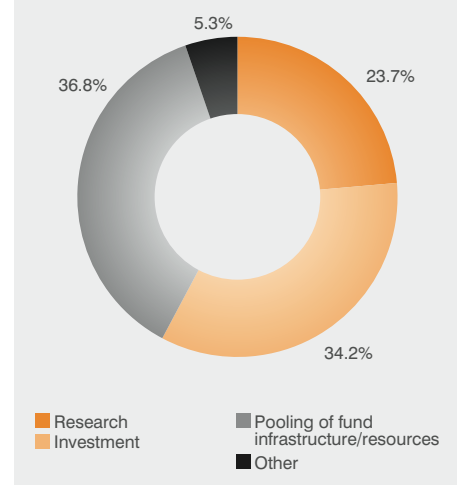
Chairs, trustees, chief executive officers, chief investment officers, investment committee members and senior investment staff of Institutional Investor entities with responsibility for directly or indirectly managing fund assets exceeding A\$1 billion

**ATTENDANCE:**

Approximately 70 superannuation and pension fund delegates only. This is a non-sponsored event.



(Fig 1) In which area do you think collaboration is most important?



The majority of delegates at the 2011 Summit recognised that the opportunities for collaboration are more beneficial internationally than domestically, while a further 37% of the delegates believed opportunities lie in the pooling of fund infrastructure (Fig 1). The majority of attendees (56%) were actively seeking out partners to mitigate risk, although CIE would expect this figure to have increased since convening the Summit.

In 2012, CIE's Superannuation Pension Fund Summit will see its global network grow, when Australian and Dutch fund representatives will be joined by their Canadian and US counterparts to explore co-investment opportunities and further examine possibilities for collaboration and cooperation on a global scale. Some of the key topics we expect to explore in the DC and DB environments include strategic asset allocation, the role of objectives and benchmarks, risk management, governance, and the future of long-term investing globally.