European Pensions

Autumn 2024

Investment:

Public-private partnerships

How PPP projects are changing and the opportunities available for pension funds

Technology:

AI revolution

How the pensions industry can harness emerging technologies

Regulation:

DORA

How pension funds can adequately prepare for this new regulation

Country spotlight:

Germany

The German pension system is beginning to struggle with an ageing population

Sustainable for generations

Social partners are exploring multiple areas for reform to ensure the Finnish pension system's sustainability

Plus:

Ask the industry

Appointments

News

European Pensions AWARDS 2024

The Winners

www.europeanpensions.net

24 CASE STUDY - PME

106 INTERVIEW - HOUTHOFF PARTNER, OSCAR VAN ANGEREN

Irish Pensions AWARDS 2024

20 November 2024
The Round Room at the Mansion House, Dublin

Book your table now

Sponsored by

Organised by
European Pensions

Media Partner
PENSIONSAge

www.europeanpensions.net/irishawards
@EuropeanPension #IrishPensionsAwards

Editor in Chief
Francesca Fabrizi

Editor
Natalie Tuck

Associate Editor
Laura Blows

Deputy Editor
Jack Gray

News Editor
Sophie Smith

Reporter
Paige Perrin

Commercial
John Woods
Lucie Fisher
Tom Pickford

Design & Production
Amanda Scope

Accounts
Alina Susca

Circulation
perspectivesubs@dynamail.co.uk

Management
John Woods, Managing Director
Mark Evans, Publishing Director

Subscription rates:
£198 or €299 per annum

www.europeanpensions.net

2nd Floor,
5 Maidstone Buildings Mews,
London, SE1 1GN
ISSN 1753-5859

All rights reserved.
The views expressed in this journal are not necessarily those of the publishers.
Member of the PPA and the PLSA.

A little bit of hygge, sisu and lagom

Here in the UK, September welcomed us with a soaking. Suddenly, the days are shorter, the air cooler and pumpkin spice lattes once again adorn coffee shop menus. Autumn is here, bringing all its cozy charm. It used to be one of my favourite seasons – yes, *used* to be. What was once a time to dive into *hygge*, that Danish idea of comfort and warmth, it has now become my season of embracing bugs.

As I sit down to write, my preschooler is home, fast asleep, recovering from the latest round of nursery germs. A big thank you to those in the industry who've reassured me that these years of endless colds and viruses do eventually pass. He is building up his immunity, and his parents', making us all more prepared for future autumns.

It got me thinking about resilience and our constant need for growth. Just like our immune systems evolve, pension systems must do the same. The future will challenge their sustainability, and to stay resilient, they must adapt. The process may not be pleasant (neither is Chickenpox), but the hope is that, by going through it, we emerge with stronger, more sustainable, and resilient pension systems.

Of course, building resilience in our immune systems involves not just reacting to illnesses, but proactively maintaining our health through balanced nutrition, exercise, and regular check-ups. This proactive approach mirrors the need for strong pension systems that anticipate future needs and adjust policies accordingly.

"IT GOT ME THINKING ABOUT RESILIENCE AND OUR CONSTANT NEED FOR GROWTH"

That's why our cover feature in this issue [*page 18*] explores the ongoing reforms in Finland, where changing demographics are putting future sustainability at risk. The Finnish concept of *sisu* – a blend of stoic determination, resilience, and unwavering grit – will no doubt help the Finns preserve their world-class pension system.

If you haven't guessed by now, there is just one Scandinavian concept left to explore, and it could not be more appropriate for the pensions industry. *Lagom*, the Swedish word that means 'not too much, not too little' or 'just the right amount'. It is the perfect concept for the pensions industry to embrace. After all, the pensions industry's ever-enduring challenge is helping people to strike the right balance on saving for retirement, their investments and making that pension go the distance.

So, as you settle in to read this issue of *European Pensions*, now familiar with three Scandinavian concepts – *hygge*, *sisu*, and *lagom* – I hope you can embrace one of them while steering clear of those inevitable autumn and winter bugs. Enjoy!

Natalie Tuck, Editor

European Pensions has agreements with several associations to reach their membership. For details contact john.woods@europeanpensions.net

Contents

Autumn 2024

General features

26 The AI revolution
Jack Gray explores how the pensions industry can harness emerging technologies to improve member outcomes and the potential impact of the EU AI Act

88 Building together
Sandra Haurant examines how public-private partnership projects are changing and the opportunities available for pension funds

97 Exploring DORA
The EU's DORA regulation is just four months from taking effect, raising concerns about whether pension funds will be adequately prepared. One of the key challenges will be the scrutiny of third-party ICT vendors, along with the need for continuous testing. Lynn Strongin Dodds reports

100 A mosaic of talent?
The European pensions industry, like many sectors, is increasingly recognising the value of diversity within its workforce. Paige Perrin explores the key obstacles and potential strategies to enhance D&I across Europe's pension sector

103 Joining the club
Groups of businesses and other organisations with common goals often create national associations to advocate for their collective interests. That includes pension funds and many of the industries that serve them. A consequence of closer European integration has been the growth of Europe-wide associations, to try to combine the influence of national associations. David Adams reports

97

Country spotlights

18 Sustainable for generations
Tasked with finding savings of €1 billion by the government, Finnish social partners are locked in negotiations, exploring every avenue of pension reform. But what are the key proposals, and which direction is favoured? Natalie Tuck reports

23 Finland's rising youth disability applicants: How to support younger workers
An increasing number of young people in Finland are applying for disability pensions due to mental health issues. Elo's EVP of workability, Kati Korhonen-Yrjänheikki, highlights the available solutions to support these young workers

92 The ticking of the clock
Despite being Europe's financial and industrial powerhouse, the German pension system is beginning to struggle with an ageing population. Pete Carvill reports

95 Do EU initiatives support national pension policy? – A German perspective
Arbeitsgemeinschaft für betriebliche Altersversorgung e.V. (ABA) secretary general and PensionsEurope vice chair, Klaus Stiefermann, discusses why European policymakers should avoid one-size-fits-all solutions

Contents

Interviews

24 Investing for a greener future
European Pensions sits down with PME responsible investment strategist, Daan Spaargaren, to discuss the Dutch pension fund's latest climate plan, and the debate around nuclear power investments

106 Making his mark
Houthoff partner, Oscar Van Angeren, tells Francesca Fabrizi about his journey from Dutch litigator to pan-European investment and pensions lawyer, and what it means to be working with some of the brightest people in the world

Industry columns

87 Moving to the new system
Dutch Pension Federation Brussels office head, Matthies Verstegen, and policy adviser, Mark Boumans, discuss pension funds' progress with the transition to the new Dutch pension system

96 Norway: Enhancing private occupational pensions
Pensjonskasse Foreningen chief executive officer, Christer Drevsjö, discusses the Norwegian Ministry of Finance's initiative to enhance private occupational pensions, with a focus on paid-up policies

Regulars

06 News

15 Diary

16 Appointments

108 Ask the industry

110 Pensions talk

Winners brochure

29 European Pensions Awards Winners Brochure

Europe's pension landscape at 'critical juncture' – PensionsEurope says

PROGRESS NEEDED TO ENSURE SYSTEM IS RESILIENT AND INCLUSIVE

Written by: Jack Gray

Europe's pension landscape is at a "critical juncture", with progress needed to ensure the system is resilient, inclusive, and adequate across the EU, PensionsEurope has said.

In its latest paper setting out its 2024-2029 policy priorities for the new European Parliament and European Commission, PensionsEurope outlined the 'crucial principles' to address Europe's key challenges and the role funded pensions should play.

It noted that, between now and 2029, an updated approach to pensions was required to address ageing demographics, economic uncertainty, and changing working patterns.

To provide access and adequate provisions, the report emphasised the need for greater pension coverage, the closure of existing gaps, and for ensuring positive outcomes, with funded pensions as a crucial part of the solution.

PensionsEurope said it was important that access to pensions was easy and rules were simple, that coverage of occupational pensions increases with effective strategies, and that the EU works to continue expanding access and making personal pensions more flexible, affordable, and understandable.

Furthermore, it called for the EU to encourage member states to provide tax incentives for employers and employees to contribute to occupational pensions, and for contribution rates to be adequate, and to promote pension tracking systems.

"The EU should raise awareness of the importance of pension savings as pay-as-you-go social security pensions will not provide the same level of benefits in the future as before," the association said.

"Many people are unaware of how funded pensions work and their advantages. The EU should promote various means to improve information about pensions and projected retirement benefits. For that purpose, national and European tracking services can play an important part. Additionally, financial literacy is crucial."

The paper also advocated for a good balance between member states' policies and European policies, ensuring that pension funds benefit from the single market, and stressed the importance of maintaining minimum harmonisation in sectorial legislation while considering the specificities in other horizontal legislation.

It called for the IORP II Directive to remain as a minimum harmonisation legislation so it can adapt to the diversity of pension systems, for the EU to continue developing a robust and sustainable finance framework, to adopt legislation on withholding taxes (the FASTER initiative), and for proper impact assessments to be conducted before pension funds are obliged to apply to new EU regulations.

"In all member states, pensions play an important part of the social security system and there, rightly, is no uniform European model of how they should be organised," PensionsEurope said.

"The EU needs to promote different types of funded pensions as a crucial component for ensuring adequate retirement income and sustainable public finances."

The European Insurance and Occupational Pensions Authority (EIOPA) also shared its own review of the European pensions industry this summer, which found that Europe's insurance and occupational pensions sectors have remained robust overall despite "widespread challenges".

Its June 2024, *Financial Stability Report* noted that occupational pension funds were navigating a macroeconomic environment marked by high geopolitical tensions, a string of elections in large economies, uncertainties about the economic outlook, and waning support for globalisation and international cooperation.

Given this, EIOPA urged the pension and insurance sectors to be on the guard for emerging risk.

Institutional investors, such as pension funds, were found to be looking for yields in alternative assets, which the authority noted tend to be more illiquid and often more complex in their structure and approach to valuation than traditional asset classes.

"Sizeable allocations to alternative assets that are often illiquid, difficult to valuate and whose valuation is highly sensitive to interest rates have raised supervisory and financial stability concerns," EIOPA said. "As a result, supervisors are closely monitoring the risks associated with such investments."

"Our industries have demonstrated remarkable resilience and proven their strength"

Beyond the macro and market risks, funds were also grappling with climate-change related risks, as well as those linked to digitalisation and cyber security.

The report highlighted that 2023 was another year of high natural disaster loss, with climate change-induced extreme weather events causing around €240bn in economic losses worldwide.

Furthermore, EIOPA said supervisors from across Europe were increasingly concerned about digitalisation risks.

While this risk category was currently at a 'medium level', forward-looking assessments pointed to an increase, with cybersecurity weaknesses and hybrid geopolitical conflicts being the primary concerns.

It noted that legislative initiatives such as the Digital Operational Resilience Act (DORA) (read more on page 97), the Artificial Intelligence Act, and the European Single Access Point were all aiming to enhance the financial sectors' resilience to digital threats.

"At a time of growing uncertainties and rising scepticism about the future of international cooperation, EIOPA remains steadfast in its mission to foster financial stability in Europe's insurance and pension markets," commented EIOPA chair, Petra Hielkema. "Our industries have demonstrated remarkable resilience and have proven their strength in the face of various, rapidly evolving challenges.

"However, we cannot afford to be complacent going forward. We must remain vigilant regarding emerging risks and find responses to them that will further strengthen our sector, benefit citizens and contribute to a safer and more sustainable world."

News in brief

■ The Swedish Fund Selection Agency (FTN) has given notice for the procurement of actively and passively managed **Swedish** equity funds, focusing mainly on large and mid-cap companies. The procurements cover more than SEK 155bn and are expected to affect over one million pension savers. As part of its tender process, FTN intends to procure a maximum of 10 actively managed Swedish equity funds and a maximum of five passively managed Swedish equity funds.

■ The European Union Court of Justice ruled that, if a payment to pension fund participants depends primarily on the investment result, no value-added tax (VAT) on management is due from **Dutch** pension funds. A number of pension funds and their administrators submitted questions via the Dutch District Court as part of the case, to clarify who bears the risk of investments of pension funds.

■ Preliminary projections of **Finnish** earnings-related pensions revealed that they are set to rise by around 2 per cent at the beginning of 2025. Finland's Ministry of Social Affairs and Health will confirm the earnings-related pension index towards the end of October.

■ The volume of assets in the individual pension scheme system in **Spain** increased by €634m in July 2024, according to data from Inverco. Assets rose to €89.7bn during the month, which Inverco attributed to the positive performance in the financial markets. In 2024 so far, assets in the Spanish individual pension scheme system have risen by €4.8bn (5.7 per cent).

Ireland's AE Bill passed by Dáil; implementation concerns remain

THE LONG-AWAITED BILL PAVES THE WAY FOR THE CREATION OF AN AUTOMATIC ENROLMENT SYSTEM IN IRELAND

Written by: Natalie Tuck

Ireland's Automatic Enrolment Retirement Savings System Bill has been passed by the Dáil, with Tata Consultancy Services (TCS) chosen as the administrator to the scheme.

Following its approval by both houses of the Oireachtas, the legislation will now be sent to the President, Michael Higgins, to be enacted.

The long-awaited bill paves the way for the creation of an automatic enrolment (AE) pension system in Ireland, with 800,000 workers set to be enrolled into the scheme. It aims to increase pension coverage and overall pension adequacy in Ireland.

Ireland is the only OECD country that does not yet operate an auto-enrolment or similar system as a means of promoting pension savings.

The bill also establishes an independent public body, the National Automatic Enrolment Retirement Savings Authority (NAERSA), to administer the system and ensure compliance, under the aegis of the Department of Social Protection (DSP). TCS, which has been the pensions administration provider for the National Employment Savings Trust (NEST) in the UK since 2011, was selected as the preferred bidder to provide this administration as a managed service.

NAERSA will identify and enrol participants, collect and pool contributions, arrange for the investment of contributions, manage participant accounts including opt-outs, suspensions and opt-ins, and facilitate the payment of savings at retirement. The DSP said this will mean employers have minimal administrative work in relation to AE.

However, there have been calls for Irish employers to be given a six-month derogation period to enrol staff in the AE scheme. Despite these calls, the DSP has defended the decision to enrol employees immediately.

When the scheme launches, all current employees without an occupational pension will be enrolled into the system. Going forward, new members of staff will also be enrolled immediately under the rules.

A DSP spokesperson told *European Pensions*: "Auto-enrolment has been designed without a waiting period. This is so that participants can begin to enjoy the benefits of the scheme and saving for their retirement as quickly as possible."

The DSP also confirmed that where a company has an occupational scheme with a set waiting period for staff before they can be enrolled, those employees may be auto-enrolled.

In another criticism of the new bill, Ireland's Department of Finance (DoF) revealed it has "reservations" about the level of supervision of the AE scheme. A Minister's Brief put together by the department for the recently appointed Minister of Finance, Jack Chambers, stated: "The DoF has reservations in relation to the supervision proposed in the AE Bill and is of a view that the supervision should include Forward Looking Risk Based Supervision in line with every other pension scheme that the Pensions Authority oversees."

The DSP did not respond to *European Pensions*' request for comment on this.

Finnish govt proposes €14.5m budget cut to pension expenses for 2025

THE GOVERNMENT WILL DISCUSS THE BUDGET PROPOSAL IN EARLY SEPTEMBER, AFTER WHICH IT WILL FINALISE THE PROPOSAL

Written by: Natalie Tuck

Finland's Ministry of Social Affairs and Health has produced a proposal budget for 2025, with provisions for pension expenses taking a €14.5m cut compared to 2024.

Despite the cut, the ministry said around 36 per cent of its budget will be spent on pension expenditure.

The government will discuss the budget proposal in early September, after which it will finalise the budget proposal, and present it to parliament. The final budget will be approved by parliament in December.

In total, the Ministry of Social Affairs and Health has proposed spending €5.5bn on pensions, which is €14.5m less than in 2024. It said expenditure will be reduced by changes to benefits paid abroad (€38m) and housing allowance for pensioners (€12m), as well as raising the age limit for the national pension and rehabilitation allowance from 16 to 18 years (€6.5m).

Changes to pensions abroad affect the country's national pension, as it has been proposed that Finland will stop paying this basic state pension to recipients outside of Finland.

Under the existing legislation, benefits available under the National Pensions Act are paid to Finns residing abroad. This practice is based on an EU regulation and on bilateral social security agreements. Benefits available under the National Pensions Act are paid to around 25,000 persons residing outside Finland, about 18,000 of whom live in Sweden.

However, as part of its general government fiscal plan for 2025–2028, the government outlined plans to stop the payment of benefits available under the National Pensions Act to persons living outside Finland.

In addition, the Finnish government has also tasked social partners with reforming the country's partially funded earnings-related pension system for workers. Its ambition is to save €1bn in pension expenditure as a result of the reforms (see page 18 for more on this).

Debates around pension funding have also been seen more broadly, as the Finnish National Youth Council recently suggested using "generational funding" to secure the future of the country's earnings-related pension system.

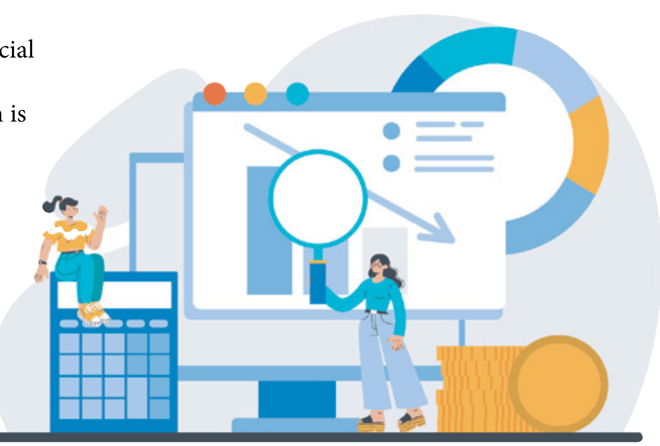
In a position paper, the organisation said there are no young people at the negotiating table for the upcoming Finnish pension reforms, which are due to be revealed in January 2025. Therefore, various youth organisations in the country organised their own negotiations.

The reform is being undertaken to ensure the financial sustainability of the occupational pension system. The Finnish government has set the objective of the pension reform to strengthen public finances in the long term by 0.4 percentage points of GDP, equivalent to around €1bn.

The youth sector's proposal, generational funding, would involve both current workers and pensioners. The youth sector's views on pension reform are strongly based on intergenerational fairness, reducing inequalities and preserving a sustainable pension system for future generations. The idea is that both younger generations, current workers and current pensioners should be involved in ensuring the sustainability of the pension system.

The sustainability of the pension system is currently under threat from declining dependency ratios, falling birth rates, weak economic growth, weak attachment of young people to careers, especially early in their careers, and the mental health crisis among young people.

Responding to the proposal, Finnish Social Security Minister, Sanni Grahn-Laasonen, called for intergenerational fairness in the pension reform.



German govt gives 'green light' to proposals on working longer

A POSSIBLE INCREASE IN CONTRIBUTION LEVELS TO SHORE UP THE COUNTRY'S PENSION SYSTEM PROMPTED CONCERN

Written by: Pete Carvill and Sophie Smith

The German cabinet has approved plans to encourage people to stay in work longer.

Multiple reports have indicated that anyone postponing the start of their retirement will receive a one-off bonus, based on the pension they would have received, if they remain employed for 12 months or longer.

It is understood that the payment will match the amount of pension that person would have received if they had retired, along with a premium because the pension insurance company did not pay contributions on the pension during this time.

According to *The Local,* the proposals are still at the draft stage, but it is intended that they will be introduced at the beginning of 2027.

The move is set to stem the bleeding of people working within the country, a figure that *Reuters* said will have decreased by 6.3 million between 2010 and 2030. Statutory retirement is 65.8 in Germany, with this figure set to rise eight years from now to 67.

Germany's pension scheme has been troubled for some time.

Based on three pillars – the statutory pension insurance, occupational pension schemes, and private plans – the country has a rapidly ageing population, with the proportion of the population being over the age of 65 slated to increase from 21 per cent to 29 per cent by the end of the decade. The Federal Statistical Office put that proportion at 15 per cent in 1991.

All this comes against a fraught political backdrop in which the far-right Alternative for Germany (AfD) party – which once held a secret event on deporting immigrants en masse back to North Africa – became the dominant political force in the state of Thuringia, absolutely battering current Chancellor, Olaf Scholz's, party in the elections.

Concurrently, the AfD also become the second-most popular in the state of Saxony. That situation, the first in decades in which a far-right party has assumed some form of power in Germany, had led to talks of a brandmauer (a wall of fire) to stem the AfD's success, meaning that the various political parties will agree amongst themselves on how to best block them.

And the proposals have had a mixed reaction, as the Confederation of German Employers' Associations (BDA) warned that whilst it is right that the ban on pre-employment is being relaxed, this opportunity should not only be open to those who have reached the standard retirement age.

"People who are already entitled to an old-age pension at an earlier age should also be given the chance to go through this door," BDA general manager, Steffen Kampeter, said.

"Unfortunately, the traffic light coalition is counteracting the decision to make it easier for older people to work with new, billion-euro additional costs for pension insurance and thus for contributors. Even higher burdens on employers and employees are acting as a brake on growth.

"The contradictory approach of subsidising early retirement and at the same time creating incentives for longer working hours costs twice as much and achieves nothing. It would be much more effective and cost-effective to finally abolish early retirement incentives such as the no-deduction pension from 63."

New UK govt launches 'landmark' pensions review

NEW UK GOVERNMENT GETS TO WORK ON PENSION POLICY WITH 'LANDMARK' PENSION INVESTMENT REVIEW

Written by: Sophie Smith

The new UK government has announced plans for a 'landmark' pensions review, hot on the heels of a Pension Schemes Bill.

After winning the UK's general election, the new government appointed MP for Leeds West and Pudsey, Rachel Reeves, as Chancellor and MP for Wycombe, Emma Reynolds, as Pensions Minister.

The government has since also made a number of pension policy announcements, including the launch of a 'landmark' review of the pensions landscape, which is set to consider further steps to improve pension outcomes, including assessing retirement adequacy, and increasing investment in UK markets.

The review, which will focus initially on investment, will aim to increase pension pots and tackle waste in the pensions system, building on the Pension Schemes Bill already confirmed in the King's Speech.

In particular, Reeves revealed plans to 'unlock' billions of pounds of investment from DC schemes, suggesting that the changes could also boost DC savings for individuals by over £11,000.

In addition to this, the review, in partnership with the Minister of State at the Department for Levelling Up, Housing and Communities, Jim McMahon, will look at how to unlock the investment potential of the £360bn Local Government Pension Scheme (LGPS), as well as how to tackle the £2bn that is being spent on fees.

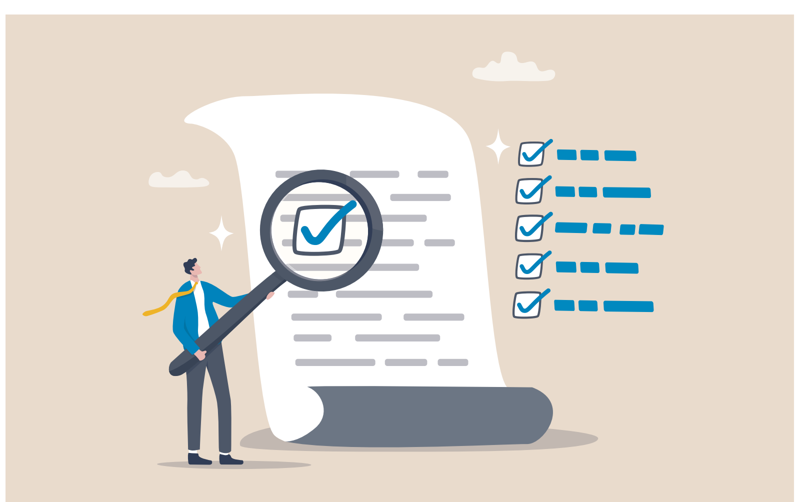
Commenting on the review, Reeves said: "Despite a very challenging inheritance, this new government is getting on with the job of delivering our mandate to get the economy growing so we can make every part of our country better off. The review we are announcing is the latest in a big bang of reforms to unlock growth, boost investment and deliver savings for pensioners. There is no time to waste. That is why I am determined to fix the foundations of our economy so we can rebuild Britain and improve people's lives."

The government has since shared further details on its plan, with the first phase of the review to focus on policy in four key areas. This includes driving scale and consolidation of DC workplace schemes, and tackling fragmentation in the LGPS through consolidation and improved governance.

In addition to this, the review will look at the structure of the pensions ecosystem and achieving a greater focus on value to deliver better outcomes for future pensioners, rather than cost, as well as plans to encourage further pension investment into UK assets to boost growth across the country.

Initial findings from the first phase of the review, focusing on investment, are expected "later this year", and ahead of the introduction of the Pension Schemes Bill.

The review will also consider any implications for wider government financial stability policy objectives, such as with respect to the gilt market, and consider fiscal impacts, which will need to be considered in the context of the public finances. The second phase of the review, meanwhile, will start later this year, and will consider further steps to improve pension outcomes, including assessing retirement adequacy.



Swedish AP funds continue to contribute positively, govt finds

THE SWEDISH GOVERNMENT FOUND THAT AP FUNDS ARE HELPING IN THE LONG-TERM FINANCING OF THE PUBLIC PENSION SYSTEM

Written by: Jack Gray and Sophie Smith

The Swedish AP funds continued to contribute positively to the long-term financing of the public pension system in 2023, the Swedish government has concluded.

In its annual evaluation of the AP funds to parliament, the government stated that all AP funds had fulfilled the statutory goal of managing their funds in an "exemplary manner".

The First-Fourth and Sixth AP funds achieved a combined return of 8.1 per cent in 2023, corresponding to SEK 144bn after costs.

Since the current Swedish pension system was introduced in 2001, the AP funds have delivered an average annual return of 6.2 per cent.

This means that the accumulated financial result between 2001 and the end of 2023 amounted to SEK 1,642bn.

Furthermore, the AP funds' capital totalled SEK 1,951bn at the end of 2023, representing a year-on-year increase of SEK 125bn.

Approximately SEK 20.5bn was transferred from the First-Fourth AP funds to the income pension system after administration costs.

Meanwhile, the Seventh AP Fund, which manages the default option within the premium pension system, achieved an average return of 18.4 per cent in 2023.

By comparison, private funds within the premium pension system had an average return of 16.7 per cent.

"During 2023, all AP funds have continued to work actively with sustainability issues," the government stated.

"The government assesses that all AP funds have fulfilled the statutory goal of managing the funds in an exemplary manner."

In other news, recent data from the Swedish insurance and occupational pensions association, Svensk Försäkring, revealed that premium payments to life and pension insurance are on the rise, increasing by 23 per cent, or SEK 23bn, in Q2 2024.

The group said that the increase was primarily driven by the fact that premium payments for occupational pensions, which have been mediated via the election centre, have increased "sharply", while premium payments to private endowment insurance have also increased.

In total, over the past four quarters, premium payments to competitive insurance policies in pension and life insurance amounted to SEK 358bn, of which contributions to occupational pensions accounted for 56 per cent, around SEK 200bn, of premium payments.

Payments to private endowment insurance accounted for SEK 14bn, corresponding to 41 per cent of the premiums paid, while the remaining SEK 11bn consisted of premiums for private pension insurance and other life insurance.

Other broad industry updates have also been seen, as, following on from the preliminary procurement specifications shared in May, the Swedish Fund Selection Agency (FTN) also gave notice for the procurement of actively and passively managed Swedish equity funds, focusing mainly on large and mid-cap companies.

The procurements cover more than SEK 155bn and are expected to affect over one million pension savers.

In particular, the actively managed Swedish equity funds category will comprise of around SEK 96bn in premium pension fund capital, while the passively managed Swedish equity funds will hold approximately SEK 59bn.

Austria's pension costs to rise to 15% of GDP - OECD

NEW ANALYSIS FROM THE OECD SUGGESTED THAT AUSTRIA'S PENSION EXPENDITURE AS A PERCENTAGE OF GDP IS SET TO RISE BY AROUND 1.3 PERCENTAGE POINTS BY 2030

Written by: Paige Perrin

Austria's pension expenditure is projected to rise by around 1.3 percentage points of GDP by 2030 based on current policies, according to the Organisation for Economic Co-operation and Development (OECD).

The *OECD Economic Survey: Austria 2024* noted that public pension expenditure as a percentage of GDP was 13.7 per cent in 2022, but is set to rise to 15 per cent by 2030.

Furthermore, its report stated that given the parameters of today's pensions system, the ratio of pensions to GDP would increase "sharply" by 2070 because of changes in the age structure of the Austrian population.

It also found that the gradual increase of the retirement age of women from 60 to 65 between 2024 and 2033, to align with the retirement age for men, will help contain the impact of ageing.

In addition to this, the indexation of pensions to inflation, in the long run, will also help control costs relative to economic activity but may affect adequacy in the future.

To ensure long-term sustainability, the OECD recommended adjustments be made to the contribution rate, the pension level and the retirement age.

The OECD said that as the labour tax is high when compared internationally and the average pension is decreasing relative to wage, age adjustments are likely to be the most effective solution.

Research reveals low Estonian third-pillar contributions

WHILST THE LEVEL OF ESTONIANS SAVING INTO THE VOLUNTARY THIRD PILLAR IS SIMILAR TO THE RATE IN NEIGHBOURING COUNTRIES, THE AMOUNT BEING SAVED BY THE MAJORITY IS LOWER THAN HOPED

Written by: Sophie Smith

The majority of Estonian people contributing to the third pension pillar save less than 5 per cent of their salary into the voluntary fund, according to research from Luminor.

In total, just over a third (34 per cent) of Estonian workers have joined the third, or voluntary, pension pillar, which Luminor pension fund manager, Vahur Madisson, said was "similar" to the rate in Latvia, where 31 per cent of people collect money for the third pillar.

In contrast, a "scant" 19 per cent of people of working age in Lithuania are saving into the third pillar.

However, the survey found that over three quarters (76 per cent) of people save less than 5 per cent of their net salary in the third pillar, with 37 per cent saving up to 2 per cent, while 39 per cent saved 3-5 per cent of their net salary.

In contrast, just under a quarter of pension savers set aside 6 per cent or more of their monthly net income, with almost 14 per cent putting between 6-10 per cent of their monthly net income into voluntary pension savings, while nearly 11 per cent save more than a 10th of their salary for the future.

The results showed that people of active working age put aside the most for retirement, as 30 per cent of those in the age groups 30-39 and 40-49 are saving 6 per cent or more of their salary in the third pillar.

The main motivator for this was a desire to take care of themselves financially in retirement, cited by 64 per cent of respondents.

Indeed, Maddison pointed out that 36 per cent are not sure they will manage financially in retirement.

Return to growth for global pension funds

THE WORLD'S LARGEST 300 PENSION FUNDS SAW A RETURN TO GROWTH IN 2023, PARTIALLY REVERSING PREVIOUS FUNDING FALLS

Written by: Sophie Smith

The assets of the top 300 pension funds increased by 10 per cent in 2023, although they are yet to return to the previous high seen in 2022, research from the Thinking Ahead Institute has revealed.

According to the report, the top 300 pension funds' assets under management (AUM) rose from USD 20.6trn at the end of 2022 to USD 22.6trn at the end of 2023, as markets stabilised somewhat from the high level of global economic uncertainty seen the previous year.

In particular, the analysis found that growth was faster among the biggest schemes, as the top 20 largest pension funds in the world recorded an increase in assets of 12 per cent over the past year, outpacing their smaller peers.

This faster growth also held true over time, with a compound annual growth rate for the past five years of 5.4 per cent for the top 20 pension funds compared to 4.7 per cent for the entire top 300.

However, the Thinking Ahead Institute emphasised that whilst the growth in assets across the global pensions landscape marked a "significant turnaround" from the 13 per cent fall in assets experienced in 2022, assets are still not yet back to the record highs seen in 2022.

US PRT market set to pass $50bn

NEW DATA SHARED ON THE LATEST US PRT MARKET ACTIVITY

Written by: Sophie Smith

The US pension risk transfer (PRT) market experienced a record breaking first half in 2024, analysis from Legal & General (L&G) has revealed, with full-year volumes set to pass USD 50bn.

According to L&G's update, the PRT market in the US closed its first quarter at an "unprecedented" USD 14.6bn, which contributed to a record total of USD 26bn in the first half of the year.

This marked a 15 per cent uplift on the same period in 2023.

Given this, L&G estimated that full year market volumes will exceed USD 50bn, surpassing 2023's volume of USD 46bn and nearing the record-setting volume of USD 51.9bn in 2022.

L&G found that the increase in US market volumes continued to be driven by transactions over USD 1bn, with five such transactions completed in H1, totalling more than USD 16bn.

News in brief

■ The **Canada Pension Plan Investment Board** (CPP Investments) announced that it has made an agreement to invest around USD 843m (CD 1.2bn) in energy infrastructure company, Tallgrass Energy. Commenting on the investment, CPP Investments managing director, global head of sustainable energies, Bill Rogers, said: "With a business strategy that combines traditional energy and decarbonisation solutions, Tallgrass is an attractive investment opportunity because of its dual role in delivering against growing energy needs and increasing decarbonisation opportunities."

■ The **California State Teachers' Retirement System (CalSTRS)** has selected Nordea's Global Stars Equity strategy to manage USD 450m in global equity investments. The Global Stars Equity strategy is managed by Nordea Asset Management's fundamental equities team, which is responsible for the firm's environmental, social and governance (ESG) STARS equity family and sustainable thematic range. In addition to ESG integration, all of NAM's ESG STARS equity strategies are net-zero aligned to help investors decarbonise their portfolios.

■ Gateway Capital, in partnership with **Ontario Teachers' Pension Plan** and an Asian Sovereign Wealth Fund, has acquired an infill Sydney logistics asset through the Gateway Capital Urban Logistics Partnership (GULP) vehicle. GULP, which was established in April last year with a cornerstone investment by Ontario Teachers', has a focus on inner urban core plus and value add assets on the east coast of Australia.

Diary dates 2024/25

The latest events occurring across the European pensions market

IRISH PENSIONS AWARDS
20 November 2024
The Round Room at the Mansion House , Dublin
The 13th Irish Pensions Awards continue to go from strength to strength, aiming to give well-deserved recognition to those pension funds, pension providers, advisers and pension professionals who strive to maintain the highest standards of excellence and professionalism in everything they do, despite the challenging economic and political landscape they find themselves operating in. This year's gala dinner will take place in a new venue after selling out the past two years.
EUROPEANPENSIONS.NET/AWARDS

EIOPA ANNUAL CONFERENCE 2024
21 November 2024
Scandic Hotel Museumsufer, Frankfurt
The European Insurance and Occupational Pension Authority's (EIOPA) Annual Conference brings together policymakers, industry and consumer associations and this year falls at the start of a new policy cycle. The conference will have a particular focus on the key issues that will shape the insurance and pensions supervision agenda over the next five years, including where artificial intelligence will take us, how to close the pensions and savings gap. This in-person event will conclude with a network drinks reception.
EIOPA.EUROPA.EU/MEDIA/EVENT

PENSIONS AGE AWARDS 2025
4 March 2025
Grosvenor House Hotel, London
The 12th annual Pensions Age Awards aim to recognise and celebrate the excellence of both pension schemes and their providers across the UK, especially those that have demonstrated outstanding performance and resilience in challenging economic conditions seen in recent years. These prestigious awards are open to all UK-based pension schemes and provider firms that cater to UK pension schemes. The awards are now open for entries and the deadline for submissions is 1 November 2024.
PENSIONSAGE.COM/AWARDS

Not to miss...

IAPF AUTUMN CONFERENCE 2024
3 October 2024
CCD, Dublin
iapf.ie/event

PLSA ANNUAL CONFERENCE
15-17 October 2024
ACC, Liverpool
plsa.co.uk/Events

CBBA-EUROPE ANNUAL CONFERENCE
8 October 2024
NH Brussels EU Berlaymont
cbba-europe.eu/eventlist

AEIP ANNUAL CONFERENCE 2024
14 November 2024
Residence Palace, Brussels
aeip.net/events

People on the move...

The latest news and moves from people within the European pensions industry

If you have any appointments to announce please contact natalie.tuck@perspectivepublishing.com

MAGNUS RODIN

The Swedish Pensions Agency has announced that it has promoted Magnus Rodin to deputy director general. Rodin, who is currently the head of the agency's Production Department, will be the new deputy director general and head of the Department for Government Management and Support. He took office on 16 September 2024, replacing Kajsa Möller.

EMILIA HÖGQUIST

The Swedish Financial Supervisory Authority (FI) has appointed Emilia Högquist as its new head of sustainable finance. Högquist has worked extensively with sustainable development and comes to FI most recently from a management position at the Ministry of Climate and Enterprise. As the head of sustainable finance at the authority, she will be FI's spokesperson on sustainability-related matters.

TOMAS FLODÉN

The board of AMF (AMF Tjänstepension AB) has appointed Tomas Flodén as AMF's new CEO, taking up the position on 1 January 2025. Flodén is currently CEO of AMF Fonder and head of asset management. He has previously been chief of staff and deputy CEO at AMF, and chief economist at the Swedish Financial Supervisory Authority. Flodén is an economist and has worked at AMF since 2009.

SEMIH ESKI

Dutch pension fund PMT has named Semih Eski as director and member of its investment committee. PMT said Eski has brought a wealth of experience from the world of pension funds and trade unions. His career includes various management positions, including chair of CNV Jongeren, board member of CNV, deputy member of the Social and Economic Council and board member of PensioenLab.

ANDY BORD

The trustee and Railpen Boards have appointed Andy Bord as Railpen's CEO, following the announcement in January 2024 of John Chilman's intention to retire. Bord will be responsible for the teams that invest around £35 billion of assets and provide administration services for over 350,000 railways pension schemes' members and pensioners, as well as the administration of several third-party clients.

Appointments

JONAS GYLDEN

Denmark's Industriens Pension has appointed Jonas Gylden as its new team leader in the Actuarial Department. Gylden will head a team responsible for a wide range of actuarial tasks crucial to running a pension company. His team is responsible for calculations of solvency and insurance provisions. He will be one of two team leaders with responsibility for the daily operations of the Actuarial Department.

LINEKE SNELLER

Lineke Sneller has been appointed by the shareholders of APG Group N.V. as a member of the supervisory board of APG Group. She will take up the position on 1 November as the successor to Dick van Well, whose second term ends this year. Her appointment is for a term of four years. Sneller is an experienced commissioner with a background in technology, innovation, finance, and risk management.

GUY STEAR

Amundi has named Guy Stear as head of developed markets strategy at the Amundi Investment Institute. Stear will oversee the equity and fixed income developed markets strategists that provide recommendations, analysis and research to Amundi's clients. Prior to joining Amundi, Stear worked at Société Générale where he held various senior positions.

SAMI ÄRILÄ

Finnish pensions company Ilmarinen has appointed Sami Ärilä as its human resources and communications director. Ärilä has served as Ilmarinen's personnel director and a member of the management team since 2018. The responsibility for managing communications will be transferred to Ärilä from Kaisa Ala-Laurila, who will start on 1 October.

JERRY MORIARTY

PensionsEurope chairperson, Jerry Moriarty, and secretary general, Matti Leppälä, have been appointed to the European Insurance and Occupational Pensions Authority's (EIOPA) Occupational Pensions Stakeholder Group (OPSG) for a four-year term. The association stated that their appointments reflected their exceptional expertise and commitment to the field of occupational pensions.

LAURA WICKSTRÖM

Laura Wickström has been elected as Veritas Pensionsförsäkring's investment director and management team member. Wickström has served as acting investment director and portfolio manager at Veritas. Her other roles include serving as managing director of AIM Capital. "Laura has exactly the experience and market understanding that this challenging task requires," Veritas managing director, Carl Haglund, said.

COUNTRY SPOTLIGHT **FINLAND**

Sustainable for generations

Tasked with finding savings of €1 billion by the government, Finnish social partners are locked in negotiations, exploring every avenue of pension reform. But what are the key proposals, and which direction is favoured? Natalie Tuck **reports**

There's a Finnish word – sisu – that captures the essence of Finnish character. While it lacks a direct English equivalent, it represents a blend of stoic determination, purposeful tenacity, grit, bravery, resilience, and strength.

And as the country looks at ways to reform its pension system, it is this sisu-like resolve that will drive it forward. Finland's pension system is counted as one of the best in the world. Indeed, the *Mercer CFA Institute Global Pension Index 2023* placed Finland's retirement system sixth out of 47 countries analysed. It's a notable achievement, but a closer look reveals that the sustainability of the system lets it down – with a score of 65.6 – compared to adequacy (77.4) and integrity (90.9).

There are several drivers behind its low score in sustainability, such as its ageing population, declining birth rate and a spluttering Finnish economy. Elo director of PR and sustainability, Katja Veirto, says: "Our pension system is one of the best in the world but, for example, the declining birth rate and the

%

ageing population challenge long-term sustainability."

Still, the government's decision came as a surprise to some who believe it should not meddle in the earnings-related pension system. However, Finnish Centre for Pensions (ETK) managing director, Mikko Kautto, explains the government's interests are related to the country's overall welfare spend and deficit. "Pensions, paid mostly through contributions on earnings, fall under the broad general government expenditure umbrella," he says.

"From the Ministry of Finance's perspective, it is a statutory system, it's mandatory, it's legislated and it is part of our broader public finances. The more the pension sector demands contributions from employers and employees, the government thinks the less it has room to manoeuvre for taking care of other public expenditure. The [*pension*] contribution rate is calculated in our total tax rate and there's a willingness in Finland not to increase the tax rate."

As the country's demographic pyramid is expected to become increasingly top-heavy with an ageing population, pension expenditure is projected to rise, Kautto notes. The pension system thus needs to secure its financial sustainability. This, in turn, helps determine resources for other critical welfare areas, but also the intergenerational fairness of the system.

On the other hand, Finnish Pension Alliance (Tela) manager, public advocacy, Janne Pelkonen, argues that the pension system itself is not the real issue. "We need a pension reform, but the main problem lies within the public economy, which now seeks support from the pension system. That's the current narrative, and it's a significant shift from previous pension reforms," he says.

Reforms

In the face of this, and a wider welfare cost-saving initiative, the country's Prime Minister, Petteri Orpo, set out his plan for reform in the June 2023 *Government Programme*, tasking the social partners with making reforms equating to 0.4 percentage points of GDP, around €1 billion.

In the October, the social partners and ministries formed two working groups and they have until 31 January 2025 to present their agreement. If no agreement is reached, then the government has said it will implement its own proposals, but Finnish Business and Policy Forum (EVA) head of research, Ilkka Haavisto, says this would be an "unprecedented crisis in the field of the Finnish pension system".

The pension negotiation group is chaired by the Confederation of Finnish Industries director, Ilkka Oksala, and is made up of representatives from the central employer and employee organisations. In addition, the Ministry of Social Affairs and Health and the Ministry of Finance have established their own working group, chaired by Ministry of Social Affairs and Health director general, Liisa Siika-aho.

These two working groups make up the tripartite model of the pension reforms. The earnings-related pension insurance companies are not included in any of the working groups, instead providing expertise to the groups along with Tela.

"Elo and other pension companies are used as expert help in the background preparation, and we are asked for views. So, we provide our contribution this way. We have a lot of information that cannot be found elsewhere other than in pension companies," Veirto says.

Kautto adds: "[*The reform*] is a big thing for the pension companies. Of course, they are interested in what kind of agreement will come out. They would like to be heard in the process. It's up to the social partners to listen to them. To some extent, they consult and ask them. We also work together with the pension companies, the actuaries from there, so that we get their feedback on our models and outcomes."

Haavisto points out the pros and the cons to this approach of pension reform. "I think it has its good sides, in that the pension system is, in a way, isolated from day-to-day politics. But, the fact also is that Finland had extremely large Baby Boomer age cohorts in the '40s and early '50s…. I think people should have understood that we were going to be in trouble since those Baby Boomer classes are so large."

He continues: "[*It would have been better*] if they had designed and implemented changes in the system that meant Baby Boomers would have stayed in working life longer… as they are all now retired. I would say – crudely – that they made a system to work the best for them and left the problems to the coming generations and that's what we are dealing with right now."

On the other hand, Pelkonen disagrees, instead arguing that the "current shortfall on pension contributions in the long run is caused by the declining birth rate since 2011, which has fallen by approximately 25 per cent since 2011".

"I THINK IT HAS ITS GOOD SIDES, IN THAT THE PENSION SYSTEM IS, IN A WAY, ISOLATED FROM DAY-TO-DAY POLITICS"

White smoke

Haavisto describes waiting for the negotiations as like waiting for the white smoke from the Vatican to appear when the Catholic Church is appointing a new Pope. Nothing is discussed with the exterior world; it is, he says, "very tight knit".

"No one from the committee, or the experts who give them advice, is really allowed to say anything in public. They have their internal struggles with themselves in the committee and, in the end, they come out with some kind of a resolution or proposal, which usually then is taken to the ministry and the ministry gives it to parliament and it is approved without making any changes or amendments," Haavisto explains.

Solvency ratios

However, several objectives set out in the mandate for the working group provide a glimmer of insight into some of the key proposals up for consideration. One of those is to amend the solvency margins of the four pension insurance companies – Elo, Veritas, Ilmarinen and Varma – allowing for more risky investments.

It's a proposal that has a lot of support, not just from the pension companies themselves but from lobbyists. It's also already being done by the country's public sector pension organisation, Keva, (see page 22 for a Q&A on this) which revealed its intention of introducing riskier assets towards the end of 2023.

Kautto says changing the solvency limits has been a topic of discussion and investigation for several years and he believes the solvency rules are "too strict compared to the long-term liability" that the pension companies have.

"They have to be solvent each day, whereas the value of their investments change according to market development. Sometimes, due to the solvency rules, they are forced to sell some of their stock holdings. That in the long run may not be the best thing when you are looking for returns for your investments. Designing solvency rules that allow better long-term returns is a tricky issue," he explains.

Tela, which represents the interests of pension insurance companies, is also supportive, according to Pelkonen. In

The Finnish pension system

- The pension system is made up of three pillars: The national pension and guaranteed pension, including other state top-ups for eligible pensioners (first), the mandatory earnings-related pension system and other occupational pension schemes, of which there are few (second), and private pension savings (third).
- Finnish Centre for Pensions (ETK) managing director, Mikko Kautto, believes the Finnish pension system is "one of the easiest pension systems in Europe to understand".
- "The present system is 90-95 per cent earnings-related pensions, which is mandatory. The same accrual and benefit rules apply whether you're employed in the private or public sector, whether you're an employee or self-employed person, or even a farmer. In that respect, it's rather easy to understand," he explains.
- The driver of this system is, he says, that everyone should earn through their career and lifetime earnings "a decent enough pension that will be paid in case of disability, loss of a family provider, or when you reach old age".
- There are four pension insurance companies available for private sector employers to select for their employees' pension insurance – Elo, Veritas, Ilmarinen and Varma – which operate like a DB pension scheme. Public sector workers' pensions are managed by Keva, which is governed in a different way to the private sector, along with other sector specific schemes.
- As of 2024, contribution rates are set at 24.81 per cent in the private sector and 27.15 for Keva member organisations, and the contribution rates of sector-specific schemes also vary. Around a third of the contribution comes directly from employees' salary and two-thirds, approximately, from employers.
- The earnings-related pension system is partially funded at a level around 25-30 per cent of the pension liabilities invested. Currently, around 12 per cent of contributions across the public and private sector are allocated to the funded part of the system with the rest of the contributions funding current pension expenditure as part of the pay-as-you-go aspect of the system.
- The average replacement rate is around 60 per cent of average lifetime earnings. The coverage of the earnings-related pension is close to 100 per cent among wage earners, due to it being mandatory. For the self-employed there is a threshold for compulsory pension insurance, but even for them, the coverage is high. Those with little earnings-related pension savings are protected by the national and guarantee pension in the first pillar.

"MANY FINNISH PENSION COMPANY CEOS HAVE BEEN HINTING THAT THE SITUATION IS REALLY NOT OPTIMAL"

practice, this could also mean allowing earnings-related pension companies to increase their equity exposure by around 10 percentage points, he says.

From Elo's perspective, Veirto adds: "As a long-term investor, Elo supports this type of reform. It makes sense to take advantage of the long term. The effects would be of the same type for all pension companies as equity investments increase."

Haavisto's organisation is also supportive, stating that under the current regulations a "big chunk" of investments have to be placed in government bonds and less risky assets. He highlights the Swedish AP Funds and the "stark differences" between how much they, and the Finnish pension companies, have made on their investments.

"Many Finnish pension company CEOs have been hinting that the situation is really not optimal. They have also alluded that the kind of old thinking that a big chunk of their investments would be done in the Nordics, or in the Nordic stock markets, is not a really good idea – that they need a free hand to invest more in either whatever they want and wherever they want," he says.

Automatic stabiliser

Another, more controversial aspect of the working group's agenda, was what Haavisto refers to as the social partners' "cryptic sentence", hinting at the introduction of a third automatic stabiliser.

Currently, the pension system has two automatic stabilisers in place: The Life Expectancy Coefficient and pension age.

"The life expectancy coefficient reduces the amount of the starting pension if longevity increases," Kautto says. In addition, a 2017 reform introduced a second automatic stabiliser that linked pension age increases to life expectancy; both mechanisms work on the basis of mortality development.

The potential introduction of a third automatic stabiliser has sparked considerable debate due to the lack of details on its specifics. Tela has previously warned that such a measure could pose a "serious risk" to the pension system. From a pension company's perspective, Veirto emphasises that any new stabiliser must be "understandable and treat different generations fairly". Meanwhile, Haavisto notes that there has been "total silence" regarding how social partners might define or implement this new stabiliser.

A variety of complex options could be introduced for an automatic balancing system, but how would it function? Essentially, if the earnings-related pension system were projected to face a long-term deficit, the mechanism would activate and implement its predefined measures to address the shortfall.

"Depending on your political choice," Kautto says, "it could affect the pension formula for the future pensions, or the pension accrual rate of that specific year. You would adapt a little – for example, pension accrual is not 1.5 but it's 1.48 during that year – or something like that. You could also agree to move the contribution rate a little." He believes that any new automatic stabiliser should be developed in relation to the total balance sheet of the pension system, rather than a single aspect, like the mortality of the system.

Pelkonen is concerned, though, that a new balancing mechanism might lead to reductions in current benefit payments through an adjustment to the index.

"There would be some type of break on the annual indexation of pensions until the balance would be achieved. We are critical of this, because if we fix the contribution level, the system is no longer a defined benefit system. That would be a systemic change. We haven't had that type of public discussion until now. The general public is not aware of this [*potential*] looming systemic reform," he says.

However, Haavisto argues that it would be difficult to cut benefits already in payment due to the Finnish constitution and pension benefits are protected as property rights under the country's law.

But could public perception of pensions pave the way for a significant change like this in the future? Haavisto thinks so: "I think most Finns now think of their pensions as investments and savings made on their behalf and partly by them. So, I think people's mindsets have changed along the way and, in future, they might be more interested in viewing the pension system more as an investment instead of an insurance scheme."

Speculating, Haavisto also believes that "difficult discussions in the committee" will have taken place on the elimination of pension accrual during periods of earnings-related unemployment benefit. Despite this, he believes "labour unions are vehemently against that kind of proposal" as unemployment benefits have recently been cut.

Another option potentially up for discussion could see pension accrual whilst in education or for those undertaking qualifications scrapped. “I think several people have suggested that that should be eliminated,” Haavisto says, “because that would incentivise people to study faster and enter working life sooner. And there’s no logical connection between studying and the pension system either.”

Public perception

Regardless of the outcome, Pelkonen warns that any automatic stabiliser is a matter of fairness. “It will affect the trust that people have in the Finnish system. The balancing system – the third balancing system – is really tricky, because we already have two. He also insists that the replacement rate should be adequate also for younger generations in the future, since their pension levels are cut by the existing life-expectancy coefficient stabiliser.”

However, public discussion is intensifying, and the Finnish National Youth Council has held its own pension negotiations, recently publishing a report calling for intergenerational fairness.

At the time of the report’s launch, Finnish National Youth Council advocacy expert, Titta Hiltunen, stressed that the pension reform “must focus firmly on the future” with the students proposing the idea of introducing generational funding to the earnings-related pension system.

“The system must treat different generations equally and fairly if it is to be widely accepted and sustainable, now and in the future. Young people must be consulted on the reform,” she said. The council’s report was welcomed by Finnish Social Security Minister, Sanni Grahn-Laasonen, who also called for intergenerational fairness in the pension reform.

As we move swiftly into autumn and the final quarter of 2024, the January deadline feels just around the corner, barely beyond the holiday season. Indeed, those anticipating the outcome of the negotiations will soon see their ‘white smoke’.

Taking the lead

Last September saw Finland’s public-sector pension provider, Keva, announce its decision to increase the risk level in its investment portfolio. Its communications specialist, Kaija Karjalainen, tells *European Pensions* about the decision

Keva announced in September last year its decision to increase the risk level of the investment portfolio. Can you tell us the reason?

» The decision to increase the risk level of Keva’s investment portfolio was a logical progression from the earlier developments that commenced in 2017, when the current investment strategy was approved by Keva’s board. Over the years, the board had gradually increased the equity weight in Keva’s Reference Portfolio, which serves as the board’s main tool for defining the baseline investment risk.

The actual portfolio is then managed in relation to this risk anchor, with a relatively large deviation mandate. The board’s decision in June 2023 recognised that, despite the measures taken, the primary risk to the pension system – namely, the risk of not achieving the long-term required return, also known as the long-term shortfall risk – remained too high. As a result, a multi-year plan was devised to further raise the risk level of the Reference Portfolio.

Has work already started on this strategic decision? If so, what has changed so far in terms of asset weighting?

» The equity weight in the Reference Portfolio has been progressively increased in accordance with the outlined plan, with a total increase of 6 percentage points across three increments. The actual portfolio has generally mirrored these changes, although the timing and instruments used may not always align perfectly with those of the Reference Portfolio. The continuation of this trajectory is a crucial aspect of the ongoing investment strategy work. At least one more increase is anticipated based on existing decisions. Any further increments would require a revisit of the analysis on which the previous decision was based, followed by new decisions derived from this work in the future.

How will Keva manage the volatility that comes with increased investment risk in its portfolio?

» Keva’s investment strategy is primarily focused on generating sufficient real returns, with short-term volatility being a secondary concern as shortfall risk management is the focus. This approach is enabled by Keva’s independence from any external solvency regime, which often include pro-cyclical elements that can make it challenging to sustain risk-taking during market fluctuations. However, Keva aims to dynamically and counter-cyclically adjust its investment risk level and explore the inclusion of more convex payoffs in its investment mix.

ELO

Finland's rising youth disability applicants: How to support younger workers

An increasing number of young people in Finland are applying for disability pensions due to mental health issues. Elo's EVP of workability, Kati Korhonen-Yrjänheikki, **highlights the available solutions to support these young workers**

Mental health disorders among young people are increasing, leading to higher rates of disability pensions in Finland and globally. Although the overall incidence of new disability pensions has been declining in Finland for a long time, the application rate among those under 30 has increased.

Between 2018 and 2023, the number of disability pension applications received by Elo due to mental health reasons among those under 35 grew by 41 per cent. The largest increase within this group has been among young adults earning between €20,000 and €50,000. This is particularly concerning because the growth is greatest among young people who, on paper, are doing well and are integrated into the workforce.

This increase of young persons' mental disorders is a significant societal challenge, causing human suffering, costs for companies and society, and potentially leading to social exclusion among young adults. The demographic structure of Finland and other Western countries requires solutions to young people's mental health problems to ensure a sufficient workforce in the future. Schools, educational institutions, and workplaces play a crucial role in detecting and addressing mental health problems.

Mood disorders, particularly depression, and anxiety diagnoses are prevalent in disability pension applications. Long absences from work due to mental health issues are increasing and pose a significant risk to the future work ability of young people.

Behind the challenge are several phenomena. The digital age has changed how we live and interact, leading to loneliness, immobility, and obesity. Increased uncertainty due to factors like climate change, war, and economic instability also contribute to anxiety, particularly among young people. The requirements of working life have increased. The pace of work, the level of demands, and the requirement for continuous learning have increased in working life – this needs to be acknowledged in workplaces. It is very detrimental if workplaces are unclear about what is expected of employees or if there are obstacles to success at work. These issues must be addressed.

We also observe a trend where normal life challenges and unpleasant feelings are increasingly being viewed as mental health problems. Mental health issues must be taken seriously and treated properly, but we must also ensure that young people develop the resilience to withstand life's hardships.

The good thing is that there are really many ways to strengthen young people's ability to work and we have a lot of tools at workplaces. Early identification and appropriate treatment of mental health disorders can prevent disability pensions. A balanced workload and early support if problems arise are the best medicine.

Supervisory work is crucial for work wellbeing. Clear goals, clear roles, a reasonable amount of work, and a supportive environment are key. Many young people demand too much from themselves, and there may be deficiencies in basic work life skills. Effective early support models and investing in the skills of supervisors are essential. Occupational healthcare and pension providers are key partners for companies in supporting and strengthening employees' ability to work.

CASE STUDY

Investing for a greener future

***European Pensions* sits down with PME responsible investment strategist, Daan Spaargaren, to discuss the Dutch pension fund's latest climate plan, and the debate around nuclear power investments**

WRITTEN BY **SOPHIE SMITH**

Daan Spaargaren, PME responsible investment strategist

Dutch pension fund PME recently announced plans to broaden its current climate plan to include targets for asset classes other than equities, after it reached its previous goal of reducing the absolute CO2 emissions of its equity portfolio by half by 2030. This has not been the only recent investment update from the fund, however, as it also confirmed it is keen to invest in nuclear assets, although it stressed that this must be in partnership with the Dutch government, due to it being such a "risky investment".

The comments were made in the wake of the publication of the *Dutch National Energy System Plan*, which looks to scale up the use of nuclear energy in the Netherlands, prompting growing public debate over the use of the power source.

Amid the scrutiny over pension fund investments, with various debates over the best way to invest for both better member outcomes and a greener future, *European Pensions* sat down with Dutch pension fund, PME, responsible investment strategist, Daan Spaargaren, to discuss the fund's latest climate plan, and the debate around nuclear power investments.

PME published its first climate plan at the end of 2022, which included a goal of reducing the absolute CO2 emissions of its equity portfolio by half by 2030. Your latest updates confirmed that the fund has more than achieved this goal; please tell us more about how the fund worked to meet this target, and any other key achievements in the fund's climate efforts so far?

■ PME is constantly working on making its investment portfolio more sustainable in its pursuit for good

investment returns. One of the key elements to achieve this goal was our focus on the energy transition. We excluded fossil fuel companies from our investment portfolio and reinvested this capital into renewable energy. This move led to a significant decarbonisation of our portfolio.

In addition, we are closely following the carbon intensity developments in certain sectors, like cement producers, aluminium producers and steel companies. Companies in our portfolio within these sectors also report lower carbon intensity results. On the other hand, the automobile sector is behind and should take extra steps in the years ahead.

PME has also announced plans to broaden its current climate plan to include targets for asset classes other than equities. What motivated this extension to your climate plan, and the practical changes you expect to make to help meet this target?

■ Around 50 banks, insurers and pension funds committed to the Dutch Climate Agreement. All signatories to the commitment are required to draft action plans for every individual asset class within its investment portfolio. PME has action plans in place now for all relevant asset categories, including equities, bonds, private equity, real estate, infrastructure, sovereigns, mortgages and forestry.

The action plans include targets and ambitions that will contribute to our overarching goal to be a net-zero asset owner in 2050. In the coming years, we will carefully implement all individual actions that are part of the plans and monitor progress to make sure we stay on track to meet our goal.

PME also recently suggested that it was keen to invest in nuclear investment, where this was in partnership with the Dutch government. Please tell us more about how investments in the nuclear space support the fund's climate efforts? And what action, if any, would you like to see the government take to mitigate the risk that can be associated with nuclear investments?

■ There is an intense societal debate going on in the Netherlands about the need to quickly reduce CO2-emissions. In that debate, the government also looks at the financial sector to contribute to the energy transition, as well as the upgrading of the grid in support of the energy transition.

Another topic is nuclear energy. The previous government planned two new nuclear power plants; the current government aims for four new plants. PME published a statement saying that the pension fund is not against nuclear energy in principle. However, a choice for nuclear energy must not slow down the pace of the energy transition. Considering the fact that it takes at least 10-15 years before a nuclear plant is up and running, PME is not convinced that nuclear energy is an economically viable solution.

And last but not least, potential investments in nuclear power plants should of course fit within our risk-return-sustainability framework.

"PME PUBLISHED A STATEMENT SAYING THAT THE PENSION FUND IS NOT AGAINST NUCLEAR ENERGY IN PRINCIPLE. HOWEVER, A CHOICE FOR NUCLEAR ENERGY MUST NOT SLOW DOWN THE PACE OF THE ENERGY TRANSITION"

PME was also one of five Dutch pension funds to recently back calls for the creation of a national investment institution to facilitate public-private partnerships (PPPs). Why do you think this is needed, and what other actions/ steps do you think the govern-ment could take to help encour-age greater pension fund invest-ment in the energy transition?

■ The energy transition is a major challenge. Pension funds want to contribute to the energy transition, but supply and demand of the needed capital is fragmented. A national investment institution can play an important role in managing this by providing investment opportunities to both larger and smaller pension funds, and by doing so making sure the pension funds can earn a solid return and contribute to the common good at the same time.

When the government acknowledges the challenge we are facing and pushes for solutions like grid upgrading, renewable energy and energy storage solutions, pension funds can play their role in providing the capital needed.

What are the next steps for PME in terms of climate investments, and what can we expect to see in the fund's next climate plan?

■ We are now committed to implementing the actions that we laid down in our climate action plans. By doing so, we hope to realise the targets and ambitions of all action plans for the individual asset categories. In 2025, we will evaluate the current actions and monitor where we are regarding targets. We will then also consider the need to adjust the current short- and medium-term targets.

TECHNOLOGY

The AI revolution

Jack Gray **explores how the pensions industry can harness emerging technologies to improve member outcomes and the potential impact of the EU AI Act**

As the world continues to hurtle through the 21st century, technological advancements are showing no signs of slowing down. Digitisation and automation have been a mainstay across industries for decades, and the financial services sector is no different. However, the pensions industry has not always been the quickest to adopt emerging technologies, unlike other financial sectors like banking or private investing.

This is perhaps unsurprising: Pensions are long-term savings vehicles with vast amounts of legacy data, making new technologies harder to implement, while the workplace pensions space tends not to offer as many products as other financial services, amid stricter regulation and less financial incentive. However, emerging technologies can play a pivotal role in improving outcomes. Online dashboards, digitisation, and automation can drive efficiencies, data analysis, and member engagement. Artificial intelligence (AI) has been touted as a gamechanger for the pensions industry, helping drive these efficiencies and supporting members through their retirement journeys.

"The governance structure of pension schemes provides an additional level of safety and ongoing fiduciary oversight, unlike most other areas in the economy where AI is being deployed," notes PensionsEurope senior policy adviser, Thibault Paulet. "There are fewer AI use cases in our sector than in the others because pension funds are not selling financial products. However, AI is being used for the dialogue between pension funds and members and beneficiaries through chatbots and for asset management optimisation." The European Union's (EU) new AI regulation came into force on 1 August, requiring classification of AI systems based on their risk level and the application of risk management systems in 'high-risk' AI tools. As the industry increasingly adopts emerging technologies, these regulations have become more relevant.

Harnessing new tech

New technologies can be utilised across all steps of the pension saving journey, from in-house to member-facing

services. Insurance and Pension Denmark head of digital policy, Sigrid Floor Toft, says implementing AI can result in more precise results from mathematical models.

"The use of AI for predictive analytics will allow for more strategic financial planning and risk management, which will impact on the strategic decision-making capabilities," she continues. "It can reduce the time employees spend on manual repetitive tasks. In the short term, we expect the largest AI uptake in case processing."

The most widespread adoption is in customer services, Floor Toft says, particularly generative AI for advanced chatbots in the short term, and automated call handling and processing in the long term. "Generative AI is indeed a potential game-changer in the pensions and insurance industries, particularly due to its ability to create tailored content and provide personalised insights," explains Previnet senior manager, Dejan Malesic.

"This technology's application in these sectors is still in its early stages, but there are clear and compelling use cases that could reshape how pension funds and insurance companies operate."

Drawing on various data sets, these applications include providing member advice through personalised retirement planning and dynamic risk profiling, and guiding members through benefit options and claims procedures. The industry has sought to improve communication and education approaches, adds Engage Smarter AI market strategy director, Andy Dickson, who states that making personalised guidance available to all pension scheme members, cost effectively, has been a "very real challenge" for providers and schemes. "The advent of AI could be the revolutionary solution to this perennial problem," he says. "Conversational AI can be deployed to deliver support and guidance for members at key moments such as: Taking benefits, personalised nudging, processing transfers, fraud and scam detection. It can be accessible 24/7 every day of the year and offered at extremely low costs compared to offering access to call centre staff."

Malesic highlights that emerging technologies can also support staff training and knowledge management and routine task automation. He states: "AI can quickly assimilate vast amounts of documentation, including pension regulations, plan rules, and jurisdiction-specific requirements. It can then assist officers by providing instant access to relevant information, helping them navigate complex legal and regulatory landscapes. AI can also handle routine queries from employers and members, freeing up human resources. Additionally, it can prepare detailed reports by extracting and analysing data from member portfolios."

"THIS INFORMATION REVOLUTION WILL TRANSFORM THE LIVES OF THE MILLIONS OF PENSION SCHEME MEMBERS"

Making an impact

One of the more impactful emerging technologies is likely to be generative AI, a tool that can generate text and other data using generative models and prompts. For the pensions industry, this could lead to more efficient, cost-effective, and accessible customer service, and improved decision-making processes. "In my view, generative AI will have the biggest impact in the following years," says Malesic. "It represents a major step forward in AI technology. It holds the potential to transform the pensions and insurance industries by providing personalised advice, simplifying complex decision-making processes, and supporting administrators in their roles. As more providers recognise these benefits, the adoption curve is likely to steepen."

Floor Toft adds that generative AI will likely bring additional opportunities due to its flexibility and scalability, which expands the range of potential applications with reduced development and integration costs. While generative AI will probably affect a smaller number of processes, as traditional AI is better suited to repetitive tasks, members will likely experience a larger impact of generative AI. It can also assist pension professionals in making informed decisions by analysing trends, member behaviour, and market data, Malesic notes, alongside providing scenario analyses and recommendations to help optimise fund performance and meet regulatory requirements.

Conversational AI is also expected to make a significant impact, with a white paper from Engage Smarter predicting that conversational AI agents will become the industry standard for delivering financial guidance.

"This information revolution will transform the lives of the millions of financial services customers and pension scheme members who are currently excluded from receiving knowledgeable support and guidance," notes Dickson.

New tech, new risks

As with anything new, emerging technologies bring with them emerging risks that the pensions industry will need to adapt to and account for swiftly to ensure their members and businesses are safe. Cyber risks are becoming more prevalent, with the European and Insurance Occupational Authority's recent Risk Dashboard highlighting an increasing risk outlook for digitisation and cyber risks over the next 12 months.

These risks can be seen in recent cyber attacks on Capita in the UK, whereby pension scheme members' personal details were accessed, and on SH Pension in Sweden, in which customer data was stolen.

Emerging technologies use member data to provide the services required, but this can leave them vulnerable to fraudsters. "AI is heavily reliant on data, so protection of that data is paramount," says Dickson.

"People are rightly concerned about the possible misuse of their personal information or its theft through cyber hacking. Transparency is vital in building trust with companies and end-users alike."

Floor Toft argues that there is an issue with the opacity of some AI models, which require more focus on explainability and transparency. "The use of data for AI applications also requires ethical considerations in some instances, particularly when using sensitive data," she continues. "Also, AI requires an increased focus on data quality and validity to be able to counter and mitigate potential bias." While accuracy is a key metric for traditional AI, Floor Toft highlights that traditional accuracy metrics are less viable for generative AI.

One "major concern" with emerging technologies is the fear of job displacement, Malesic adds, and there is a perception that, as technology becomes more capable, it will replace human workers. "I believe that while generative AI will not replace human expertise in every domain, it will create a significant competitive gap between those who adopt it and those who do not," he says. "The key will be for businesses and professionals to leverage generative AI to enhance their capabilities."

Malesic points to generative AI's ability to create fake documents, images and audio, which can be used to spread disinformation or impersonate individuals. "This could lead to a wide range of negative consequences, from damaging reputations to influencing public opinion," he says. "Addressing this risk will require robust verification tools and methods to distinguish between genuine and AI-generated content."

The EU AI Act

To try and minimise these potential risks, the EU's new AI regulation came into force in August. Under the new rules, AI systems' risk levels will need to be evaluated in accordance with the regulatory criteria, appropriate mitigation measures for 'high-risk' systems will need to be implemented, and ongoing compliance with General Data Protection Regulation (GDPR) will be required.

Floor Toft notes that it's difficult to say what impact the regulations will have on the industry at this stage, as it is dependent on the implementation, and how the guidelines and standards will operate in practice.

"The comprehensive high-risk rules in the AI act are expected to affect only 5-15 per cent of all AI use," she notes. "While this is a relatively small number, we would still expect to see a spillover from the act, where AI users over time will deploy good practice solutions from the coming guidelines and standards underpinning the act."

While Floor Toft believes the balance between risk and requirements was largely achieved, the act could become a barrier to AI uptake if it becomes unbalanced.

Malesic argues that while AI has the potential to enhance decision making in the pensions sector, the 'high-risk' categorisation introduced by the EU AI Act and associated compliance requirements could pose "substantial challenges".

These challenges include regulatory compliance, explainability challenges, the potential impact on AI adoption, and data access and quality. "The compliance requirements could be particularly burdensome for smaller pension funds and providers, which might struggle with the resources needed to meet these obligations," Malesic says.

"The regulation may also require pension funds to provide greater access to the data used by AI systems, enabling individuals to review and potentially challenge the decisions made by these systems. Ensuring data quality is a critical aspect of this process."

However, Paulet argues it is unlikely AI pension use cases would be categorised as unacceptable and high-risk. "Those two categories come with specific stringent requirements," he says. "For AI use cases that would be categorised under limited risk such as chatbots, some transparency requirements are imposed, while the AI act encourages the establishment of voluntary application of codes of conduct for minimal-risk AI use cases."

"ENSURING DATA QUALITY IS A CRITICAL ASPECT OF THIS PROCESS"

Celebrating excellence in
European pension provision

The winners

Organised by:

European Pensions

Media Partner:

PENSIONSAge

Supported by:

WWW.EUROPEANPENSIONS.NET/AWARDS
@EuropeanPension #EuropeanPensionsAwards

WWW.EUROPEANPENSIONS.NET/AWARDS
@EuropeanPension #EuropeanPensionsAwards

European Pensions
AWARDS 2024

European Pensions
AWARDS 2024

Contents

33 The judging panel

34 List of winners

Highlighted winners

36 Innovation Award (Technology)
Legal & General

40 Investment Manager of the Year
Legal & General Investment Management

42 Master Trust Offering of the Year
SEI

46 Factor Investing Offering of the Year
Russell Investments

48 Infrastructure Manager of the Year
AXA IM Alts

50 Fiduciary Management Award
Goldman Sachs Asset Management

52 Best Investment Strategy Award
Cushon

54 Alternatives Investment Manager of the Year
Nuveen

56 Pension Technology Provider of the Year
Heywood Pension Technologies

58 Equities Manager of the Year
Nordea

60 European Pensions Innovation Award
Irish Life

62 Pension Insurance Firm of the Year
PIC

64 Private Equity Manager of the Year
Neuberger Berman

66 Currency Manager of the Year
State Street Global Advisors

68 European Pension Consultancy of the Year
Mercer

70 ETF Provider of the Year
BNPP AM

72 European Pension Fund of the Year
Nest

74 LDI Manager of the Year
Columbia Threadneedle Investments

76 European Pensions Innovation Award (Investment)
Allianz GI

78 Property Manager of the Year
Invesco

80 Pension Fund Communication Award
Fidelity International

82 Fixed Income Manager of the Year
Golden Tree Asset Management

83 Pension Fund Innovation Award
AG2R La Mondiale

European Pensions
AWARDS 2024

Congratulations!

A huge thank you to everyone who joined us for this year's European Pensions Awards at the Marriott Hotel on London's famous Grosvenor Square.

There was an extra feeling of excitement and expectation in the air, given that the event took place on the same day as the UK general election, and the evening did not disappoint as hundreds of Europe's pensions elite gathered to reflect on what has again been a busy year; and to celebrate the industry's hard work and dedication.

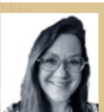
This year, we presented over 30 trophies to winners from a whole host of European pension funds and providers, recognising excellence across a spectrum of disciplines.

We would like to give a particular mention to Evalinde Eelens, this year's European Pensions Personality of the Year, whose hard work and passion, whether that be in relation to her work with various European pension boards, or her commitment to improving diversity, sets the bar high for the pensions space. Congratulations to all our winners and we hope you enjoy reading our summary.

Francesca Fabrizi, Editor-in-chief, European Pensions

Judging Panel

Rob Barrett
Head of UK Distribution, Reframe Capital



Jana Bour
Head of Policy & EU Partnership, Impact Europe

Francesco Briganti
Secretary General, CBBA-Europe

David Butcher
MD, Communications and Content

Evalinde Eelens
Board Member, Multiple Dutch pension schemes

Snædís Ögn Flosadóttir
Head of Institutional Sales and Services, Arion Banki

Chetan Ghosh
Chief Investment Officer, Centrica Pension Scheme

Matti Leppälä
Secretary General/CEO, PensionsEurope

Jerry Moriarty
CEO, Irish Association of Pension Funds

Richard Poole
Legal Director, Pensions & Employee Benefits, Royal Mail Group

Tim Reay
Treasurer, International Employee Benefits Association (IEBA)

Mike Smaje
Trustee Executive, BESTrustees

Oscar Van Angeren
Partner, Houthoff

Winners 2024

European Pensions Consultancy of the Year
Mercer

Investment Manager of the Year
Legal & General Investment Management

Equities Manager of the Year
Nordea Asset Management

Fixed Income Manager of the Year
GoldenTree Asset Management

Alternatives Investment Manager of the Year
Nuveen

Property Manager of the Year
Invesco Real Estate

Infrastructure Manager of the Year
AXA IM Alts

Private Equity Manager of the Year
Neuberger Berman

ETF Provider of the Year
BNP Paribas Asset Management

Emerging Markets Manager of the Year
Polar Capital

Risk Management Firm of the Year
Aon

Currency Manager of the Year
State Street Global Advisors

LDI Manager of the Year
Columbia Threadneedle Investments

Multi-asset Manager or Provider of the Year
Railpen

ESG or SRI Provider of the Year
J.P. Morgan

Fiduciary Management Award
Goldman Sachs Asset Management

European Pensions Law Firm of the Year
Eversheds Sutherland

Custodian or Transition Management Firm of the Year
BlackRock

Pensions Insurance Firm of the Year
Pension Insurance Corporation (PIC)

Pension Scheme Administrator of the Year
Previnet

Pensions Technology Provider of the Year
Heywood Pension Technologies

European Pensions Innovation Award
Irish Life

European Pensions Innovation Award (Investment)
Allianz Global Investors

European Pensions Innovation Award (Technology)
Legal & General

Master Trust Offering of the Year
SEI

Factor Investing Offering of the Year
Russell Investments

European Pension Fund of the Year
Nest

Best Investment Strategy Award
Cushon

Pension Fund Communication Award
Fidelity International

Pension Fund Innovation Award
AG2R LA MONDIALE

Diversity Award
Newton Investment Management

Marketing Campaign of the Year
Scottish Widows

Personality of the Year
Evalinde Eelens

European Pensions Innovation Award (Technology)

The European Pensions Technology Innovation Award recognises those firms that have brought technological innovation to the pensions marketplace, whether through a specific product, service offering, or overall business approach. This category was designed in response to market volatility in technology, honouring those firms that have responded to market pressures with originality and creativity.

This year's winner, Legal & General, was commended by the judges for harnessing the potential of AI in pensions technology to bring genuine change to the marketplace. Congratulations to Legal & General on a well-deserved win!

The judges were impressed by Legal & General's significant and innovative steps towards a future-forward digital workplace and user experience in 2023. The firm showcased a range of new technological initiatives designed to ease their client's administrative burden and promote digital services to members quickly and easily.

A notable initiative was the launch of C.A.R.E., an operational architecture based on the principles of Collaboration, Automation, Right first time, and Ease for customers, reducing operational risk and creating seamless member journeys and outcomes.

Additionally, the launch of an AI-driven cloud solution, DocuSort, enables incoming member documents to be scanned and sorted in record time. This innovation was recognised at the Amazon Web Services conference, where Legal & General was praised as the first in the financial services industry to use AI for complex documents. The firm's commitment to innovation continues with a major investment into a Super App to increase member interactions. This app aims to connect the dots with members' other savings using open finance and integrated biometrics.

The firm dedication to creating the best outcome for its clients was further recognised by the judges through its My Scheme Updates (MySU) and My Scheme Intelligence (MySI) systems. MySU allows pension schemes to send pension enrolment and contribution data to Legal & General quickly, processing data for up to 250,000 members in under four minutes. Similarly, MySI is a client dashboard, providing access to periodic reporting, the latest data and performance insights, and data extracts produced in record time.

Legal & General has also stepped up its communications by introducing avatar capabilities to create custom videos for clients, promoting digital service to members quickly and easily. The firm's use of AI, robotics, and leading cloud-based enterprise solutions demonstrates how Legal & General efficiently and effectively meet the needs of its five million workplace members, via the member's channel of choice.

Congratulations again to Legal & General, the worthy winners of this year's Technology Innovation Award!

Access all areas

We are giving our DC pensions savers access to **private markets.**

Find out more:
lgim.com/dcprivatemarkets

For professional clients only. Not to be distributed to retail clients. Capital at risk.

Issued by Legal & General Investment Management Limited. Registered in England and Wales No. 02091894. Registered Office: One Coleman Street, London, EC2R 5AA. Authorised and regulated by the Financial Conduct Authority.

Pension Scheme trustees and investment consultants: Intended for pension fund trustees and their investment consultants only. Not to be distributed to pension scheme members. Capital at risk.

A private markets fund designed specifically for DC schemes

by **Jesal Mistry**, Head of DC Investments, Legal & General

As a defined contribution (DC) pension fund provider, we aim to help our clients invest for the best possible outcomes. In our view, this means not only finding great investment opportunities, but also ensuring that these are accessible to schemes and members.

Much has been said over the past several years about the potential benefits of private market investments, such as portfolio diversification and greater, long-term net of fees returns. Indeed, at Legal & General we have been investing in private markets for over 40 years and we believe they can be a valuable part of a portfolio. Defined benefit schemes (DB) have been taking advantage of these opportunities for decades. However, largely for operational reasons, up until recently, DC schemes have generally lacked access to them.

With the advent of the Long-Term Assets Fund (LTAF), private market investing has been opening up to more DC members. But, while LTAFs have certainly addressed some of the challenges faced by DC schemes, we believe there are still obstacles to making these investments truly accessible to DC. Recognising this and being in a position to address these difficulties with some of our existing strategies and expertise, we have structured the new L&G Private Markets Access Fund specifically to help mitigate against some of the challenges with liquidity, operations, valuations and taxation.

Enabling liquidity

DC schemes have continuous ebbs and flows of capital, so as well as the operational need for daily valuations, they require daily dealing. This can sometimes be problematic for the managers of a stand-alone LTAF who, to fund standard daily liquidity demands, may have to make decisions about which private market assets to dispose of, or simply hold a large allocation of cash within the fund. This can mean that investors' capital isn't working as hard as it could be.

We've addressed this by building our solution a little differently. We are offering an investment-focused DC

solution providing total portfolio management within a unit-linked PMC fund, which offers daily dealing. Our LTAF, which accesses a diverse range of private market assets, sits inside the PMC fund. We also hold complementary public market investments within the PMC, but separately from the LTAF. These easily-traded assets enable us to satisfy 'noisy' daily dealing requirements driven by payroll and rebalancing, whilst not needing to hold large quantities of cash or make a forced sale of private market assets.

Further, one of the concerns some DC clients have is how they will divest in the event of, for example, a large asset allocation switch. In this case, we have a nine-month notice period and have structured the portfolio so that sufficient private market assets can be liquidated in this time frame.

Operations and valuation

DC platforms are accustomed to daily liquidity requirements. This means that LTAFs which don't provide such a facility will require infrastructure and administration changes to be made to the platforms before they can be placed on them. As the L&G Private Markets Access fund is a PMC structure, many of which we already have on DC platforms, this should make for a smoother transition when adding the fund to platforms.

As already mentioned, there is a need for daily valuations. Individual members need to be able to see their up-to-date valuations and not stale pricing. The underlying LTAF is daily priced, therefore net asset value (NAV) updates from any private markets funds are fed through to it on a timely basis. We are also able to fair-value adjust third-party fund pricing, and we have put in place valuation checks, as well as regular formal reviews through the relevant internal oversight functions.

Tax implications

Our unit-linked life fund structure provides a range of well-established tax benefits to UK DC investors. The LTAF will be structured as an Authorised Corporate Scheme (ACS), therefore allowing efficiencies from a tax perspective to flow through while preventing unrecoverable corporate taxes from accruing within it.

Conclusion

There are many reasons to use L&G for private markets investing, not least our size, scale and experience. However, without the requisite ability to invest and divest easily and efficiently, the benefits are, we believe, somewhat mitigated. In our view, this new, innovative structure is a critical milestone in the evolution and democratisation of the private markets asset class.

Important information

The value of investments and the income from them can go down as well as up and you may not get back the amount invested. Past performance is not a guide to future performance. It should be noted that diversification is no guarantee against a loss in a declining market. Assumptions, opinions and estimates are provided for illustrative purposes only. There is no guarantee that any forecasts made will come to pass.

The details contained here are for information purposes only and do not constitute investment advice or a recommendation or offer to buy or sell any security. The information above is provided on a general basis and does not take into account any individual investor's circumstances. Any views expressed are those of LGIM as at the date of publication. Not for distribution to any person resident in any jurisdiction where such distribution would be contrary to local law or regulation. Please refer to the fund offering documents which can be found at https://fundcentres.lgim.com/

This financial promotion is issued by Legal & General Investment Management Ltd. Registered in England and Wales No. 02091894. Registered office: One Coleman Street, London EC2R 5AA. Authorised and regulated by the Financial Conduct Authority. Legal and General Assurance (Pensions Management) Limited. Registered in England and Wales No. 01006112. Registered Office: One Coleman Street, London, EC2R 5AA. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, No. 202202.
LGIM Real Assets (Operator) Limited. Registered in England and Wales, No. 05522016. Registered Office: One Coleman Street, London, EC2R 5AA. Authorised and regulated by the Financial Conduct Authority, No. 447041. Please note that while LGIM Real Assets (Operator) Limited is regulated by the Financial Conduct Authority, it may conduct certain activities that are unregulated.
Legal & General (Unit Trust Managers) Limited. Registered in England and Wales No. 01009418. Registered Office: One Coleman Street, London, EC2R 5AA. Authorised and regulated by the Financial Conduct Authority, No. 119273

Investment Manager of the Year

With increasing longevity rates and market turmoil upping the pressure on investment managers to perform, this award recognises excellence in investment management at one of the most challenging times in European pensions history.

This year's winner was praised by the judges for its continued innovation in responsible investing, as well as its passion for meeting the investment needs of both DB and DC schemes.

Having strengthened its footprint in the European institutional space considerably in recent years, LGIM has now set its heights even higher, aiming to become a leading international asset manager in Europe by 2025. This commitment to the European market has pushed the group to launch a number new products as it evolves its offering to meet the changing client and market demands.

LGIM has provided particular support to de-risking efforts following recent defined benefit (DB) funding improvements. In 2023, for instance, LGIM's parent company, Legal & General Group, agreed a £4.8bn full buy-in with the Boots Pension Scheme. LGIM has provided investment management services to this scheme for over 20 years.

Efforts to support defined contribution (DC) savers have also continued at pace, with LGIM now taking care of more than 5 million members in its workplace business, of which 1.7 million are master trust members.

LGIM has maintained its commitment to responsible investing, with £331.6bn in responsible investment strategies explicitly linked to environmental, social and governance (ESG) criteria, as at 30 June 2023. LGIM has paid particular attention to engagement, continuing to collaborate with those both inside and outside the pensions industry to help drive real-world change and accelerate the pace of the climate transition.

Despite a challenging backdrop, LGIM has never stood still, continuously working to expand, evolve and adapt with the changing market. Congratulations again to all of the team at LGIM!

Key risks: For professional clients only.

Past performance is not a guide to the future. The value of an investment and any income taken from it is not guaranteed and can go down as well as up, you may not get back the amount you originally invested. The Information in this document (a) is for information purposes only and we are not soliciting any action based on it, and (b) is not a recommendation to buy or sell securities or pursue a particular investment strategy; and (c) is not investment, legal, regulatory or tax advice. Legal & General Investment Management Ltd. Registered in England and Wales No. 02091894.

European credit: Quality matters

After a surge in volatility in global markets and signs of economic slowdown, we see potential opportunities in higher quality issuers and focusing on valuation and selection, writes Lan Wu, European Credit Portfolio Manager at LGIM.

In June, the European Central Bank (ECB) delivered its first rate cut in years - but fell short of promising any further decreases for the time being. This may have been because of the accompanying hawkish upgrade in both growth and inflation forecasts for the remainder of 2024. The central bank stressed the need for data-based decisions and for a meeting-by-meeting approach, thus limiting any forward guidance for which investors may had hoped.

At the same time, Euro investment grade (IG) spreads have continued to tighten, while all-in yields remain in our view attractive, offering more than 100 basis points (bps) over the risk-free rate*.

While inflows into Euro investment grade credit continued, issuance picked up, especially in reverse Yankee bonds (those issued by US companies denominated in a currency other than the dollar), as they were keen to tap the European market and *diversify their funding sources.

In this context, we believe European IG credit is still attractive in terms of spreads and yields, with a limited duration of 4.5 years. However, with the upside surprise to services inflation (predominately European wages) earlier in the year, we remain humble in our ability to predict inflation and interest rate trends.

We maintain a cautious stance on the back of the strong compression trade already seen in the first half of 2024. While we expect a supportive technical backdrop to continue for European IG credit, the premium offered on European new issues has largely disappeared, which, we believe, also warrants a more cautious approach.

Key Risk Warnings

The value of investments and the income from them can go down as well as up and you may not get back the amount invested. Past performance is not a guide to future performance.

*It should be noted that diversification is no guarantee against a loss in a declining market.

The details contained here are for information purposes only and do not constitute investment advice or a recommendation or offer to buy or sell any security. The information above is provided on a general basis and does not take into account any individual investor's circumstances. Any views expressed are those of LGIM as at the date of publication. Not for distribution to any person resident in any jurisdiction where such distribution would be contrary to local law or regulation.

Legal & General Investment Management Ltd. Registered in England and Wales No. 02091894. Registered office: One Coleman Street, London EC2R 5AA. Authorised and regulated by the Financial Conduct Authority.

In the European Economic Area, this document is issued by LGIM Managers (Europe) Limited, authorised and regulated by the Central Bank of Ireland as a UCITS management company (pursuant to European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended) and as an alternative investment fund manager (pursuant to the European Union (Alternative Investment Fund Managers) Regulations 2013 (as amended). LGIM Managers (Europe) Limited's registered office is at 70 Sir John Rogerson's Quay, Dublin, 2, Ireland and it is registered with the Irish Companies Registration Office under company no. 609677.

Master Trust Offering of the Year

Master trusts have taken the market by storm, as pension funds continue to look for ways to control their costs without compromising on quality and governance. Already well established in the UK, the market is undergoing rapid change as it sees significant consolidation.

This year's winner has had a phenomenal year, the judges said, adding that they were impressed with its commitment to excelling in the areas of investment, service and innovation. Congratulations, SEI, winners of the Master Trust Offering of the Year!

SEI had a standout year in 2023, growing to £4 billion in assets under management for 250 plus clients – putting SEI on track to achieving its goal of being one of the UK's largest master trusts by 2031.

Some of its acquisitions in recent years include Atlas and the National Pensions Trust (NPT), with members of these schemes already reaping the benefits that come with a larger scheme, such as a better array of investment options, representing greater value for money.

Part of SEI's success can be credited to its high-conviction investment philosophy. Arguably one of the most crucial aspects of the member experience, SEI offers a 'flexi' default strategy, which has been meticulously designed by a host of investment and pensions experts. In 2022, SEI's default option outperformed many of its industry peers on both a risk-adjusted and absolute returns basis.

The pensions industry can have a reputation of being slow to innovate, but SEI is taking a stand against this. For example, SEI's master trust uses 'nudge' notifications to encourage members to take action in response to certain events. Continuing with its commitment to innovate, SEI is now exploring next best action (NBA) prompts, which use artificial intelligence and real-time interaction data to help give members a suggested next action based on their current behaviours and preferences.

In addition to this, SEI provides members with annual video statements, which will soon be launched in real time, highlighting its continued effort to enhance the member experience. Such a development would allow members to view how much they've saved for retirement at any given moment.

A client's experience with their pension scheme provider undeniably benefits from excellent customer service, and SEI stands out in this area. All of its clients have a dedicated relationship manager, who provides guidance and support, with regular calls and visits, if required. Furthermore, recognising the importance of inclusivity, SEI has overhauled its member booklets, with a view to making them more accessible from a diversity, equity and inclusion (DEI) perspective.

Well done to the team at SEI!

This is a marketing communication.
For professional investors only, capital at risk.

SEI Master Trust.

Helping to deliver better outcomes for defined contribution members.

After acquiring the Atlas Master Trust in 2021 and the NPT Master Trust in 2023, we are committed to becoming one of the UK's largest commercial investment-led master trusts by 2026.

We believe that with improved scale comes an enhanced proposition: We offer exceptional service to and through retirement by virtue of our investment expertise, industry connections, and innovative approach to journey planning.

Find out how at seic.com.

This advert has been created in relation to the SEI Master Trust, an occupational pension scheme which is authorised by the Pensions Regulator. The trustee of the SEI Master Trust is SEI Trustees Limited. SEI Trustees Limited has appointed SEI Investments (Europe) Ltd ("SIEL") as investment adviser to the SEI Master Trust and pursuant to its investment advisory agreement. This advert is issued and approved by SEI Investments (Europe) Ltd. ("SIEL") 1st Floor, Alphabeta, 14-18 Finsbury Square, London EC2A 1BR, Reference Number 191713 . SIEL is authorised and regulated by the Financial Conduct Authority.
Past performance does not predict future returns. Investment in the range of the SEI Master Trust's funds are intended as long-term investments. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested. While considerable care has been taken to ensure the information contained within this advert is accurate and up to date and complies with relevant legislation and regulations, no warranty is given and no representation is made as to the accuracy or completeness of any information and no liability is accepted for any errors or omissions in such information or any action taken on the basis of this information.

Just how should we assess value for money (VFM)?

With VFM at the heart of the new pension schemes bill, SEI's DC team argue for a definition of 'value' that covers more than just costs.

In the wake of Labour's win in the UK general election, the industry has welcomed a new pensions minister in Emma Reynolds. Whilst her appointment has been well received, Reynolds will undoubtedly have a lot to contend with over the coming weeks and months.

Value for money is one such area of contention, with the Financial Conduct Authority (FCA)'s new consultation paper looking to evolve the industry's definition of value. To this end, we so often see investment performance and active management pitted against fees. True, active management typically incurs higher fees than passive management, but do clients always feel they're being overcharged? Not necessarily, particularly if risk-adjusted performance is good, and they're with a provider who's proactively seeking to reduce their charges.

Does 'low cost' always mean 'good value'?

An example is perhaps illustrative. Corporate Adviser produce a quarterly study showing how different providers compare to one another on a risk/return basis. The study also benchmarks said providers against the Corporate Adviser Pensions Average (CAPA), i.e. the average over the period for all schemes, subject to data availability.

For a younger saver with 30 years to state retirement

age, the SEI Master Trust outperformed the CAPA index by 2.78% for the five-year period to 31 December 2023. If we assume our saver had a retirement pot of £12,300 , then this difference is significant. Over the five-year period, our saver would wind up £2,509 better off investing with SEI:

Member profile: **- 30 years to state retirement** **- £12,300 pot**		
	CAPA Five-year gross performance	SEI Master Trust Five-year gross performance
	8.66%	11.44%

Difference (%)	2.78%
Difference (£)	£2,509

Source: SEI, for the five-year period to 31 December 2023, gross of fees, using data from Corporate Advisor (see footnote 2). Gross returns are calculated by adjusting the monthly net return to exclude Administration, Trust and Custody fees. Fees would reduce the returns shown. We have chosen an example member 30 years from retirement, as this is when capital appreciation is most important. We have chosen a pot of £12,300, for illustrative purposes, as this was given as the average DC pot size by the Pensions Policy Institute (PPI). See footnote 4. Past performance is no indication of future success.

Now consider what this says about value: the table above shows our investment performance was above average. There may well be providers who charge less than us in fees, but doesn't that somewhat miss the point? The 2.78% difference between our master trust's performance and the UK average is worth more than a basis point or two in fees. Hypothetically speaking, we could have charged members significantly more to achieve the UK average in the example above. And not just a basis point or two more, but 278 basis points (the fee equivalent of 2.78%) – far beyond the point at which the charge cap would kick in.

So you see, 'low cost' doesn't always equate to 'good value'. And if, after contributions, investment performance is the greatest driver of retirement outcomes for members, then surely that's where we should be focusing our attention.

1 Alina Khan, 'King's Speech 2024: 'surprise' pension schemes bill unveiled', FT Adviser, 17 July 2024.
2 CapaData, 'Risk/Return – younger saver, 30 years from retirement, 1-year, 3-year, 5-year annualised', Corporate Adviser, Q4 2023.
3 The Corporate Adviser Pensions Average (CAPA) is the average (mean) return delivered by defaults known to Corporate Adviser, over set time frames. It covers the performance of the strategies of more than 95 per cent of the entire master trust market, as well as those of key life insurers active in the provision of workplace pensions.
4 £12,300 is given as the average DC pot size by the Pensions Policy Institute (PPI). See 'The DC Future Book', Pensions Policy Institute (PPI), 2023.

Important information
This is a Marketing Communication.
This advertorial has been created in relation to the SEI Master Trust, an occupational pension scheme which is authorised by the Pensions Regulator. The trustee of the SEI Master Trust is SEI Trustees Limited. SEI Trustees Limited has appointed SEI Investments (Europe) Ltd ("SIEL") as investment adviser to the SEI Master Trust and pursuant to its investment advisory agreement. This information is issued and approved by SEI Investments (Europe) Ltd ("SIEL") 1st Floor, Alphabeta, 14-18 Finsbury Square, London EC2A 1BR. This advertorial and its contents are directed at persons who have been categorised by SIEL as a Professional Client and is not for further distribution. SIEL is authorised and regulated by the Financial Conduct Authority. While considerable care has been taken to ensure the information contained within this advertorial is accurate and up-to-date and complies with relevant legislation and regulations, no warranty is given and no representation is made as to the accuracy or completeness of any information and no liability is accepted for any errors or omissions in such information or any action taken on the basis of this information. The information in this advertorial is for general information purposes only and does not constitute investment advice. You should read all the investment information and details on the funds before making investment choices. Please refer to our latest Prospectus (which includes information in relation to the use of derivatives and the risks associated with the use of derivative instruments), Key Investor Information Document, PRIIPs KID, Summary of UCITS Shareholder rights (which includes a summary of the rights that shareholders of our funds have) and the latest Annual or Semi-Annual Reports for more information on our funds, which can be located at Fund Documents (https://seic.com/en-gb/fund-documents). And you should read the terms and conditions contained in the Prospectus (including the risk factors) before making any investment decision. If you are in any doubt about whether or how to invest, you should seek independent advice before making any decisions. The UCITS may be de-registered for sale in an EEA jurisdiction in accordance with the provisions of the UCITS Directive. Past Performance does not predict future returns. Investment in the range of the SEI Master Trust's funds are intended as long-term investments. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested. This document and its contents are for Institutional Investors only and not for further distribution.

Russell Investments

Factor Investing Offering of the Year

Factor investing strategies have continued to grow in importance for pension funds; helping provide stable returns amid volatile financial markets. This award recognises the firm that has a true understanding of the role factor investing can play in pension portfolios today and has demonstrated a true expertise in implementing this dynamic strategy. Congratulations to this year's winner of the Factor Investing Offering of the Year Award – Russell Investments!

Russell Investments stood out to the judges, who said: "This firm demonstrated passion and expertise in the factor investing space and impressed the judges with its performance and innovation."

The judges were particularly impressed by the firm's ability to support its clients in achieving their holistic portfolio objectives, providing cost efficiency and important diversification. Russell Investments' wider multi-asset expertise enabled it to support investors with incorporating relevant factor strategies into their portfolios, working to ensure symbiosis with active managers.

Russell Investments further demonstrated why it deserved to win this year's Factor Investing Offering of the Year Award through the in-house design, implementation and management of its strategies, which span equity, fixed income and currency markets. Furthermore, the firm has successfully utilised its end-to-end competency to enhance its factor capability for its clients this year, all while delivering exemplary service.

This end-to-end competency helps identify clients' portfolio challenges, design innovative tailored strategies to these challenges, and efficiently implement. Russell Investments also launched two new cashflow-driven investment strategies for clients looking to run self-sufficient portfolios. These buy and maintain funds will meet increasing demand as UK defined benefit schemes become mature and cashflow negative.

The firm demonstrated its expertise across the investment universe through the utilisation of a temporary bespoke factor strategy in its flagship Emerging Markets Equity Fund to retain exposure to value while finalising a manager change. This was used alongside the fund's existing Active Positioning Strategy, and provided systemic and diversified large cap value exposure, outperforming both the MSCI Emerging Markets Index and the terminated manager.

Russell Investments impressed the judges in the fixed-income space with the performance of its in-house Intelligent Credit strategy, which has performed well in distressed markets, absorbing volatilities during shocks. Furthermore, the firm successfully accessed currency markets through factor strategies, enabling stable returns at a lower cost versus active management.

The judges also highlighted the exemplary service provided by the firm, which has 57 dedicated customised portfolio specialists focused on delivering customised factor solutions for clients of all sizes. Congratulations to the team!

What role does factor investing play in markets today?

Following a year of volatile markets, maintaining smooth client returns in pensions has not been straightforward. However, factor investing has proven to be an effective strategy, offering a blend of cost efficiency, diversification, and performance potential.

At Russell Investments, we've recognised the significance of factor investing in supporting pension portfolios, which has recently been underscored by receiving the Factor Investing Manager of the Year 2024 award from European Pensions.

Updated strategies

Key to our factor investing strategies has been cementing our expertise across multiple asset classes. In equities, we blend custom factor strategies with active management to manage risk and access diversified returns, adjusting our approach in response to market dynamics. For instance, we recently shifted exposure within global equities from U.S. Value to U.S. Quality.

In fixed income, our Intelligent Credit strategy emphasises low turnover and cost efficiency while addressing carbon exposure concerns. In currency markets, our factor strategies, including the Absolute Return Currency Strategy, deliver stable returns at a lower cost than active management, enhancing diversification and downside protection within portfolios.

New solutions

In 2023, we made substantial investments in factor research and development to broaden our offering, focusing on integrating criteria such as cash flow matching and Environmental, Social, and Governance (ESG) considerations.

We've launched two new cashflow-driven investment strategies for clients looking to run self-sufficient portfolios. Our "Buy & Maintain" Funds are compliant with Sustainable Finance Disclosure Regulation (SFDR) Article 8 and use fundamental and quantitative approaches to provide customised payoffs, adherence to a net zero glidepath, and lower cost.

While still relatively new product offerings, we've seen demand from pension schemes for these solutions as they look to invest sustainably while maintaining a stable cash flow. We have seen this demand arise from both an ethical and returns perspective, with members wanting to support the global energy transition, while recognising the return benefit of investing in sustainable organisations now (rather than having to pivot portfolios in the future).

ESG integration

We continue to work on integrating more ESG data into our factor-based strategies and have expanded our capabilities to include more ESG-focused factor strategies for use in funds with net zero alignment and sustainable investment universes.

Key to our ESG integration has been leveraging technology capabilities in the form of our Enhanced Portfolio Implementation (EPI) solution. The centralised nature of the platform means we can express ESG objectives efficiently across our multi-manager funds. This has allowed us to expand our SFDR Article 8 Fund range to 19, ensuring clients have access to the best ESG-focused options available.

The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Past performance does not predict future returns.

For Professional Clients Only.
Unless otherwise specified, Russell Investments is the source of all data. All information contained in this material is current at the time of issue and, to the best of our knowledge, accurate. Any opinion expressed is that of Russell Investments, is not a statement of fact, is subject to change and does not constitute investment advice.
In the EU this marketing document has been issued by Russell Investments Ireland Limited. Company No. 213659. Registered in Ireland with registered office at: 78 Sir John Rogerson's Quay, Dublin 2, Ireland. Authorised and regulated by the Central Bank of Ireland. Russell Investments Limited. Company No. 02086230. Registered in England and Wales with registered office at: Rex House, 10 Regent Street, London SW1Y 4PE. Telephone +44 (0)20 7024 6000. Authorised and regulated by the Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN. In the UK this marketing document has been issued by Russell Investments Implementation Services Limited. Company No. 3049880. Registered in England and Wales with registered office at: Rex House, 10 Regent Street, London SW1Y 4PE. Telephone 020 7024 6000. Authorised and regulated by the Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN. KvK number 67296386

Infrastructure Manager of the Year

Investing in infrastructure has become key for European pension funds today, yet only those managers with superior knowledge and expertise can get the most from this exciting asset class. This year's European Pensions Infrastructure Manager of the Year Award went to AXA IM Alts, which the judges hailed as a "key player in the all-important infrastructure arena, shining across both the debt and equity spaces".

The numbers speak for themselves – AXA IM Alts has been investing in infrastructure for more than 11 years and has since invested over €22 billion in European infrastructure across both debt and equity.

However, it wasn't just the assets under management that caught the attention of the judges – AXA IM Alts also demonstrated, said the judges, a "superior and diverse knowledge and understanding of the infrastructure space across Europe", evidenced by its notable infrastructure platform, encompassing projects across the digital, energy, social, transportation, and utility sectors, and spanning numerous key European markets.

Additionally, the firm showcased several notable deals it has been involved in; the significant impact it is having across both the debt and equity spaces; and, importantly, its commitment to environmental, social and governance (ESG) issues across both its debt and equity investments.

In the debt space, AXA IM Alts gave the example of its involvement in the financing of a data centre company in Europe with 34 data centres currently in operation with a total capacity of over 130MW. The financing will support the company in expanding its capacity.

In the equity space, a major deal involved the acquisition of a 25 per cent stake in Finerge from Igneo Infrastructure Partners, a renewables platform across the Iberian Peninsula. Finerge owns and operates a modern fleet of 2GW of regulated onshore wind and solar PV farms across Portugal and Spain.

In terms of the impact the firm's investments are having, in the debt space, it is working hard to drive new ESG-linked financing structures and is setting precedents in the market. In March of this year, it was ranked 4th in the Infrastructure Debt 30 Investor ranking, a highly respected industry benchmark that evaluates the world's most active and influential debt investors in the infrastructure sector.

Finally, the judges agreed that AXA IM Alts' commitment to ESG stood out. For example, on the debt side, with a focus on decarbonisation, its actions are driven by three objectives: reducing, avoiding and sequestering carbon. Its pathway, explained the submission, is to "avoid fossil fuel infrastructure and target digital low-carbon networks, renewable energy generation and electricity grids and electric transportation".

All in all, AXA IM Alts is clearly a key player in the infrastructure space, demonstrating commitment, expertise, and impact. A worthy winner.

Infrastructure - Why focus on Europe?

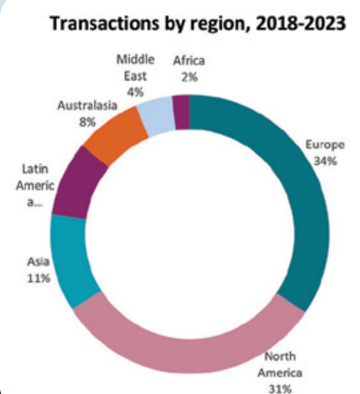
It may seem natural that Europe's largest Alternatives manager should offer a Europe-only infrastructure strategy. Our decision was, however, based on several factors including opportunity, expertise, and our view that the market was underserved by an evergreen core to core-plus infrastructure strategy. Our infrastructure staff are based in London and Paris, Europe's leading infrastructure origination centres, and draw on our pan-European network of local offices and relationships.

Europe's opportunity

For most of the past decade, Europe has been the world's largest private capital infrastructure market averaging 34%[1] of transactions by volume. Today, Europe and North America are roughly equal[2] in terms of investment opportunity. Surprisingly, given the markets are about the same size, about two-thirds more infrastructure capital is consistently raised for investing in North America than is raised for Europe. This may simply reflect the depth of US capital markets and the number of alternatives managers headquartered in the US.

Europe welcomes private ownership

Europe has a long history of private infrastructure ownership. This tends to generate a more diverse range of opportunities across digital, energy, social, transportation and utility infrastructure than in other markets. This can be contrasted with North America where infrastructure opportunities have been overweight – at least from our perspective – energy with a material exposure to the oil and gas sector. We think the above factors signal asymmetric opportunity in favour of Europe. Less capital pursuing a similarly sized opportunity set means we expect Europe to deliver attractive risk-adjusted returns over the long-run. There is nothing especially clever about this conclusion – better outcomes are usually achieved if you don't compete where competition is highest – especially when the alternative is comparable or superior.



Source: Inframation, as at 30 April 2024.

Policy support in Europe

An objection may be raised that North America is on the verge of generating increased opportunity as the *Inflation Reduction Act* and other legislative measures turbocharge investment in the energy transition. The truth, however, is that REPowerEU and other European support mechanisms are comparable in economic scale, but they are spread across national and supranational initiatives. This is supported by the fact that, over the past three years, Europe has each year commissioned substantially more new renewable energy generation than North America.

Europe leads in renewable and digital infrastructure

Beyond renewable energy, Europe generates the largest number of private market opportunities in digital infrastructure – datacentres, fibre-optic networks, and cellular tower networks. These infrastructures are the internet. We continue to observe accelerating demand for data transmission and rising investments in artificial intelligence. Digital infrastructure demand is growing fast.

Renewable energy and digital infrastructure now represent just over 50% of transactions in Europe. This is markedly higher than in North America and the rest of the world.

Long-term approach

An evergreen strategy allows us to be genuine long-term infrastructure custodians. We have built our infrastructure franchise for clients seeking long-dated exposure to assets. In that vein, we judge that three themes will dominate infrastructure this century – decarbonisation, electrification, and digitalisation.

That's why we find Europe so compelling: it is the leading developed market in this transition. It generates the largest number of opportunities, and less capital is raised for investing here. Europe is our headquarters and home to our deepest experience, expertise, and relationships. Today, we have over €15 billion in assets under management in European infrastructure[3]. Considering the opportunities, we expect it will more than double over the next decade.

Mark Gilligan, **Head of Infrastructure,**
AXA IM Alts

1 Source: Inframation, as at 31 December 2023. 2018-2023 average. 2 Source: Inframation, as at 31 December 2023.
3 Source : AXA IM Alts. June 2024. Unaudited figures.

Goldman Sachs | Asset Management

Fiduciary Management Award

The concept of fiduciary management (FM), which originally took the Dutch pensions market by storm, is now penetrating other parts of Europe. Therefore, this award commends those firms that have led the way in the fiduciary management space, tailoring their offerings to the differing needs of regions and pension funds.

The European Pensions Awards' judges were particularly impressed this year with how the winning company combines expertise with innovation, as evidenced through their impressive case studies. Congratulations to the 2024 winner, Goldman Sachs Asset Management (GSAM)!

As the primary investing area within Goldman Sachs, GSAM delivers investment and advisory services for the world's leading institutions, financial advisers and individuals, drawing from a deeply connected global network and tailored expert insights across every region and market – overseeing more than $2.8 trillion in assets under supervision worldwide as of 31 March 2024.

GSAM has been providing fiduciary management services to UK pension schemes since 2015 and for several decades in the US and the Netherlands. It has 160 clients globally, totalling over £200 billion of assets.

Over the years, GSAM has and continues to adapt its offerings to best meet pension schemes' needs. For instance, last year it enhanced its proprietary Cashflow Driven Investment (CDI) tools and product innovation, allowing greater participation in, and gains from, the climate transition.

Another key reason for GSAM's success is its commitment to delivering excellence across all aspects of the support it provides, from trustee education and awareness, to responding quickly to market events and implementing changes, and ultimately delivering improved results.

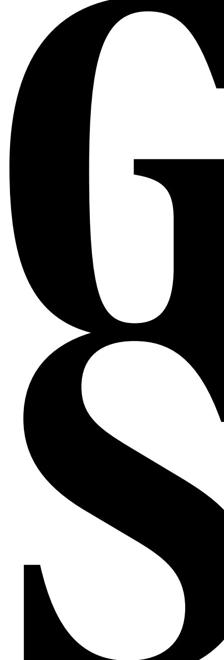
Also, GSAM is able to show granular performance in real time through its Investment Dashboard. This allows GSAM to take dynamic positions for clients to help them mitigate risks and capitalise on opportunities.

However, the best way to understand the FM benefits GSAM can provide is through its work with schemes of all sizes.

For instance, last year the trustees of the BAE Systems Pension Schemes outsourced the management of its approximately £23 billion UK defined benefit pension scheme assets to GSAM, the largest OCIO mandate awarded to date in the UK market. It felt that GSAM will provide a higher level of certainty for delivering current or enhanced levels of performance, at a lower cost than it had with the in-house team, along with a solution that will deliver against the schemes' investment objectives, and, as a result, avoid future cash calls on the sponsor.

2023 also saw GSAM awarded a £250 million mandate from a scheme who already had a fiduciary manager but was unhappy with how that firm had handled the 2022 LDI crisis so turned to GSAM. Well done GSAM!

Goldman Sachs Asset Management



Bringing together traditional and alternative investments, Goldman Sachs Asset Management provides clients around the world with a dedicated partnership and focus on long-term performance.

Our Fiduciary Management teams draw from our deeply connected global network and tailored expert insights to meet the complex and diverse requirements of defined benefit pension schemes. We have been providing fiduciary management services to Dutch pensions funds for over 30 years and our full customisable offering includes growth-oriented investment strategies, cashflow matching and full ESG integration.

am.gs.com

Insight-Driven Advantage

As of 2024. References to the term "partnership" are not intended to connote a type of legal organizational structure between Goldman Sachs Asset Management and a firm. This material is provided for informational purposes only and should not be construed as investment advice or an offer or solicitation to buy or sell securities. Capital is at risk. **United Kingdom:** 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. **European Economic Area (EEA):** This marketing communication is disseminated by Goldman Sachs Asset Management B.V., including through its branches ("GSAM BV"). GSAM BV is authorised and regulated by the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten, Vijzelgracht 50, 1017 HS Amsterdam, The Netherlands). **Switzerland:** This document is provided to you by Goldman Sachs Asset Management Schweiz Gmbh. © 2024 Goldman Sachs. All rights reserved. 385151-OTU-2095098.

Best Investment Strategy Award

Getting the investment strategy right is one of the biggest challenges a pension fund needs to overcome, particularly given the current economic environment. This award rewards those in the European pensions space that have implemented an investment strategy that sets the standards for the industry to follow. Many congratulations to this year's deserved winner of the Best Investment Strategy Award – Cushon!

Commenting on their decision to name Cushon the winner, the judges said: "This entry showcased passion and excellence when it comes to delivering effective and relevant investment solutions for the pensions space."

The judges were impressed in this highly competitive category by Cushon Master Trust's market-leading investment strategy and decarbonisation plan, which was launched in October 2023. The Cushon Sustainable Investment Strategy is founded on the aim of improving member outcomes, which required a move from a focus on cost towards a focus on value for members and for employers. Furthermore, the strategy has climate risk mitigation and the use of Cushon's impact strategies, both climate and social, at its heart.

Cushon demonstrated why it stood out from the competition with the deep sustainability integration and a significantly reduced carbon footprint embedded within the strategy. Cushon Master Trust showed its commitment to sustainability with its decision to end the use of carbon offsets for future clients and prioritising its mission to fully decarbonise the Cushon Sustainable Investment Strategy at pace. This demonstrated that a pension investment strategy can rapidly transition towards net zero without compromising the diversity of its investments or outcomes for members.

The firm decided to stop using offsets so that it can prioritise its mission to fully decarbonise the Cushon Sustainable Investment Strategy. The judges praised the strategy's climate credentials as, within the growth phase, the default investment strategy had already achieved a 44 per cent reduction in scope 1 and scope 2 emissions compared to the previous default, far ahead of Cushon's initial target of 20 per cent (All statistics as of October 2023).

Cushon showcased its ability to provide innovative solutions in an evolving landscape, with these reductions in carbon emissions being enabled by one of the largest allocations in the master trust sector to private markets, targeting investments in windfarms, solar, green hydrogen, and natural capital, such as reforestation and afforestation, alongside impactful investing across all investments held. This ability to innovate was further evidenced by Cushon's intention to go further in refining its target-setting approach.

These factors and more helped Cushon stand out from the crowd and showed why it was the worthy winner of this year's Best Investment Strategy Award – congratulations Cushon!

What a difference a year makes...

We've now reduced our carbon footprint by 78%!

These reductions are for the growth phase of the Cushon Sustainable Investment Strategy under the Cushon Master Trust.

78% reduction in Scope 1 and Scope 2 carbon emissions compared to the 2022 benchmark.

Cushon Group Limited is registered in England and Wales with company number 10967805. Registered office: 250 Bishopsgate, London, EC2M 4AA. Cushon Money Limited is authorised and regulated by the Financial Conduct Authority with FRN 929465 and is registered in England and Wales with company number 11112120. Cushon Master Trust is regulated by The Pensions Regulator with PSR number 12008536. Cushon MT Limited is the sponsoring company of Cushon Master Trust and is registered in England and Wales with company number 12366412.

NatWest cushon

nuveen

Alternatives Investment Manager of the Year

As alternatives play an ever-greater role in many European pension fund portfolios, the European Pensions Alternatives Investment Manager of the Year category aims to reward the leaders in the provision/management of alternative assets. Winners over the years have been the nominees that have proved themselves the best of the best in this field and have shown a commitment to the European pensions market with their product offerings.

This year's winner was Nuveen which, according to the judges, "showcased a whole realm of impressive, highly specialised strategies across the alternatives space".

Nuveen is a USD 1.2 trillion investment manager (as at 30 June 2024), providing alternative investment solutions for institutional clients through strategies across real estate, real assets, private debt and private equity. However, it wasn't just the numbers that impressed the judges, but Nuveen's commitment to evolve and innovate, all the while listening to what the market is asking for and delivering to those requirements.

For example, in 2023, Nuveen established Nuveen Private Capital to maximise the potential across its strategies. Also, in response to investors' continued demand for private debt, it continues to add to its debt-focused products and investments. Today, Nuveen Private Capital represents one of the broadest private debt managers, an AUM of USD 120 billion (as at 30 June 2024).

As part of its impressive submission, Nuveen also demonstrated a superior understanding of investing in private equity today, with the Nuveen Private Equity Impact team constantly striving to address the challenges of climate change and inequality, while also providing attractive risk-adjusted returns for its investors.

In addition, Nuveen's submission shone the spotlight on alternative credit and energy transition. In 2023, the firm announced it would be building out its energy infrastructure credit platform; while Nuveen Infrastructure announced the launch of its energy transition credit strategy.

Another growing area of focus for pension funds today is natural capital, and Nuveen again impressed the judges with its developments in this area. Nuveen Natural Capital gives investors access to nature-based investment opportunities and recently launched the global timberland strategy, which seeks to provide investors with targeted exposure to sustainable timberland investments in core geographies.

Finally, Nuveen showcased how it is making strides in the pension fund space. For example, in 2023, the Scottish Borders Pension Fund made an initial commitment to Nuveen's global timberland strategy, with the potential for further allocations across the breadth of Nuveen's natural capital solutions, including both forestry and farmland.

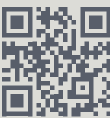
All in all, Nuveen is a firm that understands the demands of today's investors and works hard to meet their evolving needs with innovation and commitment. Well done Nuveen on an excellent submission.

Searching for an alternative?

Access industry-leading expertise across real estate, farmland, timberland, infrastructure and private capital.

#1 manager of farmland worldwide[1]	Top 5 real estate manager globally[2]	40+ years as an active private capital investor

That's the power of Nuveen



nuveen.com/alternatives

1 Pensions & Investments, 09 Oct 2023. Rankings based on total worldwide farmland assets under management as of 30 Jun 2023 as reported by each responding asset manager; updated annually. 2 Pensions & Investment Real Estate Managers Special Report, Oct. 2023. Ranking included 76 real estate managers and ranked them by total worldwide real estate assets as of Jun 30, 2023.

FOR FINANCIAL PROFESSIONAL USE ONLY. NOT FOR PUBLIC DISTRIBUTION AND NOT FOR USE BY RETAIL INVESTORS.

GAD-3812298PF-00824X 1673700

HEYWOOD

Pension Technology Provider of the Year

European pension schemes are increasingly understanding that effective and reliable technology is essential for the successful running of any pension fund. Therefore, this award recognises and rewards those firms that are leaders in this field.

For 2024, the judges were particularly impressed with the winning company's use of expertise and knowledge of pensions technology, and how they use this to truly make a difference to the member. For the second year in a row, congratulations Heywood Pension Technologies!

Heywood has successfully driven quality pension administration outcomes for almost 50 years. It aims to transform how members navigate their financial journeys and takes pride in providing the necessary tools and knowledge to tackle industry challenges using data and innovation.

For instance, Heywood noticed that since the Covid-19 pandemic, member expectations had increased, in particular their demand for real-time information. However, it also found that members only really start to engage as they approach retirement age, and engagement tools are often designed for the benefit of the scheme itself, rather than in the best interests of the member.

To counter these issues, in 2023 Heywood developed and launched a truly consumer-focused member product, Heywood Engage, which provides schemes with the ability to engage with and empower members by providing a holistic view of financial wellbeing, while reducing costs and easing workloads.

Engage simulates human connection and empathetic language to make the complex subject of pensions simple, aided with the use of visual storytelling. During development, communications were tested to evaluate the statements that best resonated with, and were understood by, members.

Using Engage, schemes can employ specific terminology to maintain a consistent tone of voice across their offerings. It also enables schemes to enhance member experience by providing them with the means to proactively interact with their pension. Of particular note is its use of personalised video benefit statements to provide digestible information to members, with the breaking down of technical terms into clear explanations.

The Engage 'retirement planner' also responds directly to the frustrations often experienced with estimates. The process enables members to set retirement goals and understand impacts on monthly income. Members select and save a goal based on a desired lifestyle, which considers various types of income/expenditure to provide a realistic view of their situation. They are encouraged to periodically evaluate their progress.

Engage promises a much-needed shift in the trend of lacklustre member engagement. More than just a convenience, the groundbreaking tool responds directly to member and pension scheme needs – putting the end user at the heart of the journey. Congratulations again to Heywood, a truly innovative firm!

Member engagement: The knowledge conundrum

Exploring the impact of Pensions Dashboards on administration

We are entering a time in the history of UK pensions where member engagement is set to dramatically increase, when the Pensions Dashboards will tell members what pensions they have and where they are, all in one place. This will generate a quest for knowledge. Viewing your pensions on Dashboards is not the endgame, it is the beginning of a whole new set of member behaviours.

With so many constraints around giving advice, set against various duties to ensure member understanding, it is likely we will see an increase in the demand for knowledge and a dilemma of how to meet that demand. This pressure will likely land at the door of already over-stretched pensions administrators.

What does that mean in practice? How can we, as an industry, ensure that members have the appropriate knowledge to make informed decisions, without seemingly making choices for them?

» Digital vs. paper based communication challenges

Digital channels give members flexibility on how they want to engage with their pension and reduces postage costs, which goes hand-in-hand with an increased industry focus for funds to reduce their carbon footprints.

For any digital adoption to be successful, it is crucial that as many members as possible engage with your pension portal.

Mindful of the increasing costs of printing and posting sensitive communications, funds are using the award-winning Heywood Engage member portal to guarantee secure and effortless access.

» 'Too long; didn't read'

Many pensions communications invoke the dreaded acronym, 'tl;dr'. Talking to end users concluded that members struggle to derive meaning from pensions information, feeling disconnected and confused by the process. Breaking down technical terms into clear, digestible information is key.

Not all members respond to written communications. Alternative methods, such as personalised videos, can be created with minimal fund involvement and work to deepen member understanding.

» Resourcing

Many providers may have a dedicated team handling member enquiries. Organisations must ensure that those teams are adequately resourced for key contact periods, such as benefit statement season, and consider their plans when the industry reaches the yet-to-be-confirmed Dashboards Available Point.

With 16m people forecast to use Dashboards, there is an expectation that members will contact funds to query pension information. Ensuring data accuracy should be a priority to help combat resource issues down the line, in addition to deploying technology for members to self-serve requests.

One such fund implemented Heywood Engage. The year prior, their administration team manually produced over 1,200 retirement quotes. Once the platform was implemented, members independently generated their own estimates and increased the previous number by **800%!**

Another organisation launched Heywood Engage and reported a **40%** drop in member-to-fund queries in **just two weeks.**

» Education

Heywood's research has identified a trend of members disengaging from pensions until closer to approaching retirement age, raising questions about their future lifestyles.

Engage's 'retirement planner' shows different retirement lifestyle categories to provide members a starting point to considering income spends, as well as the impacts of lump sum payments.

To develop member's pension knowledge, Heywood teamed up with Money Alive to create a market first – AI-powered Video Benefit Statements. These interactive communications provide personalised member statements with minimal fund involvement.

Member education and engagement needs to be tackled head-on with creativity, the use of modern technology and with good communications, in order to overcome the apathy and inertia that seems to be an accepted norm when it comes to pension-related decision making.

Learn more about Heywood Engage today: www.heywood.co.uk

Claire Hey, Pensions Technical Lead and David Rich, Head of Data Propositions, Heywood

Nordea
ASSET MANAGEMENT

Equities Manager of the Year

This award celebrates those managers who have excelled in managing equities over the past year. The winning firm has proved itself as the most outstanding participant of all the entrants in the industry, demonstrating excellent skill in equity management and proving indispensable to European pension funds.

This firm was praised by the judges for its hard work to stay ahead of the game in the equities space and noted that it has the results to prove it. Congratulations to Nordea Asset Management (NAM)!

NAM is part of the Nordea Group, the largest financial services group in the Nordic region, offering European and global investors exposure to a wide range of investment funds. NAM is set apart by its commitment to being a responsible investment manager as seen through its corporate culture, philosophy and business model.

In doing so, Nordea's Global Stars Equity Strategy has been a flagship solution, which focuses on selecting high-quality environmental, social and governance (ESG) companies to identify future leaders who have responsible and sustainable business models. The ESG Stars solutions, supported by Nordea's Responsible Investment team, aims to outperform the benchmark, meet ESG standards and pursue active ownership by proactively engaging companies to improve their management systems and ESG performance and reporting.

NAM's Responsible Investment team, formed in 2009, has 25 ESG professionals working alongside its portfolio managers, actively integrating ESG research into every step of the investment process. NAM believes a full ESG integration with fundamental analysis is key to delivering alpha.

The judges recognised that since the Global Stars Equity Strategy's launch in 2016, it has delivered strong alpha, ranking among the best performing funds in its category. The portfolio construction is focused on creating a balanced portfolio of its best bottom-up ideas, emphasising stock selection over regional or sector allocation. The investment process integrates in-house ESG analysis, evaluating how the company operates with stakeholders and on potential conflict areas.

Additionally, the global equity solution avoids investing in companies involved in illegal/ harmful activities, including nuclear weapons, coal mining, oil sands, oil and gas extraction through arctic drilling and tobacco.

NAM believes that engagement is a key part of the investment process and that having a constructive dialogue with the companies it invests in or considering investing in is crucial. Through this, it aims to enhance shareholder value and create a positive societal impact.

Congratulations again to a worthy winner!

Advertising Material for professional investors only

Make your investments matter.

Our journey into sustainable investments began over 30 years ago with our first ESG product. At Nordea, returns and responsibility matter.

Returns and Responsibility. It's in our Nordic DNA.

Nordea's Global Stars Equity Strategy

nordea.co.uk/STARS

Nordea Asset Management is the functional name of the asset management business conducted by the legal entities Nordea Investment Funds S.A. and Nordea Investment Management AB and their branches and subsidiaries. This material is intended to provide the reader with information on Nordea Asset Management specific capabilities, general market activity or industry trends and is not intended to be relied upon as a forecast or research. This material, or any views or opinions expressed herein, does not amount to an investment advice nor does it constitute a recommendation to buy, sell or invest in any financial product, investment structure or instrument, to enter into or unwind any transaction or to participate in any particular trading strategy. Any investment decision should be based on the Offering Memorandum or any similar contractual arrangement. All investments involve risks; losses may be made. Published by the relevant Nordea Asset Management entity. This material may not be reproduced or circulated without prior permission. © Nordea Asset Management. **In the United Kingdom:** Published by Nordea Asset Management UK Limited, a private limited company incorporated in England and Wales with registered number 11297178; which is authorised and regulated by the Financial Conduct Authority. Registered office at 5 Aldermanbury Square, London, United Kingdom, EC2V 7AZ.

European Pensions Innovation Award

Designed in response to market volatility, this award looks to showcase those firms that have brought innovation to the pensions marketplace, and responded to market pressures with originality and creativity.

In particular, this year's winner was praised for its use of innovation and expertise to adapt to the changing requirements of its market, keeping its members at the heart of everything it does. Congratulations to all of the team at Irish Life!

Despite a period of fast paced change in the Irish pensions landscape after the IORP II Directive was transposed into Irish law in 2021, Irish Life has continued to go from strength to strength, adapting to meet the changing regulatory needs at pace.

IORP II prompted many employers with standalone schemes to conduct strategic reviews on the best future fit for them - standalone or move to master trust. Irish Life moved quickly to leverage the opportunity within this industry context to establish first mover advantage in Irish master trusts. Pushing ahead with an innovative proposition design, the group leveraged its local pension market knowledge, experienced investment and client service teams, and significant technology investment to launch a new master trust service model, designed to deliver market leading transitions and enhanced member participation.

The EMPOWER Master Trust was designed to help support clients through this period of huge market change, with minimal disruption, particular for individual members.

And this momentum shows no signs of slowing, as Irish Life is now the largest master trust in Ireland, with €7.7 billion in assets under management, covering over 1,980 plans and 148,000 members.

The group has not rested on its laurels or grown complacent, as it has continued to up its efforts to support employers and members through its member engagement programme.

To help members navigate the complexities of saving for later life, the group has a dedicated team that produce and deliver a comprehensive member programme to educate, support, empower and guide members through their retirement journey.

The Irish Life member engagement programme has 5 key content pillars, a range of tools and touchpoints that are delivered across multiple channels, to suit members consumption preferences during their pension journey.

Starting from the basics, those early on in their retirement planning journey are supported by the pension education team (PET), which focuses on delivering key messages and encouraging retirement saving, while a dedicated team of financial advisers are on hand to give targeted individual retirement planning support to members nearing retirement, providing 1-1 help during this crucial final stage of the journey.

The value of these efforts are clear, as evidenced by the group's impressive open rate, which is double the industry average. Congratulations to the team at Irish Life!

Health | Life | **Pensions** | Investments

Master Trust...
made easy

Trust *The Pension Masters*

Learn more about our award winning EMPOWER Master Trust today.

www.irishlifeemployersolutions.ie/empower-master-trust

happytohelp@irishlife.ie

Irish Life Assurance plc, trading as Irish Life, is regulated by the Central Bank of Ireland.

Pension Insurance Firm of the Year

The Pension Insurance Firm of the Year award recognises insurers excelling in providing bulk annuities, longevity insurance and other pensions insurance structures to address the ongoing derisking needs of pension funds throughout Europe.

The judges said the winner's expertise, innovation and performance shone through in this impressive entry from a firm that has had an outstanding year. Winning for the second consecutive year, congratulations to Pensions Insurance Corporation (PIC) on an exceptional achievement!

PIC had an outstanding year in 2023, completing the UK's largest bulk annuity transaction, securing a buy-in with the trustee of two schemes sponsored by RSA Group. The deal saw around £6.5 billion of liabilities, spanning 40,000 members, covered.

When it comes to PIC's performance, it can reel off an impressive list of statistics. For example, during the first half of 2023, PIC made a record £1.1 billion in pension payments, had a customer satisfaction score of 99.3 per cent, new business premiums of £6.5 billion, and a record number of 339,000 persons insured. With an investment portfolio of £44.9 billion, and liabilities of £38.7 billion the insurer, as well as a solvency ratio 210 per cent (H1 2023 figures), PIC is undeniably a superior route for pension schemes on a de-risking journey.

PIC is also passionate about investing in the UK having invested £11.4 billion directly into the country's economy, up to the end of 2022. Notably, PIC's investments are flexible, ambitious and socially aware. Some of its investments include funding the UK's first reservoir for more than 30 years, completing its second investment to support the UK's Government Property Agency and announcing the investment of its third retirement community, located in Brent Cross, following the acquisition of a second hub in July 2022.

As a modern forward-thinking employer, 2023 saw the third year of the PIC Academy, an early careers talent development programme designed in-house. The PIC Academy recruits for applicants' potential rather than academic achievement, resulting in a formal qualification in business administration and 18 months' work experience.

It is also a spearhead of the cross-industry Actuarial Mentoring Programme (AMP) with the Institute and Faculties of Actuaries. In addition, PIC is, for the fourth year running, taking part in the #10,000blackinterns industry programme aimed at recruiting 10,000 black students or recent graduates into paid internships within the finance industry.

It is clear to see why PIC has secured the Pension Insurance Firm of the Year award for a second year, putting in an impressive performance across the board. Well done to the team on a superb win, richly deserved!

PIC

We're proud to pay Ken's pension every month...

...and to have secured the pensions of 339,899 more people like him.

At PIC, we have a simple purpose: to pay the pensions of our current and future policyholders.

Ken is one of them. When he retired, he still had plenty of wind in his sails, so he volunteered to help the next generation of British sailors to grow and thrive. He can do that thanks to the pension he receives each month.

PIC has so far paid more than £13.6 billion in pension payments and secured the benefits of 339,900 policyholders, with a customer satisfaction rating of 99.3%.

If you would like to find out how we can help your defined benefit pension scheme, visit:

pensioncorporation.com/proud

Scan here to watch Ken's story

PROUD TO PAY OUR POLICYHOLDERS

Copyright © 2024 Pension Insurance Corporation plc. Pension Insurance Corporation plc is registered in England and Wales under company number 05706720. It is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority (FRN 454345). Its registered office is at 14 Cornhill, London EC3V 3ND.

NEUBERGER | BERMAN

Private Equity Manager of the Year

With all eyes on both risk and return, this award acknowledges those private equity experts that have displayed a true understanding of the private equity space and are passionate about helping Europe's pension funds get the most from this complex area of the market. Massive congratulations to this year's deserved winner - Neuberger Berman!

NB Private Markets manages more than USD 115 billion of investor commitments across primary funds, co-investments, secondary investments, private debt, capital solutions and specialty strategies.

The judges said they were impressed with NB Private Markets' "knowledge and passion for this this key area of pension fund investment". Since its inception, NB Private Markets has continuously scaled its platform, business model, team, and portfolio commensurate with its clients' needs. This has led to strong product innovation and an increased focus on delivering customised solutions to its clients.

NB Private Markets effectively leverages the breadth and depth of its global franchise for the benefit of all investors. This allows the firm access to a high proportion of high-quality private equity funds in the marketplace.

The quality of NB Private Markets' deal sourcing is also demonstrated by its ability to secure its full desired allocations. Access to high-quality private equity sponsors, combined with a disciplined investment process, has allowed the team to build an attractive investment track record and a robust proprietary database of private equity managers and funds.

The firm is also often a preferred co-investment partner for lead private equity companies, with its team leveraging its many active fund and network relationships to generate deal flow.

NB Private Markets has built a strong platform for making direct investments alongside private equity sponsors and, in 2023, committed approximately USD 3.8 billion in direct equity co-investments globally.

NB Private Markets also showcased its capabilities with secondary fund investments, investing over USD 2.5 billion in 2023 across strategies, geographies, and vintages, and acquiring interests from various types of sellers, including pension funds. The firm's extensive experience and knowledge of secondary fund investing makes it one of the most well known and highly desirable secondary buyers in the market.

It further showed its expertise through the private debt and capital solutions teams, which have committed USD 2.7 billion and USD 1.4 billion respectively across their strategies in 2023.

Congratulations again to Neuberger Berman!

NEUBERGER | BERMAN

Neuberger Berman Is a Leading Global Private Markets Investor

We seek to deliver strong investment results for our clients by building attractive portfolios and investing in opportunities across the private markets. Our culture is rooted in the pursuit of investment insight and continuous innovation on behalf of clients.

- **Global Expertise:** Our team of over 400[1] dedicated professionals spans the globe, from the U.S. to Europe to Asia, bringing a world of insights to every investment decision.
- **Diverse Strategies:** Whether it's primary fund investments, secondary investments, direct equity co-investments, private credit, capital solutions or niche strategies like brand royalties and healthcare credit investments, we've got you covered.
- **Robust Deal Flow:** Our fully integrated approach supports a steady stream of high-quality opportunities, backed by rigorous due diligence.
- **Modern Portfolio Solutions:** In today's dynamic market, we believe alternative investing is more crucial than ever. Our collection of strategies aims to provide differentiated access to the private markets for a variety of investors, aligning with your investment needs.

[1] As of June 1, 2024.

LEARN MORE

Awards and ratings are not indicative of the past or future performance of any Neuberger Berman product or service, do not reflect the experiences of any NB client, and it should not be assumed that a similar investment experience would be had by any previous or existing client.

NB Private Markets did not pay a fee to participate.

Z0527 08/24 2006152 ©2024 Neuberger Berman Group LLC. All Rights Reserved.

Currency Manager of the Year

Currency plays an increasingly important and diverse role in European pension fund portfolios today. The "European Pensions Currency Manager of the Year" Award highlights those managers who have displayed a capability and an expertise in this complex sector that is second to none.

The winner of this year's award was announced as State Street Global Markets Currency Management which, according to the judges, shone for its "innovative, customer-led solutions, coupled with research and thought leadership, which showcased how the firm is setting the bar high in this area".

State Street Global Markets Currency Management delivers currency overlay and cash management solutions to pension plans and their investment managers globally and, despite having a long history in this space of over 30 years, the judges were impressed that the firm refuses to stand still. It continues to innovate to meet the needs of pension plans with varying asset allocations, sub-managers and administrators, wherever they may be based, always embracing local nuances; and strives to make a demonstrable difference by reducing both trading costs and operational risks, whatever the market conditions.

The submission put forward by State Street Global Markets Currency Management outlined numerous highlights that set it apart from the rest in the eyes of the European Pensions Awards judges. For example, having a dedicated currency management business with more than 30 staff globally means it can focus on providing top-tier FX services that meet client needs today and continue to invest in strategies to support clients as demands evolve.

In addition to currency management, the judges noted that the firm delivers other benefits such as multi-asset overlay, outsourced securities execution and collateral management.

State Street Global Markets Currency Management also continues to enhance its offering by strengthening its team globally, as well as tapping into new resources to assist its pension clients with investment and implementation decisions.

Last but not least, the judges noted that State Street Global Markets Currency Management works hard to engage with the market, producing high-quality research and thought leadership; publishing useful and insightful market commentary; hosting multi-client events across Europe; and meeting regularly with senior leaders of pension funds across Europe to better understand their evolving needs and develop solutions accordingly.

All in all, this firm demonstrated a desire to be the very best in this complex space, while refusing to stand still. Congratulations to a worthy winner – State Street Global Markets Currency Management.

Precision that powers performance

In the complex world of currency management, precision is paramount. Our tailored FX solutions enhance portfolio performance and protect against currency risk – all within parameters you select. With our deep expertise and advanced technology, we can help you succeed in any market environment.

See how we can optimize your currency strategy at **statestreet.com/currency**

Currency Manager of the Year European Pensions Awards 2024

6654607.1.1.GBL.

European Pensions Consultancy of the Year

This award is given to the pensions, investment, or actuarial consultancy firm the judges believe has delivered excellent service to its pension fund clients over the past year. It recognises the firm that has shown outstanding dedication to providing pension scheme consultancy and demonstrated a deep understanding of the markets. The winner has also shown commitment to navigating clients through the complexities of the pensions landscape.

Mercer impressed the judges with its selection of innovative tools and solutions, designed to meet the changing needs of today's pension scheme members. Congratulations to Mercer, the deserved winner of the European Pensions Consultancy of the Year Award.

During the year, Mercer has enhanced its client offerings through the launch of PATHMonitor, an integrated risk management reporting tool, that brings together funding, covenant and investment KPIs in a single dashboard. It is customisable and allows clients to respond to threats and opportunities, increasing member security.

In addition to leveraging technology, Mercer has become the first provider in the industry to install local assistance of ChatGPT, named LenAI, providing a secure way to access the chatbot. Indeed, cyber security was a priority for the consultancy, as evidenced by the launch of a suite of solutions targeted towards pension schemes. This offering, typically only available to the largest corporations, is now accessible to individual trustee boards.

The judges also commended Mercer's commitment to longevity through its work with reinsurers to alter how schemes engage with longevity swap providers. Mercer also increased its focus on effective risk management and innovative approaches, which enabled the use of resources to improve security where buyout is not the preferred solution, allowing greater certainty of outcomes for pension schemes where longevity swaps are no longer restricted to pensioner-heavy cohorts.

Mercer also launched new longevity climate scenarios to address the uncertainty and risk introduced by climate change into the funding and stability of pension schemes. These scenarios, now used by major UK pension schemes, help them understand the potential impact of temperature changes on death rates, enhancing reporting and future risk management.

The judges noted Mercer's Diversity, Equity and Inclusion (DEI) campaign, launched in early 2023. This campaign promotes diversity on trustee boards and has encouraged 50 trustee boards to conduct trustee effectiveness reviews, amend communications, and improve approaches to MNT selection. Congratulations again to Mercer! A worthy winner.

What is changing in the UK risk transfer market?

The UK pension risk transfer market remains buoyant as defined benefit schemes contemplate the next phase of their evolution. At the end of a bumper year in 2023, commentators predicted record volumes in 2024, citing strong pipelines and favourable economic conditions. To this point in 2024, the market appears to have paused for breath as transaction volumes have so far lagged the run-rates needed to fulfil those predictions. Our view is that each of the following five recent market developments will impact the competitive landscape in 2025.

1 Pricing

Where demand exceeds inelastic supply, efficient markets exhibit price increases. In late-2022, pensioner liabilities were changing hands at spreads above sixty basis points over gilts – today, that spread is closer to ten basis points, representing high single-digit increases in premium. While some of this is perhaps attributable to capital markets, supply-demand imbalance has likely also played a role. The additional capacity potentially unlocked through Solvency II reforms has been limited while the Prudential Regulation Authority's concerns about certain reinsurance arrangements have perhaps moderated another financing avenue. If current insurance pricing trends persist, some schemes may need to revisit their self-sufficiency funding targets if insuring benefits is the intended endgame.

2 Rationalisation of alternatives

In recent years schemes have been presented with options such as private-sector consolidators, captives and DB master trusts – each with covenant implications – but the main alternative to buy-out remains that of long-term investment. The proposed Mansion House reforms, which would require several years to implement, support this alternative; they seek to mitigate the challenges associated with schemes running into surplus. Indeed, should these reforms play out, including the introduction of a public-sector consolidator, decision-making processes for trustees and sponsors may simplify with critical mass building around three core approaches – buy-out, consolidation and long-term investment.

3 New entrants

While dividend yields of certain listed insurers suggests muted shareholder appetite for the bulk annuity business model, the market has nonetheless had several new entrants with eleven providers now active. Where these new entrants are backed by private capital, the challenges of marrying long-term spread investing with regular earnings reporting are less pronounced. While perhaps requiring additional due diligence until they become established, their impact on capacity and pricing is likely to be welcome.

4 The investment bottleneck

If all insurers invested similarly, schemes targeting buyout could follow suit, albeit such a scenario would lend itself toward systemic risk. Considerable progress has been made in recent years to accommodate a wider range of investment strategies in risk transfer transactions. It is particularly welcome for schemes wishing to attach longevity swap overlay to ongoing investment flexibility that such swaps are regularly novated into buy-in deals. Insurers are increasingly willing to contemplate illiquid fixed income assets, albeit on a case-by-case basis and with early engagement. However, insurers' investment preferences continue to differ and actions taken by schemes contemplating a competitive buyout process need careful and early consideration of their circumstances.

5 Small scheme processes

A welcome development is the evolution of streamlined solutions for smaller schemes wishing to insure benefits. This requires a willingness to use the insurers' benefit and data templates, and to forego bespoke contractual terms, but it does not necessarily imply losing competitive tension through exclusivity arrangements.

The latter three factors represent good news for well-prepared schemes seeking to transact in the bulk annuity markets. However, the first two factors are likely to provide welcome validation to schemes preferring the long-term investment route. One size does not, and will not, fit all.

John O'Brien, Mercer

ETF Provider of the Year

With exchange-traded funds (ETFs) quickly gaining ground as a useful investment tool among pension funds, this award aims to recognise those providers who have stayed ahead of the market to offer ETFs to pension funds and tailored their offerings to pension funds' changing demands.

The judges praised this year's winner for its passion in ensuring its ETF offerings are relevant and consistent with the objectives of all of its European pension fund clients. Congratulations to all of the team at BNP Paribas Asset Management!

With an investment philosophy that is consistent with the objectives of many pension funds, BNPPAM has focused on making research-driven investment decisions, taking into account longer term investment horizons from a global perspective.

And the group's competitive strengths are clear to see in its specific activity index, demonstrating its ability to offer customised index solutions, implement dedicated exclusions lists and use BNP Paribas Asset Management environmental, social and governance (ESG) scores with tracking error constraints vs benchmarks.

It has also demonstrated a high quality of execution with BNP Paribas Dealing Services, one of the largest buy side dealing desks in Europe, in order to get for its clients the least possible market impact and lowest possible transaction costs.

One of the first European industry players to adopt indices excluding controversial weapons in substitution of mainstream MSCI indices, BNP Paribas Asset Management hasn't rested on its laurels, and the group's work to adapt and evolve its mainstream MSCI indices to its ESG focus has continued in the years since – including the launch of Active Beta ETFs in 2024.

And whilst other firms have been motivated by legal requirements and regulatory expectations, BNP Paribas Asset Management's history of index strategies has demonstrated its voluntary commitment to ESG.

Its responsible investor policy also aims to suit the requirements of European pension funds, with a particular focus on promoting good ESG standard as an essential element of delivering its ownership responsibilities.

This is clear in its active voting rights policy, as the firm doesn't rely on external providers' recommendations, instead considering how it votes at Annual General Meetings as a key component of its ongoing dialogue with companies in which it invests.

BNP Paribas Asset Management also has its own Sustainability Centre, created in 2017. The centre guides the firm's investment stewardship and industry engagement activities, supports investment teams in accessing, integrating and reporting on ESG factors, and assists client and marketing activities in delivering innovative, relevant and sustainable investment solutions.

Congratulations to the team!

Marketing Communication – For professional investors only

ELEVATE YOUR INVESTMENTS WITH OUR ESG AND THEMATIC ETFs

The sustainable investor for a changing world

ESG = Environmental, Social and Governance
ETFs = Exchange-Traded Funds
The value of investments and the income they generate may go down as well as up and it is possible that investors will not recover their initial investment. Past performance is not a guide to future performance.
BNP PARIBAS ASSET MANAGEMENT Europe, “the investment management company”, is a simplified joint stock company with its registered office at 1 boulevard Haussmann 75009 Paris, France, RCS Paris 319 378 832, registered with the “Autorité des marchés financiers” under number GP 96002. www.bnpparibas-am.com
This advertisement is issued by the investment management company. Opinions included in this advertisement constitute the judgement of the investment management company at the time specified and may be subject to change without notice. You can obtain this by clicking here: www.bnpparibas-am.fr/investisseur-professionnel/synthese-des-droits-des-investisseurs a summary of investor rights in French. BNP PARIBAS ASSET MANAGEMENT Europe may decide to terminate the arrangements made for the marketing of its collective investment undertakings/financial instruments, in the cases covered by the applicable regulations.
“The sustainable investor for a changing world” reflects the objective of BNP PARIBAS ASSET MANAGEMENT Europe to integrate sustainable development into its activities, although not all funds managed by BNP PARIBAS ASSET MANAGEMENT Europe fulfil the requirement of either Article 8, for a minimum proportion of sustainable investments, or those of Article 9 under the European Regulation 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR). For more information, please see www.bnpparibas-am.com/en/sustainability.

European Pension Fund of the Year

Pension provision across Europe has never been more challenging, with increasing longevity, unpredictable markets, and a heightened focus on governance and risk management. This award aims to recognise those pension funds across Europe that continue to tackle these challenges head-on.

This year, the judges praised the winning pension fund for demonstrating a sophisticated investment approach, showcasing how it refuses to stand still when it comes to developing the right solutions for its members.

Congratulations to Nest, the European Pension Fund of the Year for 2024!

Nest provides a defined contribution workplace pension scheme to over 13 million UK workers through 1.1 million employers and currently invests over £43.3 billion on behalf of its members. Nest cares about delivering a high-quality, low-cost pension scheme that is open to all.

Its sophisticated investment approach is designed to smooth out market volatility, with diversification and ESG principles at its core.

Believing that every type of investment should be accessible to its members, Nest has allowed UK workers to benefit from private equity investments for the first time, by leveraging its scale and negotiation powers.

Nest is also focused on supporting growing companies seeking new capital, resulting in profitable revenue and diversification benefits.

Given the fund's young membership, Nest adopts a long-term investment view, integrating environmental, social and governance (ESG) principles to influence improvements in private equity standards.

In addition to this, Nest's investment team collaborated with private equity managers to design mandate structures that minimise risks and achieve attractive returns, focusing on mid-market growth equity.

By partnering with top private equity managers such as Schroders and HarbourVest, the fund ensures substantial capital commitments whilst avoiding high fees.

Nest has invested around £459 million into private equity and plans to invest £1.4 billion in global and small mid-cap private equity asset classes. The fund is also adding new asset classes to its portfolios, including timberland and thematic equity.

Another key area of focus for Nest this year was improving member communications. After commissioned research showed confusion around investment and feelings of under-representation among working people, Nest made a conscious effort to address these concerns.

Nest achieved this by taking some members to visit an investment site and launching a campaign in October to show members, as part of Nest, that they are investors. The campaign received extensive reach and media coverage.

A huge congratulations again to the team at Nest on such a worthy win!

An award-winning investment strategy

Our expert in-house investment team works with the leading fund managers in every asset class to access a wide range of global investments. We design our default funds around the year we expect members to retire, aiming to produce strong returns without taking undue risk. Our size and scale opens doors to exciting investment opportunities, including private equity.

Find out how our award-winning strategy is delivering for customers.

nestpensions.org.uk

© Nest Corporation 2024. All rights reserved. The Nest trade marks and trade names used above are owned by Nest Corporation and should not be used in any way without our permission.

LDI Manager of the Year

As longevity increases and markets continue to be unpredictable, Liability Driven Investment (LDI) has become a buzzword in pension scheme investment. This award recognises those players who have excelled in their LDI offerings to help European pension funds better match their assets with their liabilities.

Congratulations to Columbia Threadneedle Investments, the European Pensions Awards 2024 LDI Manager of the Year! The judges were impressed with its LDI solutions for clients across Europe, coupled with its regulatory engagement and educational roadshows.

When it comes to LDI in Europe, Columbia Threadneedle is a major player; around half of its LDI book is euro denominated, spanning Dutch, German and Irish clients. Over the past 12 months they have demonstrated their tenacity to adapt amid a changing environment.

For example, following the UK gilt crisis in 2022, it undertook a significant 'lessons learnt' project to identify enhancements for both its UK and euro LDI funds. One of the outcomes, which has been applied to its euro LDI funds, is to accept capital call proceeds on the T+2 settlement date. Previously, this was required on T-1, so the change gives clients two additional days to recapitalise portfolios.

Furthermore, in the Irish market, Columbia Threadneedle helped clients complete their first critical reviews ahead of the April 2024 deadline, as well as developing reporting to support this requirement going forward.

Another example of Columbia Threadneedle being on the front foot in the face of a changing environment is the modification of its offering for Dutch clients in 2023. The pension system in the Netherlands is undergoing an unprecedented transition, switching to a defined contribution-style system from a more defined benefit-type system. To further protect solvency levels, Columbia Threadneedle has designed additional hedges consisting of linear and non-linear LDI strategies. An LDI Roadshow for consultants, fiduciary managers and pension schemes on how LDI strategies will evolve under the new legislation was also delivered.

For its German LDI clients, Columbia Threadneedle has developed long-dated credit spread matching strategies to align portfolios with the AA corporate bond liability valuation. This hedges the overall interest rate and inflation risk as well as the credit spread component of the scheme's valuation basis. It has also integrated cash-flow matching into the liability hedging portfolio.

Coupled with Columbia Threadneedle's value-add programme of thought leadership and trustee training, this highlights a firm that not only offers innovative LDI products but also outstanding client service. Well done Columbia Threadneedle!

Liability Driven Investments

Delivering cutting edge liability hedging solutions across Europe and the UK

European Pensions AWARDS 2024
WINNER
LDI Manager of the Year

At Columbia Threadneedle Investments we seek to do as much of the heavy lifting as possible for our LDI clients, supporting them with every aspect of their portfolio. Our local market expertise ensures clients' hedging portfolios reflect the latest trends and developments. Some key topics we have been working with clients on include:

Dutch pension scheme reform

- 2 client portfolios transitioning to Wtp* on 1 Jan 2025
- Updating hedge profile to reflect needs of age cohorts
- Tailored bandwidths for variable hedge ratio

Irish market expertise

- Solutions designed to accommodate Minimum Funding Standard (MFS)
- Funding Standard Reserve (FSR) reporting
- Critical review reporting

Credit spread focus for German clients

- Cashflow aware portfolios
- Credit spread matching to align with IFRS** valuations

UK Government pensions review

- Implication for investment strategy
- Fully integrated collateral waterfalls
- Implementation manager services

Pan–European expertise

€107bn Liabilities under management
53% Euro
47% Sterling

London and European offices
Euro LDI since 2005
25 investment professionals
Leaders in responsible Investment – extensive counterparty engagement programme

Dutch, German, UK and Irish clients
Segregated, fund-of-one and pooled fund LDI solutions
Passive and value-add hedging strategies

Source: Columbia Threadneedle Investments as of 30 June 2024

Get in touch to discuss how we can help you achieve your liability risk management objectives

Learn more www.columbiathreadneedle.com/LDI

* Wet toekomst pensionen – Dutch Future Pension Act ** International Financial Reporting Standards

© 2024 Columbia Threadneedle Investments

For professional investors. For marketing purposes. Your capital is at risk. Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies. Not all services, products and strategies are offered by all entities of the group. Awards or ratings may not apply to all entities of the group.

This material should not be considered as an offer, solicitation, advice, or an investment recommendation. This communication is valid at the date of publication and may be subject to change without notice. Information from external sources is considered reliable but there is no guarantee as to its accuracy or completeness. Actual investment parameters are agreed and set out in the prospectus or formal investment management agreement.

In the UK: Issued by Threadneedle Asset Management Limited, No. 573204 and/or Columbia Threadneedle Management Limited, No. 517895, both registered in England and Wales and authorised and regulated in the UK by the Financial Conduct Authority.

In the EEA: Issued by Threadneedle Management Luxembourg S.A., registered with the Registre de Commerce et des Sociétés (Luxembourg), No. B 110242 and/or Columbia Threadneedle Netherlands B.V., regulated by the Dutch Authority for the Financial Markets (AFM), registered No. 08068841.

In Switzerland: Issued by Threadneedle Portfolio Services AG, Registered address: Claridenstrasse 41, 8002 Zurich, Switzerland.

In the Middle East: This document is distributed by Columbia Threadneedle Investments (ME) Limited, which is regulated by the Dubai Financial Services Authority (DFSA). For Distributors: This document is intended to provide distributors with information about Group products and services and is not for further distribution. For Institutional Clients: The information in this document is not intended as financial advice and is only intended for persons with appropriate investment knowledge and who meet the regulatory criteria to be classified as a Professional Client or Market Counterparties and no other Person should act upon it. columbiathreadneedle.com CTEA6848406.1 | WF2408103 (08/24)

European Pensions Innovation Award (Investment)

No industry can sit still, and the pensions industry is no exception, with plenty of innovation seen over the past year, be that in the area of investment, product design, de-risking or any other area. Against this everchanging backdrop, this award aims to reward those across Europe that have truly added value with their originality and creativity.

This year's winner was praised by our judges for showcasing a number of innovative investment solutions that meet the high demands of DC schemes today. Congratulations to all at Allianz Global Investors (AllianzGI)!

With the current push for DC schemes to invest more in private assets, AllianzGI is ahead of the game, integrating private markets into its DC Lifecycle product. Not only that, AllianzGI's solution makes it possible to invest in private markets in a diversified way. This innovative solution allows employees to reap the rewards offered by private markets via their employer's DC plans, even with smaller savings contributions.

Demonstrating its commitment to creating the highest standard of private markets investment solutions, AllianzGI has undertaken extensive research. It analysed the past 23 years of private markets performance in comparison to equities, which showed that in 75 per cent of cases private markets asset classes have outperformed equities. This demonstrates why diversification with and across private markets is important.

Its Allianz Core Private Markets Fund provides a semi-liquid function, which is a unique opportunity to co-invest with Allianz in private equity, corporate private debt, and infrastructure. Investors in the fund gain access to Allianz's private markets assets via a derivative structure that allows exposure from day one without J-curve effect and with quarterly liquidity.

An innovative investment solution requires an equally innovative platform, which is why AllianzGI has developed a digital portal. Each employee can, using a personal login or single sign on, access all relevant information around the plan. Details available include portfolio values (also for the private markets allocation), regular contribution overviews, single product information (also for private markets) to guarantee levels (if any) or personal data and beneficiaries.

In addition, the employer HR/pension department also receives a dedicated portal to manage the pension plan data, helping the employer to effectively connect the pension plan to its inhouse HR/payroll systems.

All this combined makes it clear to see why AllianzGI has secured the European Pensions Innovation Award (Investment) this year. Congratulations to the team at AllianzGI on developing such a standout private markets solution for DC schemes. An outstanding achievement!

Private Markets Investments don't work for small DB[1] and DC[2] plans? Yes, they do!

For a number of years large pension plans have shown us that private markets are an integral part of asset allocations. However, we also know that private markets investments generally have characteristics such as illiquidity, the J-curve effect and require rather larger one-off investments, which do not necessarily fit well into small DB or DC pension plans.

How do we at Allianz Global Investors manage to make this asset class investable for both of these plan types?

We launched the Allianz Core Private Markets Fund on July 1, 2023. This fund offers unique market access to private market investments and can further improve the risk/return profile and diversification in portfolios. The special features of the fund are:

A. Investors are fully invested almost immediately and do not have to wait years to fully invest as is usually the case (no 'J-curve effect').

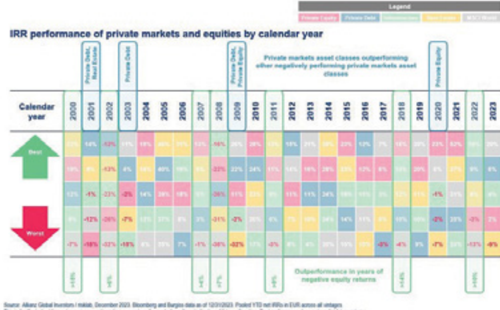
B. Thanks to the quarterly liquidity of the fund, it can be invested in life cycle solutions even for regular smaller contributions[3].

C. Investors invest together with Allianz one of the world's largest private market asset owners. This means that the investments are broadly diversified over various sub-asset classes in Alternatives (private equity, private debt, infrastructure equity and debt) and are subject to a permanent quality check.

As a further proof point, that private markets should not be left out of strategic asset allocations, we analysed the past 23 years of private markets performance in comparison to equities. The analysis shows that:

1. In approx. 75% of the cases private markets asset classes have outperformed equities.
2. In years with negative returns for equities, private markets achieved an average outperformance of > 8%.
3. In < 1/10 of all years, all private markets asset classes performed negatively, while equity performance was negative in approx. 1/3 of all analysed years.

Why diversify with and across private markets?



The performance of the of the private markets reference basket has generated an annual return of 8.4% p.a. since October 1, 2019[4] and a positive return of 1.5% even in difficult market phases such as in 2022.

Interested? Please contact:

Michaela Sommer
Director Pensions Solutions
AllianzGlobal Investors GmbH
M +49 170 4584671
| michaela.sommer@allianzgi.com |

---

1 Defined Benefit
2: Defined Contribution
3: subject to notice periods and gating rules
4: Performance is as of March 29, 2024, after liquidity fee of 0.3% p.a. and all private markets manager fees, but before other swap and fund fees. Investment management fees consist of management and performance fees and may therefore vary year on year.
Private markets investments are highly illiquid and designed for professional investors pursuing a long-term investment strategy only. This is a marketing communication.

European Pensions
AWARDS 2024

Invesco

Property Manager of the Year

Property has gained true recognition as an essential asset class for pension funds across Europe seeking to diversify their portfolios, with managers seeking out returns from both the traditional and less accessible property markets across the world. This award therefore looks to recognise those managers that have proved themselves in the field of property investment, shown innovation in their product offerings, and displayed an excellence and consistency in their management of this diverse and exciting asset class.

This year's winner was praised for not only its high standards, but for helping to raise the bar in the area of property management in areas of performance, service and innovation. Congratulations to Invesco Real Estate!

One of the largest dedicated global real estate investment businesses, Invesco Real Estate has one of the broadest real estate product ranges in the industry, enabling the group to satisfy pension clients' diversification demands. By basing its investment strategies on top-down economic fundamentals combined with bottom-up local market intelligence, Invesco Real Estate is able to develop a "House View" of real estate markets to help its clients to achieve their individual investment objectives.

This is made possible thanks to Invesco Real Estate's investment professionals who live and breathe their local markets, providing clarity in understanding the current opportunities and risks in the market, along with a specific plan to execute and achieve the objectives.

This 'boots on the ground' approach, combined with top down, global macro perspective has helped provide innovation and performance for long-term pension investors both in defined benefit (DB) and defined contribution (DC).

And the evidence of this innovation is clear in the past year or so alone, with a number of key achievements, including the launch of a DC-only direct real estate fund, which enabled pension schemes to access USD 29 billion of Invesco managed global real estate.

Despite a challenging year for real estate markets, Invesco Real Estate's performance has also remained strong, as its global direct strategy for DC clients provided diversification against public markets, relative to domestic real estate portfolios strong relative performance. The group has also strengthened its position as a sustainable investor, with all of its funds actively optimised environmental, social and governance positioning.

The success of these efforts is clear in the group's growing client list, securing client wins totalling USD 2.23 billion over the past year, including a substantial USD 43 million from UK investors, highlighting the trust and confidence its clients place in its ability to deliver results.

Over the past year, Invesco Real Estate demonstrated numerous achievements, solidifying its position as a leader in the field and a deserving winner – congratulations to the team!

Invesco

We're here to help our investors get more out of life through

Global experience local knowledge

Invesco Real Estate has the scale, resources and 40-year track record to manage all real estate investment needs from

- equity to debt
- direct and listed
- regional to global
- commercial to speciality property sectors

For more information, please contact:

Simon Redman
Managing Director
European Client Portfolio Management

Invesco Real Estate
+44 (0)20 7543 3584
simon.redman@invesco.com

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested. This marketing communication is for Professional Clients (as specified below). By accepting this advertisement, you consent to communicate with us in English, unless you inform us otherwise. Telephone calls may be recorded. Source: Invesco Real Estate as of 31 March 2024. Professional clients in Andorra, Austria, Belgium, Croatia, Czech Republic, Denmark, Dubai, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Slovenia, Slovakia, Spain, Sweden, Switzerland, UK issued by Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority; Invesco Management S.A., President Building, 37A Avenue JF Kennedy, L-1855 Luxembourg, regulated by the Commission de Surveillance du Secteur Financier, Luxembourg; Invesco Asset Management Deutschland GmbH, An der Welle 5, 60322 Frankfurt am Main, Germany. Invesco Asset Management (Schweiz) AG, Talacker 34, 8001 Zurich, Switzerland.

Pension Fund Communication Award

An excellent pensions offering is wasted if the member communication applied fails to deliver. That's why the Pension Fund Communication Award has become one of the most coveted and competitive accolades to receive at the European Pensions Awards.

This year's winner, Fidelity International, put forward an entry which, in the eyes of the judges, showcased a "clever, thought-provoking approach to making pensions relevant to larger numbers of people".

In a nutshell, this category aims to celebrate firms that have used innovation and flair to get their member communication proposition the best it can be and has the results to prove it. Fidelity International certainly did this with its impressive submission, which highlighted how refusing to stand still and using engaging communication tools can make a significant difference to a member's pensions journey and make a life changing impact to their pension outcomes.

Fidelity International's entry centred around the development and rollout of its personalised, visually appealing videos designed to make pension statements – which traditionally can be cumbersome and difficult to understand - more understandable and engaging.

Partnering with data-driven video platform, Idomoo, Fidelity International brought to market some "much needed impactful innovation", said the judges, with the implementation of technology that converts members' pension statements into video stories with nearly 20 personalised key data points, such as what their pension is worth now; how much they could receive if they keep saving at the same rate; and how much they could receive if they increased their contributions by a realistic percentage. The videos were interactive, connected with members on an emotional level, and allowed them to see, in a fun yet effective way, what the future of their pensions journey would and could look like, encouraging them to take action where needed.

It wasn't however just the video development and rollout that impressed the judges, but the engagement these videos received and the impact they clearly had. With an impressive video completion rate of over 80 per cent, and many viewers even watching their videos multiple times, the engagement was undeniable and considerably higher compared to traditional paper statements, which is a clear gamechanger for the pensions space. The videos unsurprisingly received positive feedback from clients and members.

Fidelity is also refusing to stand still following this success and is now planning to replicate the idea to help their clients and members tackle other challenging areas of pensions.

All in all, an impressive entry which highlighted what can be achieved by being dedicated to making a difference and putting members' needs at the heart of the pensions offering – well done Fidelity International.

98%
client retention rate

96%
overall service delivery satisfaction

+72
client NPS*

At Fidelity, we want our clients to feel confident about the future of their workforce. Whether their benefits strategy is designed to support growth, secure their presence in new markets, or attract the next generation of talent, we help our clients make plans to support their workforce and turn those plans into actions.

Our range of products and services enables our clients to deliver a flexible benefits package to suit the individual needs of their employees. Underpinned by operational excellence, robust processes and technology, and an award-winning communications programme, we support our clients to build a more confident and resilient workforce.

Visit **fidelity.co.uk/workingtogether** to find out more.

Workplace Investing

Source: Fidelity International. Data as at 30.06.24 unless stated otherwise. *Net Promotor Score (NPS) feedback methodology. Scored on a -100 to +100 scale

Issued by Financial Administration Services Limited, authorised and regulated by the Financial Conduct Authority. Fidelity, Fidelity International, the Fidelity International logo and F symbol are trademarks of FIL Limited. UKWI0924/2073872/SSO/0925

Fixed Income Manager of the Year

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. Therefore, this award recognises 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.

This year, the firm that most impressed the judges with its strong results and its passion for managing a range of successful fixed income strategies was GoldenTree Asset Management. Congratulations to an outstanding firm!

Founded in 2000, GoldenTree is an employee-owned, global asset management firm that specializes in opportunities across the credit universe in sectors such as high yield bonds, leveraged loans, private credit, distressed debt, structured credit, emerging markets, real estate, private equity and credit-themed equities.

2023 marked an exceptional year for GoldenTree's fixed income strategies, with its flagship long-only fixed income offering, the GoldenTree Multi-Sector Fund, delivering a 12.75 per cent net of fee return, outperforming 97 per cent of its peers.

Since inception in 2015, the fund has outperformed the high yield index by roughly 75 bps net of fees on an annualised basis with about 15 per cent less volatility. Meanwhile, GoldenTree maintains strong, strategic relationships with institutional investors globally and has a long track record in delivering value to European pensions.

European pensions represent approximately 20 per cent of GoldenTree's total AUM. The largest 10 European pension investors, on average, have over USD 575 million in AUM and have been invested with GoldenTree for close to 13 years and across nearly three strategies on average.

In addition, GoldenTree's differentiated approach to emerging market debt (EMD) has consistently delivered superior results relative to the benchmark and peers over a broad range of time horizons.

Since inception in 2017, the GoldenTree Emerging Markets Fund has outperformed the J.P. Morgan EMBI Global Diversified index in every calendar year, demonstrating the success of GoldenTree's dynamic approach and ability to generate consistent alpha from a broad range of sources.

This was demonstrated again in 2023 as the fund delivered a 13.6 per cent net of fee return and outperformed the index by 250 bps, generating outperformance across a diverse opportunity set including hard currency sovereigns and quasi-sovereigns, as well as off-index allocations to corporates and local currency debt.

As part of its distinctive approach, GoldenTree continually works to identify, evaluate, and take advantage of the most attractive risk-adjusted returns across high yield bonds, leveraged loans, structured products and EMD. Its these skills that make GoldenTree Asset Management such a richly-deserved winner.

Well done to the leading firm!

Pension Fund Innovation Award

Innovation has been rife in the European pensions space, be that in the area of investment, product design, de-risking or any other area. This award aims to reward those pension funds across Europe that have truly added value to the pensions space with their originality and innovation. No pension fund embodied these qualities more than this year's winner of the Pension Fund Innovation Award – AG2R LA MONDIALE!

Commenting on AG2R LA MONDIALE's award-winning entry, the judges said: "This pension fund leads the way in so many aspects, setting the bar high for its European peers."

A culture of innovation permeates all of AG2R LA MONDIALE's businesses, enabling it to build a range of social protection solutions that meet the current and future needs of its customers.

The judges were particularly impressed by the group's internal communities of employees that are working to accelerate its digital transition, including on the adoption of artificial intelligence, the development on the use and quality of data, and training employees in digital tools. This innovation is further displayed through AG2R LA MONDIALE's participative platform 'Your ideas, our projects', which invites its workers, customers and partners to improve or enhance the group's products and services.

AG2R LA MONDIALE further displayed its drive for innovation through its work with others, initiating an ambitious open innovation approach with start-ups, incubators and targeted research centres. This combines the respective areas of expertise, multiplying the group's capacity to innovate for the benefit of its customers and accelerating its digital transformation.

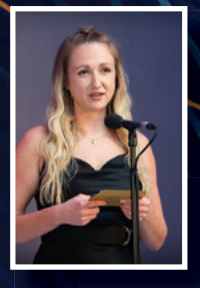
AG2R LA MONDIALE's open innovation approach includes long-term partnerships with innovation platforms that support the development of start-ups, working with senior customers to design solutions that meet their needs, and investing in innovative companies through its investment fund.

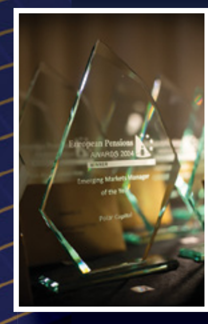
Through this fund, created in 2019 and whose investment capacity has been increased to €40 million in March 2022, the group invests in start-ups that have the potential to help it accelerate its transformation. AG2R LA MONDIALE impressed the judges with its investments from the seed phase to the series B phase in six areas: E-health, fintech, insurtech, regtech, operational efficiency and "ageing well".

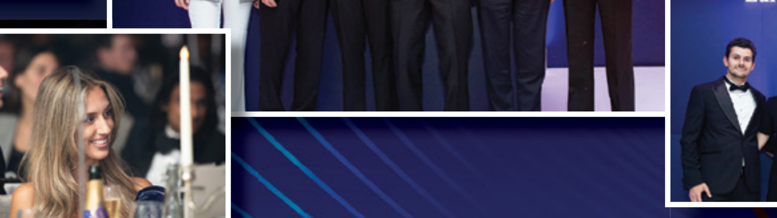
Its investment fund's operation team receives nearly 1,000 applications a year via its 'Pitch Deck' and has made 15 investments since the fund was set up. These include 'mySofie', which has raised nearly €6 million since its launch in 2017, and 'Fasst', which has raised €6.8 million since its creation in 2017.

The fund is also supporting 'Goodvest', which offers individuals responsible investment solutions compatible with the Paris Climate Agreement.

Congratulations again to this year's worthy winner of the Pension Fund Innovation Award - AG2R LA MONDIALE!







WWW.EUROPEANPENSIONS.NET/AWARDS
@EuropeanPension #EuropeanPensionsAwards

European Pensions AWARDS 2024

European Pensions
AWARDS 2025

Save the date

3 July 2025

London Marriott Hotel,
Grosvenor Square

WWW.EUROPEANPENSIONS.NET/AWARDS
@EuropeanPension #EuropeanPensionsAwards

PENSIOENFEDERATIE

Moving to the new system

Dutch Pension Federation Brussels office head, Matthies Verstegen, **and policy adviser,** Mark Boumans, **discuss pension funds' progress with the transition to the new Dutch pension system**

Dutch pension funds are currently working hard on the transition to the new pension system. In essence, nearly all DB pension accruals will be converted to DC capital. The new Pension Act came into effect on 1 July 2023 for this purpose. The aim of the new system is to make pensions for participants more balanced, flexible, personal and transparent.

Choice of two types of DC schemes

Social partners decide on the design of the pension scheme. Going forward, they can choose between two types of DC schemes if the pension scheme is placed with a pension fund. However, both schemes contain collective elements; they are not pure DC schemes.

The solidarity scheme: In this agreement, the premium is invested collectively in the accrual and decumulation phase. The returns and risks are allocated to age cohorts. Retirees will receive a variable annuity, which will fluctuate with economic developments. However, there will be a collective buffer to dampen the impact of financial shocks on annuities.

The flexibility scheme: In this agreement, the premium is managed collectively, but invested individually according to a life cycle. The pension fund can offer more choice to the participant, such as investment options and the choice between a variable annuity or a fixed annuity.

Conversion of accruals

The Dutch choice to collectively convert the accrued pension rights to the new DC scheme is unique, to the best of our knowledge. The aim is to keep the old and new pension accruals together in one system. This ensures lower administration costs and enables pension funds to compensate certain groups where necessary. However, it must be examined whether the conversion is balanced for all participants. If this is not the case, the old rights can remain in the DB system. We anticipate that most accruals will be converted.

The transition to the new pension system

The social partners are the first to act. They must choose one of the two new DC schemes by 1 January 2025 and draw up a transition plan where they must substantiate how to execute the conversion of accruals in a manner that is equitable and fair.

The pension fund must draw up an implementation plan by 1 July 2025 at the latest, which must be submitted to the Central Bank for assessment. In this plan, the pension fund accounts for, among other things, the financial substantiation, feasibility, risks and control measures. Pension funds then have until 1 January 2028 to implement the transition.

Progress

All Dutch pension funds are fully engaged in the transition and pension administrators are working hard to adjust all administration systems. There is a lot of work to be done within tight deadlines. Pension funds may decide when they will switch to the new system, provided that it is before 1 January 2028.

Around 150 pension funds will have to switch to the new system. Several pension funds are leading the way and want to switch on 1 January 2025. This is expected to be around 10 pension funds. About 74 pension funds expect to switch in 2026 and it is expected that five funds will switch on 1 January 2028. To monitor the progress of the transition, the government has appointed a special commissioner, who issued an initial monitoring report. This shows that the pension fund sector is making rapid progress with the transition and that it must continue to make efforts in the coming years to achieve the milestones.

INVESTMENT

Building together

Sandra Haurant examines how public-private partnership projects are changing and the opportunities available for pension funds

In public private partnerships (PPP), the private and public sectors work together to fund and produce projects or public services that would traditionally be provided by the public sector.

The approach has traditionally been used in a vast array of fields, as Norway's largest pension company KLP senior analyst, Christian Andre Dahl, explains: "For the public sector, PPPs can be an efficient way to finance large infrastructure projects. Norwegian PPP projects come in different structures, sizes, and risks. In recent years, we have seen the Norwegian government and municipalities organise the construction of, for example, roads, schools, police stations, fire stations and public swimming pools as PPP projects."

Today, projects aimed at improving technology infrastructure are another big area for PPP activity. "The delivery of high-speed broadband is a PPP example in several countries, currently," says IFM Investors director of public affairs, Gregg McClymont. He cites GlasfaserPlus, a PPP project in which IFM Investors is working in partnership with Telekom Deutschland GmbH (TDG), a subsidiary of Deutsche Telekom AG, in the rollout and operation of an open-access optical fibre-to-the-home (FTTH) network in rural areas of Germany. "By 2028, GlasfaserPlus aims to have rolled out fibre to up to four million homes in selected rural areas," says McClymont.

What's in it for pension funds?

The PPP sphere is one that pensions have long favoured, offering, at least in theory, a win-win situation. Important projects get the finance they need, and pensions get the long-term investments that so often suit them. Indeed, says Sampension deputy chief investment officer, Jesper Nørgaard: "In the past we have found them interesting, in the sense that we would have a privileged counterpart on our projects, which might involve building office

blocks, for example, which we would rent out on a long-term contract. That would mean we could harvest a long-term cashflow, with some illiquidity premium attached to it."

"Investments in PPP projects can be complex and require a lot of work," Dahl adds. "Still, they can have qualities that can make them attractive investments for KLP and other pensions funds. Both as a consequence of KLP's internal investment strategies and as a result of regulatory requirements, long-term investments with low risk are interesting for KLP and for many pension funds."

As an investment choice, PPPs also create balance within a broader portfolio, adds McClymont: "PPPs offer pension funds access to infrastructure equity and/or debt asset classes, which can provide useful diversification in a portfolio, as a source of long-term returns often uncorrelated to other asset classes."

Perfect partnerships

For KLP, PPPs are a natural extension of the organisation. "KLP is owned by Norwegian municipalities, health enterprises and businesses with public-sector occupational pensions," says Dahl. "Therefore, it is particularly appealing for us when we can allocate some of our capital back to projects in Norwegian districts."

Indeed, KLP has invested more than NOK 1 billion (almost €85 million) in loans to four Norwegian PPP projects related to the construction of schools, and in these cases, KLP was the sole lender. But the organisation has also invested in other projects as part of a consortium, such as in the construction of a new toll road, with DNB and Oslo Pensjonsforsikring, with Skanska as the construction company.

"FOR THE PUBLIC SECTOR, PPPS CAN BE AN EFFICIENT WAY TO FINANCE LARGE INFRASTRUCTURE PROJECTS"

Losing momentum?

While there are plenty of active projects underway, Dahl says that appetite for PPPs is currently low in Norway, and it's an issue faced by others in Europe, too.

Nørgaard says that in Denmark, the public sector has increasingly "chosen to run the projects themselves," instead of embarking on partnerships with private institutions.

"Projects have been fully publicly funded, or traditionally publicly funded either through the issue of Danish government bonds or, in the case of the municipalities, they have some very efficient bond insurance vehicles as well."

He goes on: "It's perhaps a local Danish issue, government debt in Denmark is actually falling, because they have been running extremely prudent budgets for the past few years. So, there hasn't been a lot of appetite from the government side to enter into these partnerships."

And, McClymont, explains: "Volumes of PPPs have declined globally over the past decade," he says. "For pension funds, expertise is necessary to participate as an equity partner. From the government side, with public budgets stretched, the attraction of pension capital is obvious, but realism is necessary with respect to the inevitably higher cost of capital when financed privately."

Back by popular demand?

Certainly, pension funds are fond of the benefits brought by PPPs, and according to a survey published in Denmark in May 2024, the public is keen, too. Sampension's research showed that 60 per cent of the Danish respondents were in favour of the new increase in PPPs within the defence sector – a shift brought in by recent policy changes, and through which certain pension funds are collaborating on projects, such as the

construction of warships. However, defence is not a field that all schemes will readily get involved with, at least not without restrictions; Sampension, for example, will work on projects involving real estate for military use, such as army barracks, but those projects that involve arms are outside its remit.

Another area in Denmark that has seen calls for greater PPP implementation is the healthcare sector. The country has been moving towards a series of 'super hospitals' designed to provide centres of healthcare excellence. One such hospital, for example, should have opened in autumn 2021, but following delays, it opened just some of its wards to a limited number of patients 18 months late, and is expected to open fully in 2026. As a publicly funded project, it raised questions over whether private sector involvement could have delivered in a more efficient manner.

Calls for more

In the Netherlands, there have also been calls for greater opportunities for PPP projects. In March this year, the five largest Dutch pension schemes wrote to the government urging it to boost the PPP market with the creation of a national investment institution. ABP, PMT, bpfBouw, PME, and PFZW wrote an open letter urging the state to increase the opportunities for collaboration and emphasising that working in partnership with the government would allow them to "achieve long-term stable returns and make an important contribution to the necessary energy transition".

Looking ahead

Across Europe, there is need for investment in public infrastructure projects that allow countries to meet their goals. It's certainly the case in Norway, says Dahl. "This applies to many sectors, including the transport sector, water and waste-water, education and social infrastructure and the health sector. We think private capital and specifically pension funds

will continue to have a role to play when structuring infrastructure projects. PPPs can be an efficient way to channel this capital into public infrastructure projects."

But, he adds, the area has been "politicised," with many arguing that private investors should not be involved in the financing of public infrastructure, and others saying that not all public authorities have the financial strength to allocate large amounts of capital from their limited investment budgets to finance large infrastructure investments.

Dahl asserts that: "KLP does not participate in these political discussions, nor do we try to influence these decisions." Instead, he says: "Our view is that PPPs, when structured in the right way, should give all parties the right incentives to build, operate and maintain public facilities with a long-term horizon. We maintain our view that PPPs have the potential to be sound investments for KLP."

Meanwhile, says McClymont, PPPs could well see a resurgence, particularly as Europe moves towards meeting its 'Fit for 55' emissions reductions plan, under which countries aim to reduce greenhouse gas emissions by at least 55 per cent by 2030, among other commitments.

"For larger pension funds with expertise in the asset class, the attraction is therefore obvious," says McClymont. After all, he says: "The reality is that the public balance sheet in many countries cannot sustain an approach where all the necessary transition financing is raised by government debt," and as such, McClymont argues, PPPs are likely to be the object of renewed interest.

"FOR LARGER PENSION FUNDS WITH EXPERTISE IN THE ASSET CLASS, THE ATTRACTION IS THEREFORE OBVIOUS"

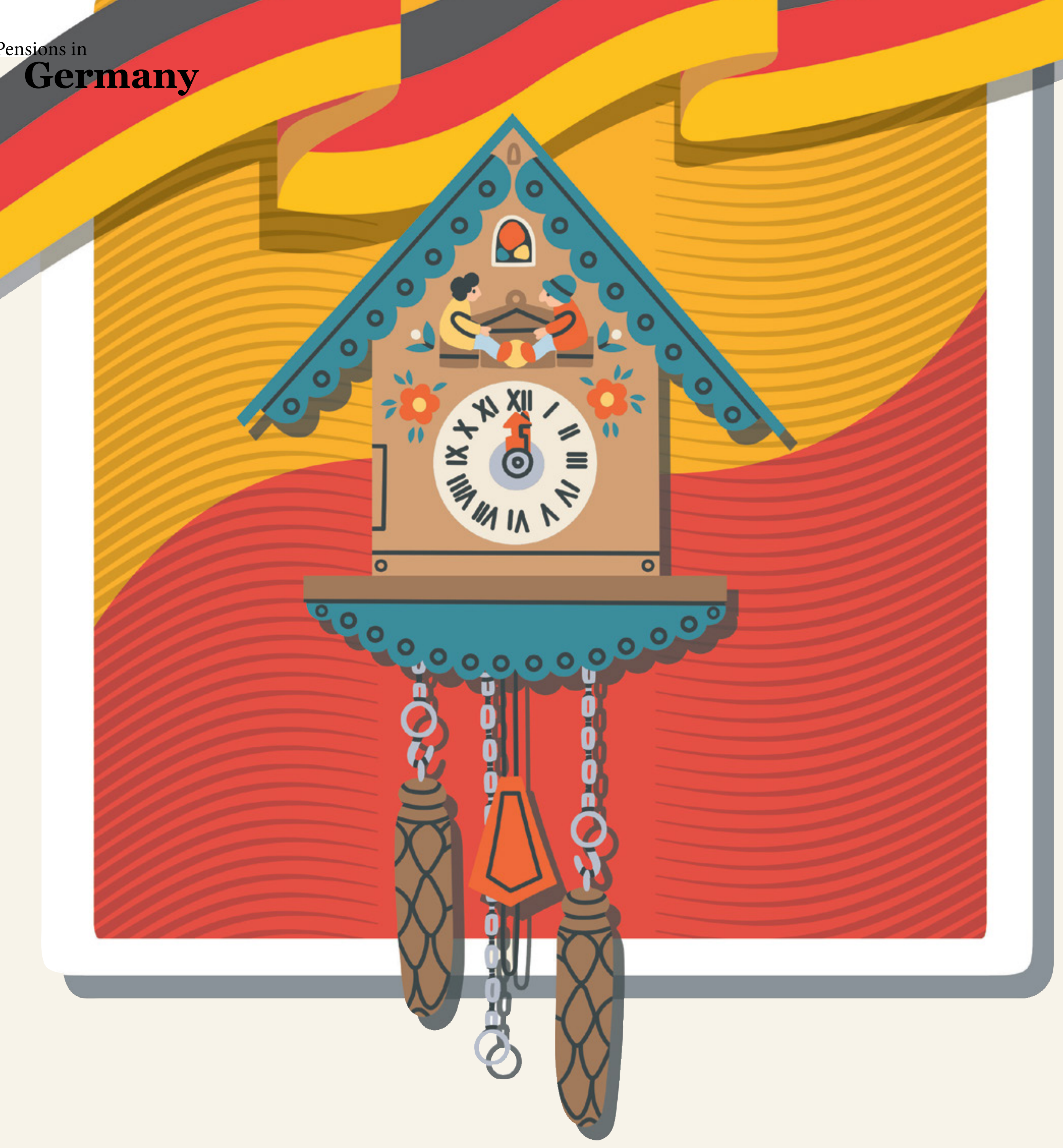
Register now

28 November 2024

London Marriott Hotel, Grosvenor Square

@IAM_insurance #IAM_Conference
www.insuranceassetmanagement.net/conference/

SPONSORED BY



COUNTRY SPOTLIGHT | GERMANY

The ticking of the clock

Despite being Europe's financial and industrial powerhouse, the German pension system is beginning to struggle with an ageing population. Pete Carvill **reports**

Germany is a European powerhouse: The largest economy on the continent, with robust infrastructure, a stable – although often troubled – government, and arguably the leading political voice within the European Union.

However, outside of Germany, little is known about its pension system, nor about how it may be one of the nation's great stressors as demographics shift over the next two-to-three decades. It is a system that rests on three pillars: The statutory pension insurance, occupational pension schemes, and private plans.

Most pensioners in Germany rely heavily on the first pillar scheme. As the Federal Ministry of Labour and Social Affairs wrote last year, in its *2024 Ageing Report*: "These schemes provided old-age pensions, as well as survivors and disability pension claims to (more than) 90 per cent of the employed population in 2022. Currently, the general pay-as-you-go earnings-related first pillar statutory pension scheme covers about 87 per cent of the employed German population, whereas the public civil servants scheme protects approximately 5 per cent. Both systems accounted for pension expenditures of about 10.2 per cent of GDP in 2022."

But it would not be Germany if there were not added layers of bureaucratic complexity. According to the company's Ministry of the Interior: "Other important schemes include the civil servants' pension scheme, retirement and surviving dependants' pension for public service employees, farmers' old-age security, artists' social insurance and pension funds of the free professions."

It is also a system that is beginning to strain under an ageing population. According to the Robert Koch Institute, Germany's ministry for health, the proportion of the German population aged 65 or older will increase from the current level of 21 per cent to 29 per cent by 2030. In 1991, that figure stood at around 15 per cent, according to figures from the Federal Statistical Office.

Risings costs

But even as government expenditure on pensions has remained steady since the 1950s, statistics published in February this year revealed that more than a third of the federal budget, €176.8 billion, was earmarked for the Federal Ministry of Labour and Social Affairs, which administers the German state pension. Nearly three-quarters of that is set aside for pension insurance and basic security for the elderly and those unable to work.

"PEOPLE SOMEHOW STILL HAVE THIS IDEA THAT THE FIRST PILLAR SHOULD BE ENOUGH. THIS IS NOT TRUE; THEY HAVE TO SAVE"

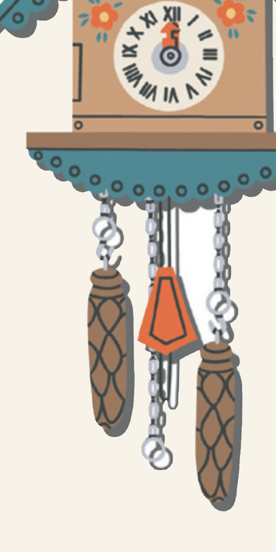
Second- and third-pillar pension schemes are largely an afterthought. According to Deloitte partner, Claudia Veh, nine out of 10 senior citizens in Germany get a pension through the first pillar, with nearly three-quarters of old-age benefits coming from the same scheme.

She adds: "Benefits from company pension schemes, the so called second pillar, make up 8 per cent of income in old age, whereas private provision, the so called third pillar, accounts for only 7 per cent. Of course, this varies from individual to individual. Many cannot afford to invest in a private pension contract or do take part in salary deferral-programs at their employer."

Even the International Monetary Fund (IMF) has weighed in, writing that the annual growth rate of the country's working-age population is expected to fall by around 0.7 percentage points, the worst slowdown of any G7 country and slowing annual economic growth to 0.7 per cent over the medium term. There would also be a concurrent hit to public finances due to a slowdown in tax revenue growth against a rise in pension and healthcare spending.

There is a tacit recognition that the current system will not last, says WTW Germany's retirement managing director, Michael Karst. Despite incoming legislation that looks to tackle these problems, he says that the population knows that the level of first-pillar pensions is going to fall. This, in turn, leads to a decrease of trust in 'the system'.

He adds: "The penetration of the second pillar is about 53 per cent and, regarding the third pillar, we have to consider that there is no general statistic on how many people save for their old age pensions. But it is clear that the current third pillar model called Riester, which has reached a level of about 16 million contracts since 2002, is judged as not being sufficient by the German government."



There are also large differences, says Veh, in the prevalence of company pension schemes; 88 per cent of those at firms with at least 1,000 employees are entitled to a company pension. This falls to 48 per cent at firms with between 50 and 249 employees, and 29 per cent for those employed at firms with fewer than 10 members of staff.

Looking forward

Reforms, however, are on the horizon, with the Pension Level Stabilisation and General Capitalisation Act (Pension Package II) and the Company Pension Strengthening Act 2.0 (BRSG 2.0) in the pipeline, although neither of which are popular.

Pension Package II, wrote BNP Paribas earlier this year, "[…] aims to maintain the statutory pension benefit level (the Rentenniveau) at 48 per cent of the nation's average wage. To keep that level stable, the draft bill proposes the creation of a 'generational capital' fund that would pursue a globally diversified investment strategy". There were several measures proposed under Pension Package II. One of them was to raise the contribution rate from 18.6 per cent today to 20 per cent in 2028, then to 22.3 per cent from 2035 to 2045. Without implementation, the Federal Ministry of Labour and Social Affairs estimates that the average pension will soon be worth only 48 per cent of the average wage, falling to 45 per cent in the long term.

"Pension Package II is going in the wrong direction, in respect to the 48 per cent guarantee," says the Institute for Economic Research (IFO) Dresden's managing director, Prof. Dr. Joachim Ragnitz. "Other measures, such as the sovereign wealth fund, are ways to improve the system, but it will not help at all during the 2030s – the government expects that, in 2040, net dividends from the wealth fund will contribute 1.4 per cent to the total expenditures of the pension system."

BRSG 2.0 is another animal. That looks to strengthen the second pillar of Germany's pension system, examining contribution levels, different models, and the rates of payments and settlements. It is currently out for discussion amongst various associations and bodies, with some movement on it expected later this year.

Even so, it remains controversial for its lack of controversiality, with financial services giant Deloitte opining that it lacks a 'big breakthrough', despite being a step in the right direction.

"So far," says Karst, "it has to be stated that the BRSG 2.0 will not have the impact to raise dramatically the second-pillar penetration rates. And Pension Package II is considered as being a 'contract at the expense of the younger part of the German population', that could cause problems regarding the trust in the first-pillar system."

Even the sovereign wealth fund proposed under Pension Package II has its critics. The IFO wrote last September, in *The Equity Pension – How It Can Mitigate the Demographic Problem of German Pension Insurance*, that an investment of a manageable 0.5 per cent of GDP over the entire period of employment would lead to retirement income of €16,000 in today's prices.

"TODAY'S YOUNG GENERATION COULD THEREFORE BENEFIT NOTICEABLY FROM A DEBT-FINANCED EQUITY PENSION"

It added: "Today's young generation could therefore benefit noticeably from a debt-financed equity pension. But it takes time for the income to accrue. And there are fluctuations in share prices that must be endured in the meantime."

The situation in Germany is a messy one, with no clear solution apart from lowering the expectations for retirement, and the fuse is fizzing already – the ageing of a population pauses for no one.

"People somehow still have this idea that the first pillar should be enough," German Council of Economic Expert's chair, Prof. Dr. Monika Schnitzer, says. "This is not true; they have to save. The financial planning that people do is not sufficiently considering that they will grow old. But how can they do that if they earn too little? And it's a particular issue for women because this will not be enough if they are widowed, even more so if they are divorced."

She continues: "That is why we're so keen on pushing these reforms and why we're worried about the current plans of the government which benefits pensioners at the cost of the young generation."

ABA

Do EU initiatives support national pension policy? – A German perspective

Arbeitsgemeinschaft für betriebliche Altersversorgung e.V. (ABA) secretary general and PensionsEurope vice chair, Klaus Stiefermann, **discusses why European policymakers should avoid one-size-fits-all solutions**

On 27 June, the German Ministry of Labour and Social Affairs published a draft bill of the second law to strengthen occupational pensions, which marks a significant step in fulfilling the coalition agreement's promise of strengthening the second pillar. The draft's publication was preceded by an intensive "expert dialogue" that started in the autumn of 2022, in which the relevant German stakeholders in occupational pensions (including ABA) were involved, providing over 300 pages of input combined.

Even though ABA had hoped for a somewhat more ambitious draft, we were, all-in-all, satisfied with the proposed legislative changes – especially given that Germany's current budgetary constraints prevent cost-intensive reforms such as higher subsidies for employers contributing to the pension plans of their low-income employees.

For example, the draft provides for facilitating auto-enrolment at company level and improving the conditions for access to collective DC schemes (so-called social partner models) for employers not bound by collective agreements. Hence, if it passes through the legislative process without deteriorations (and ideally one or another improvement), the bill has the potential to substantially strengthen the second pillar in Germany, thereby letting more people benefit from an adequate and reliable occupational pension.

Meanwhile, at a European Union (EU) level, in preparation for this legislative period, discussions on funded pensions have recently intensified, especially in the context of the envisioned further development of the Capital Markets Union. However, many of the ideas and proposals brought forward do not pay sufficient attention to the fact that there is no common 'pension culture' among the EU member states and, as a consequence, the pension landscape of the EU is very heterogenous, for example with regard to the size and function of the individual pillars.

Pension policy rightly remains a national competence as the member states have, over time, developed extensive legal frameworks encompassing, in particular, social, labour and tax law on funded pensions that fit the respective national context.

The Pan-European Personal Pension Product (PEPP) lacking success indicates that there is neither supply nor demand for pension products developed at EU-level. Instead of investing time and resources into the PEPP's overhaul or even trying to develop a Pan-European Occupational Pension Product, which has recently been discussed by EIOPA's stakeholder group OPSG, European policymakers should primarily aim at identifying common goals on old-age provision among member states and fostering the exchange of experience and best practice among them instead of trying to find one-size-fits-all solutions. A positive example of this are the efforts at European level to help member states establish national pension tracking systems.

The work-intensive process that resulted in the issuing of the accomplished draft bill of the second law to strengthen occupational pensions in Germany shows that occupational pensions are so complex and entwined with national labour, social and tax law that adequate pension policy can only be designed and implemented at the national level. While we agree with the idea of formulating common pension policy goals within the framework of the European Pillar of Social Rights and the minimum harmonisation approach of the IORP II directive, we don't believe that granting Brussels more competence for pension policy will benefit EU citizens.

PENSJONSKASSE FORENINGEN

Norway: Enhancing private occupational pensions

Pensjonskasse Foreningen chief executive officer, Christer Drevsjö**, discusses the Norwegian Ministry of Finance's initiative to enhance private occupational pensions, with a focus on paid-up policies**

There is currently a significant effort in Norway, led by the Ministry of Finance, on how the provision of private occupational pensions can be improved for defined benefit schemes. For former employees, so-called 'paid-up policies' are issued, and their subsequent value varies greatly. Some find themselves with a valuable asset, while others may see their values deteriorate.

Paid-up policies in Norway are managed by life insurance companies and pension funds. Life insurance companies are commercial and owned by shareholders (for instance, Storebrand and DNB). Pension funds, on the other hand, are non-commercial and self-owned (e.g. the pension fund for employees of the oil company Equinor).

Approximately three-quarters of the value in paid-up policies is held by insurance companies, while the remaining quarter is in private pension funds.

It is possible to transfer a paid-up policy from a pension fund to an insurance company, but not vice versa. In Norway, life insurance companies and pension funds are subject to the same regulations, though there is an ongoing discussion about whether uniform rules should continue in the future.

Pension funds are fundamentally different from life insurance companies. Insurance companies will always try to protect the shareholders' values. This issue does not exist for self-owned pension funds, which exclusively aim to safeguard the interests of the policyholders.

Due to their structure and the need for owner protection, Norwegian life insurance companies have an exposure to equities in fully paid-up guaranteed products of between four and 10 per cent. This is modest and provides limited prospects for returns beyond the guaranteed interest. This result is due to life insurance companies' need to avoid risk and exposure of their assets.

Private pension funds, on average, have 42 to 43 per cent of their capital invested in equities, including for the fully paid-up policies. This yields a completely different return compared to life insurance companies.

The reason for this is partly that pension funds have much larger buffers than life insurance companies. In individual years, pension funds have an average return of up to 15 per cent. Additionally, as pension funds manage funds collectively, the high equity exposure applies to both new accruals and closed contracts. This means that pension funds are able to achieve significantly better returns over time and also much better returns overall. This, in turn, allows for better regulation of pension benefits under disbursement from paid-up policies in pension funds. In other words, the issues that need to be addressed primarily concern life insurance companies and not pension funds. At the same time, it is essential that pension funds retain the ability to have large buffers to manage volatility.

Both life insurance companies and pension funds are now participating in the Ministry of Finance's advisory council. The employee representative (LO) and representatives of the policyholders (the Pensioners' Association) are both explicit that paid-up policies are mainly a challenge in life insurance companies, not in pension funds. The Financial Supervisory Authority can also confirm that pension funds have a completely different management approach than life insurance companies. At the same time, there is a great need to ensure that any new regulatory changes do not disrupt the well-functioning operations of pension funds.

Life insurance companies deliver no more than the guaranteed return, while pension funds often regulate rights better than this and help maintain purchasing power for retirees.

Written by Pensjonskasse Foreningen chief executive officer, Christer Drevsjö

POLICY

Exploring DORA

The EU's DORA regulation is just four months from taking effect, raising concerns about whether pension funds will be adequately prepared. One of the key challenges will be the scrutiny of third-party ICT vendors, along with the need for continuous testing. Lynn Strongin Dodds **reports**

The clock is truly ticking for European pension funds to get their houses in order for the Digital Operational Resilience Act (DORA). There are still a few loose ends to tie up, but schemes are advised to ramp up their efforts given the deadline is only four months away.

The task at hand should not be underestimated. As a new white paper by Broadridge in consultation with consultancy Firebrand notes, DORA, which comes into effect on 17 January 2025, is widely regarded as the most comprehensive and stringent regulation for operational resilience globally, requiring detailed self-assessment and planning. The rules also have extraterritorial reach, which means information technology and communications (ICT) third-party service providers within, as well as outside the European Union, will be in scope.

The paper says there is a growing sense that many firms remain far from ready, exposing themselves not only to operational resiliency risk, but also to regulatory failure. This could result in a fine as the national competent authorities can impose sanctions of up to 2 per cent of a firm's total annual worldwide turnover. Moreover, ICT third-party service providers that are designated as "critical" by the European Supervisory Authorities (ESAs) may face penalties of up to €5 million.

Recent comments by the Association for Financial Markets in Europe (AFME) underscore the urgency. It said the industry is under "severe pressure" to complete the necessary steps before January. Meanwhile, the European Cloud User Coalition (ECUC) in its feedback on DORA suggests that the implementation deadline should be extended to 17 January 2028 to allow for sufficient time for the industry to prepare.

An extension has not been granted for the 22,000 firms, including financial entities and ICT vendors, in the catchment area. However, there is a size limit to pension schemes. Those with 100 or more active and deferred members have to fully comply while those between 16 to 99 are subject to most of the legislation.

Goodwin financial services partner, Andrew Henderson, points out, however, that DORA is "not brand new" for financial sector entities in that much of it builds on

previous industry-specific guidelines to define requirements around consistent ICT risk management; comprehensive resilience testing capabilities, including threat-led penetration testing and third-party risk management. "It is an evolution, but it not created from scratch," he adds. "DORA codified and hardwires what has been guidance."

> "THE FOCUS SHOULD BE ON THE EXISTING STRUCTURE IN PLACE, WHAT IS REQUIRED UNDER DORA, WHAT NEEDS TO BE DONE, THE TRAINING THAT WILL BE REQUIRED AND WHO WILL BE RESPONSIBLE FOR THIS"

THE PURPOSE OF DORA

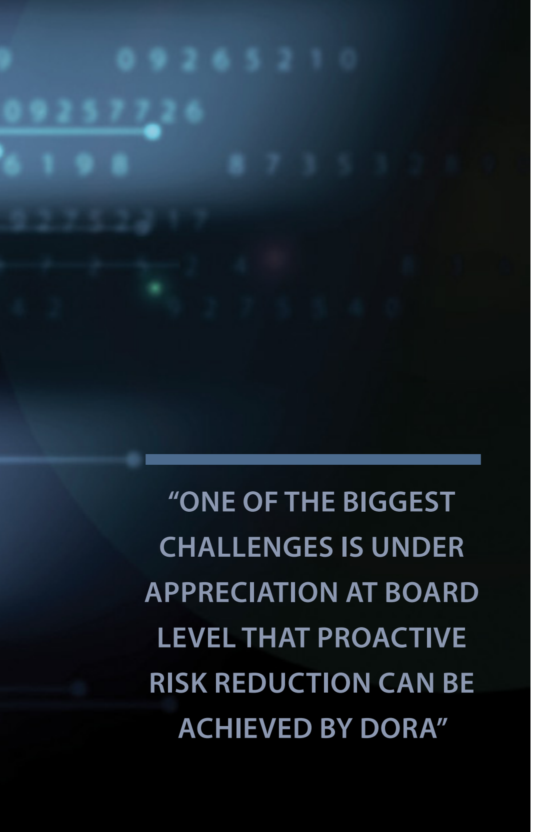
DORA aims to create a more coherent and comprehensive framework from an often disjointed, patchwork set of rules scattered across different sectors and EU countries. The hope is that this will bolster the IT defences of the region's financial service firms in the event of a serious disruption, such as a cyber-attack, by focusing on five key areas. These include ICT risk management, ICT-related incidents, digital operational resilience testing, third party risk and information sharing.

DORA is also part of a wider global legislative agenda that pension funds need to be cognisant of even if they are not directly impacted by it. This includes the Critical Entities Resilience Act (CER), Network and Information Systems Security 2 Directive (NISD2) and Data Governance Act. Last year also saw an agreement reached on the Cyber Resilience Act, the first set of global cybersecurity rules for digital and connected products that are designed, developed, produced and made available on the EU market.

Although the devil is always in the detail, some issues remain unresolved. Market participants had hoped the ESAs would have added more clarity around vendor subcontracting in the second batch of regulatory technical standards published in July. However, there was no further information or explanation as to why guidance was delayed. Instead, they said it would be published in "due course."

PREPARATION IS KEY

In the meantime, the Broadridge



report recommends pension funds should devise a blueprint and undergo a detailed health check to assess the criticality of its systems and services, including a review of how closely aligned its existing ICT governance frameworks are with DORA's requirements. Attention should also be paid to identifying important business services that, if disrupted, could cause a negative impact throughout the firm and market. In addition, the scheme needs to ensure that the right people, processes, technology, facilities and information, including those of suppliers, are in place.

The first step though, according to Mason Hayes & Curran partner and head of pensions, Stephen Gillick, is to conduct a gap analysis to identify deficiencies in existing practices. "The focus should be on the existing structure in place, what is required under DORA, what needs to be done, the training that will be required and who will be responsible for this," he adds. "There were a lot of lessons learnt in getting ready for IORP II that can be applied here but there is a recognition that many of the larger schemes already have process in place and are familiar with the issues but that is not the case with the smaller ones."

As PensionDanmark chief digital risk officer, Janus Friis Bindslev, says: "PensionDanmark has worked with critical third-party vendor risk through several years, so in that sense it is not new. There are still open questions around the detailed requirements on vendors and their supply chains, as not all of the regulatory standards have been published yet. But as a pension fund we want to be as efficient as possible in managing this risk and not wait until everything is finalised."

One of the biggest issues for many pension funds will be to examine their third-party vendor relationships that have not come under such intense scrutiny in the past. This comprises greater due diligence, such as reviewing contracts, as well as developing a monitoring and reporting system for third-party risks. It also entails ongoing monitoring and regular assessments of these providers.

"DORA is multi layered and a much more granular piece of regulation," says Sidley partner and global co-chair of its privacy and cybersecurity practice, William Long. "It requires a holistic and comprehensive review of policies, procedures as well as contractual arrangements. This does not just cover the third-party service provider but also their subcontractors. This is not just a case of updating but also amending a large number of contracts, which is a huge exercise."

Henderson also expects to see an increase in contract negotiations and a tightening of language. He believes that the operational resilience and risk of third-party providers will be held to a much higher standard than before.

Testing is also seen as a challenge as the RTS are requiring financial service firms to demonstrate the governance of their critical services via regular monitoring, consistent metrics and tolerance setting for each critical service. They will have to establish procedures that enable a variety of testing and techniques including vulnerability scanning, penetration testing, red teaming and tabletop exercises. This may be a new practice for even the bigger schemes.

The first, which is expected to be done on a regular basis, identifies cracks in the system as well as detecting potential exploitation, while the second builds upon the vulnerability scan and will typically be conducted annually.

Red teaming, an increasingly popular application, looks at the attackers in the simulation, employing tactics, techniques, and procedures (TTPs) that hackers would use. Last but not least, tabletop exercises are scenarios whereby existing procedures and processes are examined.

Although implementing the right resources and technology is crucial, it is only one part of the equation. Management buy in is critical in that they need to ensure that the organisation is working in tandem to meet the impending deadline.

"One of the biggest challenges is under appreciation at board level that proactive risk reduction can be achieved by DORA," says Thomas Murray director GRC, cyber risk, Shreeji Doshi. "An interesting perspective, DORA requires that the board puts appropriate governance structures to enable risk appropriate spending as there are multiple risk areas competing for budget spend."

PENSIONS INDUSTRY

A mosaic of talent?

The European pensions industry, like many sectors, is increasingly recognising the value of diversity within its workforce. Paige Perrin **explores the key obstacles and potential strategies to enhance D&I across Europe's pension sector**

As the European pensions industry navigates the complexities of an evolving financial landscape, the inclusion of a diverse range of perspectives – across gender, ethnicity, age, and experience – has become essential.

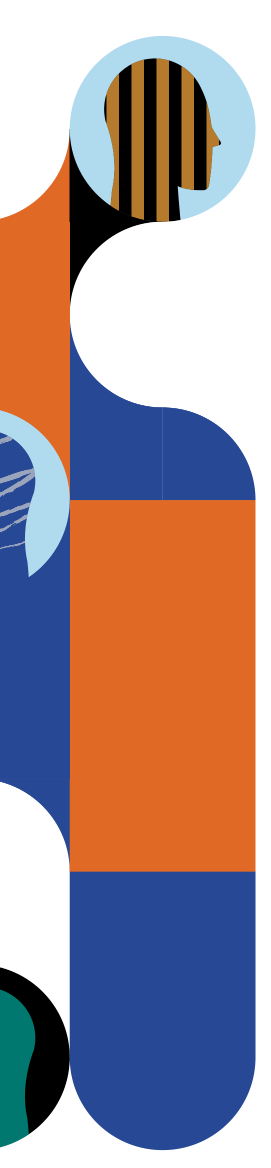
While this is widely acknowledged, the phrase "male, pale, and stale" still lingers over the pensions industry. Indeed, European Insurance and Occupational Pensions Authority (EIOPA) CEO, Petra Hielkema, has been very vocal on diversity; recently she began a presentation by commenting on the lack of female speakers in the lineup of a pension association's annual conference.

Despite increasing dialogue and companies having specific D&I teams, a diverse workforce is not a regulatory necessity. As an EIOPA spokesperson, says: "At the European Union level, there are no clear and common cross-sector definitions for D&I and, with regard to pensions, there are no specific prudential provisions on D&I in the IORP II Directive."

Measuring diversity also remains a complex task and comprehensive data on diversity within the European pensions industry is limited, making it difficult to assess the true extent of D&I in the sector. Arguably, this lack of data can be attributed to several factors, including inconsistent reporting standards, varying levels of commitment to diversity initiatives, and the complex nature of the industry itself.

As WTW head of pensions governance consulting, Jenny Gibbons, points out that, "what gets measured, gets managed" is important in pensions. She emphasises that "just by virtue of doing the measurement, I think it will change outcomes and the level of diversity in the industry".

Professional director, Evalinde Eelens, adds another layer to this discussion, observing that "the current state of gender diversity within the European pensions industry is a complex picture, marked by both progress and persistent



challenges."

However, looking more broadly the challenge is emphasised by the *2023 European Gender Equality Index*, which shows that no European country has achieved true gender equality, with Europe scoring only 70.2 out of 100. Sweden was the highest scoring at 82.2, while Romania was the lowest, with a score of 56.1. This data underscores the varied landscape of gender diversity, and wider diversity, across Europe.

Challenges

Although diversity presents a myriad of challenges across the pensions sector, one area that seems to lend itself more readily to observation and measurement is the diversity within trustee boards.

For instance, in the UK, The Pensions Regulator (TPR) conducted a *Trustee Diversity & Inclusion Survey* in 2023, which revealed the typical trustee was white, male, aged 45 or over, heterosexual, non-disabled, either Christian, or had no religion, and not transgender. Over half of trustees (53 per cent) shared all seven characteristics.

Gibbons explains that, although diversity across the pension industry has improved, TPR's data shows that pension scheme trustee boards are less diverse when compared to the broader population. She highlights the significant challenge in recruiting individuals from diverse backgrounds, particularly in historically male-dominated industries. This issue is intensified by the small size of trustee boards which, without due consideration may restrict the potential for wider representation and inclusion.

"A pension scheme trustee board is on average seven individuals. How do you possibly incorporate all the different elements of diversity when you boil it down to a group of seven people? You can't do it," she adds.

"You therefore have to think about the other mitigations that are in the board's toolkit, for example, awareness itself, how meetings are chaired and how advisers are used or skills supplemented," she adds.

"THE CURRENT STATE OF GENDER DIVERSITY WITHIN THE EUROPEAN PENSIONS INDUSTRY IS A COMPLEX PICTURE, MARKED BY BOTH PROGRESS AND PERSISTENT CHALLENGES"

However, constraints posed by board sizes and recruitment are not the only barriers hindering diversity in the industry. In the Netherlands, Erasmus University associate professor and Robeco Asset Management quant researcher, Laurens Swinkels, observes that "women are generally less likely to choose a role in the financial industry, and pensions seem to be even less appealing to them. The pool of women that could grow into leadership roles such as pension trustees is therefore small."

Swinkels says that women might lack confidence in their ability to add value as pension trustees, due to a lack of opportunities to gain relevant experience beforehand.

Eelens adds that there has been a "noticeable" increase in female directors on pension boards, a "positive" development, indicating that gender diversity is being increasingly recognised as important. However, she warns: "This progress is somewhat superficial, when we look deeper, as true gender parity remains elusive."

Many boards still lack substantial female representation, with women often occupying just one or two seats rather than forming a critical mass. "This limited representation can hinder the effectiveness of diversity, as it fails to bring about the full range of perspectives and decision-making benefits that a truly diverse board can offer," she adds.

While diversity is crucial, an EIOPA spokesperson points out that "diversity does not directly drive inclusion. An environment where people feel heard, acknowledged, and valued regardless of their differences, a place where they can put their diverse talents to the best use does."

Enhancing diversity

When it comes to creating a mosaic of talent in the European pensions sector, several forward-thinking strategies could be adopted. These approaches could not only broaden the representation of different perspectives and voices but could also foster a greater inclusive environment, reflecting the varied backgrounds, experiences, and needs of the industry.

For instance, EIOPA has promoted D&I through various initiatives, including aligning diversity requirements across sectors and recommending gender-neutral remuneration policies. They also advocate for enhanced supervisory reporting and public disclosure of

aspects related to D&I.

Alongside European efforts to promote diversity, companies are also taking steps to advance inclusivity within their organisations and the wider sector. For example, Dalriada Trustees' team spans ages 27 to 70 and includes individuals from a range of backgrounds, non-native English speakers, and LGBTQIA+ members.

Dalriada also participates in initiatives like the 10,000 Black Interns Programme and has developed a Voices campaign to highlight diverse perspectives on topics such as age awareness, mental health, balancing work and faith, and racial discrimination.

Dalriada Trustees chair, Tom Lukic, emphasises the company's commitment to seeking diverse backgrounds and perspectives to better meet client needs, offering apprenticeship opportunities and driving positive industry change.

Similarly, on the asset management side Coronation Fund Managers is dedicated to fostering diversity in their workforce that includes various genders, ethnicities, languages, religions and socio-economic backgrounds, alongside a range of academic and professional qualifications.

Its Aspiring Leaders Project and Catapult Programme develops diverse talent, with significant participation from women and black individuals.

Identifying gaps

A complementary approach to fostering diversity is to assess it across a broad range of factors and identify any gaps. Gibbons explains that WTW measures trustee board diversity in the UK using three lenses: "Skills and experience diversity, demographic diversity, and cognitive or behavioural diversity."

She emphasises the importance of considering diversity through these three lenses to ensure trustee boards have a range of perspectives and opinions, therefore better representing their membership.

Gibbons notes that although there is not a single solution to enhancing diversity, there are tweaks that can make a difference. For example she proposes paying trustees to attract more diverse candidates and focussing on the skills a trustee needs, rather than specific qualifications, to appeal to a broader range of people.

Eelens proposes introducing a quota or strong guidelines, which could yield positive short-term results but emphasises that for meaningful change, a critical mass of women on boards is necessary, as it is crucial that any such policy aims for more than token representation.

She also suggests requiring pension funds to disclose gender diversity statistics regularly, promote training, support career development, update regulations, and encourage research.

Swinkels suggests that "broadening the candidate pool by looking critically at the profile of candidates" could help improve decision-making. "Better decisions are made when a board of trustees has a diverse set of skills and experiences," he adds.

An EIOPA spokesperson adds that "a more diverse and inclusive environment at all levels of the decision-making process helps mitigate biased decision-making".

Eelens underscores the importance of not becoming complacent and says it is "crucial to remain vigilant and proactive in addressing gender diversity".

Looking ahead, experts agree on the need for industry-driven diversity, including setting targets, unbiased recruitment, and inclusive workplace policies.

"BETTER DECISIONS ARE MADE WHEN A BOARD OF TRUSTEES HAS A DIVERSE SET OF SKILLS"

ASSOCIATIONS

Groups of businesses and other organisations with common goals often create national associations to advocate for their collective interests. That includes pension funds and many of the industries that serve them. A consequence of closer European integration has been the growth of Europe-wide associations, to try to combine the influence of national associations.
David Adams **reports**

Joining a national trade association means strengthening a collective voice in pursuit of common goals. It may also offer other benefits, including opportunities for the organisation and its staff to demonstrate professional credibility, or to share ideas, problems or best practice with their peers. But what are the purposes and methods of the Europe-wide associations within the pensions world?

They include PensionsEurope, which represents national associations of pension funds in 18 European Union (EU) member states and three other European countries. It focuses primarily on second pillar pensions, although about half of its members also provide third pillar personal pensions. In total, its member organisations represent, directly or indirectly, about 90 million pension savers and retirees; and about €5 trillion of assets managed on their behalf.

"It's a very diverse membership, and a very diverse landscape," says PensionsEurope secretary general and CEO, Matti Leppälä. He suggests that PensionsEurope's most important success in recent years, achieved alongside other organisations, has been pushing back against European Commission proposals for full harmonisation of pension fund capital requirements within the 2016 review of the IORP Directive. Sustained campaigning over several years helped to prevent this. However, Leppälä says that ever-evolving regulation means PensionsEurope must continuously

defend its members' interests "in an environment designed for big banks and big institutions".

"We have to explain why something does not work for smaller pension funds, and how it should be amended so it is proportionate," he explains.

He says PensionsEurope works extremely hard on forming effective working relationships with policymakers and other organisations that work closely with European pensions industries: "You have to have the trust of people in these institutions if they are going to take you seriously."

Influencing policy at the heart of Europe

The European Association of Paritarian Institutions (AEIP), which represents a broader range of social welfare protection associations and organisations, takes a similar approach. It has been based in Brussels since its foundation in 1996, precisely because this is the best place to work closely with the institutions of the EU.

AEIP's 15 associate and affiliate members are based in 11 European countries, and represent different types of pension funds, schemes and institutions, mostly delivering second pillar pensions, although some also manage first pillar pensions and employee welfare protection on behalf of governments. Associate members include Agirc-Arrco and CTIP in France, PensioPlus in Belgium, SOKA-BAU in Germany, BUAK in Austria, the Dutch Pensioen Federatie; and the Finnish Pension Alliance in Finland.

Although some of these organisations are much larger than AEIP, the association gives them a stronger voice within policymaking circles at European level, says executive director, Simone Miotto. That collective influence can be made even stronger through work alongside other European associations, including PensionsEurope, with which AEIP has a protocol of cooperation. Its work also extends beyond Europe, through the World Pension Alliance, of which PensionsEurope is also a member, along with pensions industry associations from North America, Latin America and Australia.

In Europe, AEIP is working with policymakers on issues including development of the European Tracking Service on Pensions (ETS) and web-based cross-border pension tracking services. It is also one of 13 organisations that promote European Retirement Week each November, providing a platform for debate and awareness-raising around issues including pension adequacy.

There are also associations representing business sectors that work with pension funds and schemes in the industry. They include the Actuarial Association of Europe (AAE), which counts 38 national actuarial associations in 37 European countries among its members, with those associations in turn representing more than 30,000 actuaries. Many work with pension funds, on actuarial valuations, or delivering other services such as benefit structure design, or investment strategy advice.

The AAE provides industry-independent advice to the European Commission and other policymakers on issues related to pensions, insurance and risk management, among other subjects, says AAE senior actuary and project manager, Stephanos Hadjistyllis. At present, they include incorporating considerations of sustainability into actuarial work; and the role actuaries can play in ensuring AI technology is used ethically within or alongside actuarial work. The AAE also has a Code of Professional Conduct, developed to ensure consistent quality of actuarial work.

Investment management collaboration and innovation

Elsewhere, the European Fund and Asset Management Association (EFAMA) represents Europe's investment management industry. EFAMA's annual *Fact Book* is an important publication for any institutional investor, collating and analysing market statistics and trends.

"EFAMA is promoting discussion between regulators, the industry and consumer organisations, so that together we can influence regulation in the right way," says EFAMA senior director for economics and research, Bernard Delbecque.

He points out that the investment management industry has become an even more important partner for pension funds in an age when DC pension arrangements are coming to dominate the European pensions landscape. He suggests that the use of lifecycling strategies for individual pension savers, pioneered by

"In some areas we agree, in others we do not agree. But when we converge, we are much more powerful"

EFAMA's members, "is probably the best strategy that our industry can offer to the benefit of pension savers, especially younger savers".

The association also works alongside other pensions and insurance industry bodies to promote more awareness of the need to save for retirement and adoption of policies to close the pensions gap, such as auto-enrolment.

EFAMA was also an early advocate for the creation of an EU-wide pensions product for the second pillar. The idea was not accepted by the European Commission, but it helped encourage the creation of the Pan-European Personal Pension Product (PEPP) for the third pillar.

Delbecque notes that while the commission's original proposal for a PEPP incorporated a default capital guarantee, the results of academic research commissioned by EFAMA helped ensure the final version included an option to use lifecycling. He suggests that the reason the PEPP has been a failure so far – there is currently only one PEPP provider – is a series of compromises made in response to demands from other stakeholders.

"We hope that the new European Commission will simplify the PEPP regulation," he says.

Pushing for pan-European pensions

The PEPP is dear to the heart of one Europe-wide association pursuing a specific pension policy: the Cross Border Benefits Alliance (CBBA). Its founder and secretary general, Dr Francesco Briganti, is a former director of AEIP. While working there, he completed a PhD in EU law, which examined the legal basis needed to establish a pan-European employee benefits plan. The concept was viewed with some scepticism within the pensions industry: Briganti recalls one observer dismissing it as "a science fiction study".

But while writing the PhD, Briganti had spoken to other industry associations, multinational employers and large pension providers, which expressed enthusiasm for cross-border benefits programmes, in part because this could enable them to sidestep some of the operational and regulatory complexity and costs involved when enabling employees in different countries to save for retirement.

He invited these employers, pension providers and other organisations to join the CBBA. It began operations in 2017, soon broadening its scope to cover not just pensions, but pan-European health and other employee benefits. Today, its members include AXA France, FIAP, Fondo Penzione BCC, Gallagher, the Generali Employee Benefits Network; and Aon's multi-country pension solution, United Pensions.

The CBBA argues for creation of a Pan-European Occupational Pension Product (PEOP). A 2020 CBBA discussion paper on the subject helped to inform the content of the European Pensions Insurance and Occupational Pensions Authority (EIOPA) Occupational Pensions Stakeholder Group's discussion paper on the subject in May 2024.

"When some organisations say there is no appetite for cross-border pensions, our answer – and also the answer of EIOPA – is that the problem is not market appetite," says Briganti. "The problem is… the current legal framework is too complicated and burdensome. But today, those organisations, which were historically opposed to cross-border pensions, know that the commission is considering going ahead with this project."

Even with their impressive collective scale, any achievement claimed by any of these associations will be hard-won and may take years. But each also demonstrates the potential value of a united front in pursuit of common aims.

Sometimes, as with the IORP Directive, Europe-wide associations work together to create even greater influence over policymakers. Briganti warns that this can be difficult. "In some areas we agree, in others we do not agree," he says. "But when we converge, we are much more powerful."

INTERVIEW

Houthoff partner, Oscar Van Angeren, tells Francesca Fabrizi **about his journey from Dutch litigator to pan-European investment and pensions lawyer, and what it means to be working with some of the brightest people in the world**

Making his mark

As a lawyer who started out in litigation in the Netherlands, please tell us how your role has evolved into what it is today

■ I started my legal career over 25 years ago in Supreme Court litigation, working in The Hague. In my early years, I was sent to work in New York, still doing Dutch law but, as part of that, we also gave a lot of advice on equities law. It was there that I got my first taste of asset management and institutional investment – seeing these structures being set up by big American institutional investors, pension funds but also private equity firms. That sparked my interest in the whole area of investment management.

When I went back to the Netherlands, I started to look more closely at how, for example, private equity firms worked, how institutional investors worked, how they could help each other, and the legal aspects of all of this.

Fast forward to 2008, I joined my current law firm, Houthoff, and at that time I was seeing a lot of appetite for Dutch law advice regarding asset management among the Dutch pension funds. I found that very satisfying because, not only were the financial interests huge, so the help I could give as a lawyer to these parties was very welcome, but also because these pension funds had such a big impact on society.

The whole idea was, if I could help these pension funds, that would benefit everybody because, at the end of the day, pension funds are investing money on behalf of their members – hardworking people that deserve good pensions.

From here I started to focus my efforts on building up a practice in this area, helping Dutch pension funds, some of the biggest pension funds in Europe, with their legal requirements, and that was a big step in the journey to where I am today.

How did you help them specifically with their contracts?

■ Initially, I started to develop template contracts for them because I noticed that a lot of Dutch pension funds at the time were investing billions with their non-Dutch asset managers, yet were willing to accept the template contracts those asset managers were giving them, which were governed by a foreign law, a foreign court!

When they realised that I could help them develop Dutch law governed contracts, which would clearly be in their best interests, the demand for my services just exploded. A lot of Dutch pension funds then wanted to use my contracts.

So, I believe I found a gap in the market because, at that time, hardly any Dutch pension funds were using their own Dutch law contracts. I even got invited by the supervisor of the Dutch Central Bank to give a presentation to the pension fund and asset management industry about my views.

How did the asset management industry react?

■ The asset managers were very professional about it – they thought that, if it was good for their clients to

have their own contracts, they would accept that, and they were happy to work with me. In fact, there was a lot of appetite from then on from the asset managers too, many of them based in the UK, to work with me, which led to me moving to London, where I currently live with my family. I am now running our London office together with Jessica Terpstra, our finance and derivatives expert.

I still visit the Netherlands of course at least three or four times a month, as a lot of clients are based there but, because a lot of pension funds in the Netherlands hire UK-based asset managers, if I'm in London, I can better understand how they work, I'm closer to them, I can negotiate much easier with them, so it makes it easier for everybody if I am in the UK.

I also of course have a great team in the Netherlands, so together we can effectively bring those two jurisdictions together – bring the Netherlands to London, and London to the Netherlands.

What does your day-to-day look like?

■ In terms of my day-to-day, for much of my time, as I mentioned, I negotiate asset management contracts between pension funds and asset managers. These can be Dutch pension funds but also, more recently, foreign pension funds who hire Dutch asset managers.

I also do a lot of fund reviews for Dutch and foreign investment funds – I give regulatory advice about, for example, the Alternative Investment Fund Managers Directive (AIFMD); the Digital Operational Resilience Act (DORA); and do a lot of ESG-related work. Every time there's a change in the regulatory system or a new regulatory directive is enacted, you can be sure it will have an impact on the pension funds and the asset management industry as well. So that's where we can help.

What I also do is translate the regulatory changes into the contracts. Not only do I ask the parties to guarantee that they comply with the regulatory rules, I also draft provisions in the contract on a civil law basis, saying we agree with each other that you will comply with those rules. The reason I do this is because it's important for pension funds, for example, to be able to show their supervisor that not only do they accept a general guarantee, but that they will actually want to give it a value.

Then I also review funds for institutional investors – say a pension fund wants to invest in an infrastructure fund, they'll ask me to review the terms and to negotiate a side letter where necessary.

> **"WE NEED TO REMEMBER WE ARE WORKING WITH PENSION FUND MEMBERS' MONEY HERE, PEOPLE THAT WORK HARD FOR THEIR LIVING"**

So, all of this certainly keeps me busy, but I can safely say that we as a firm have grown into regulatory experts in these areas.

How have you seen the industry change over the years?

■ It's an ever-changing world but one major change I have witnessed over the years is that, while the economy was very much driven in the past by the banks, you now see that economic activity coming more from the institutional investors and the asset managers. They are the ones driving the economy now.

I'm therefore right in the sweet spot in respect of where the economy is and that makes it so interesting for me – the impact these pension funds and asset managers have on society is huge, and that makes it very satisfying for me to be working with them.

Of course, it doesn't come without its challenges. I am working with very bright people, and I strive every day to do the very best I can for them. Those who work in the asset management industry and for pension funds are some of the brightest you will ever meet, some of the most knowledgeable people in the world. That for me is my biggest challenge, yet also my biggest reward and arguably most enjoyable part of the role. That and knowing what I am doing is having a positive impact on society.

On a more personal level, in terms of how things have changed, while I started out by focusing only on Dutch law and working with Dutch pension funds, I have now become a pan-European/international lawyer, and my clientele has evolved internationally too.

How's the future looking?

■ It's looking bright! The practice and the client base is expanding, and I have knowledgeable, intelligent colleagues I love to work with.

What I also like about law is that it keeps on refreshing, so it keeps me engaged. Saying that, while regulation has an important role and changes are sometimes needed, we must also be careful to avoid regulatory overkill because, in the end, it's expensive for asset managers and institutional investors to be compliant. We need to remember we are working with pension fund members' money here; people that work hard for their living.

But generally, looking ahead, I'm as enthusiastic now as I ever was and that's one of the biggest compliments I get from my clients – my enthusiasm. I just love what I do!

TACKLING PENSION COSTS

Ask the industry:

With rising public costs being faced worldwide, many countries are eyeing up pensions as a place to cut expenses, whether by increasing the state pension age, cutting public pension budgets, or redirecting private pension investments. ***European Pensions*** **asks: What lever would the industry most like to see used to help address rising pension cost concerns, and which countries are ahead of the curve in addressing this issue?**

We have all experienced several examples of government actions targeting first pillar pensions as a way to reduce public costs, with an increase of the state pension age being one of the most recurrent 'tools'. This action often comes along with state pensions becoming lower and lower, especially for younger generations.

Indeed, it is a challenging task to contest this trend concretely. Having accepted that such a trend is in place, mitigating actions are possible. From my observation point (Previnet provides admin services to pension schemes across Europe), European governments should favour, more than now, a more robust and more prosperous second pillar. Citizens need to build up richer private pensions. How to do that? Several answers are possible. My favourite is auto-enrolment. The UK, somehow Italy and soon Ireland, have put in place measures to automatically enrol new workers into second pillar pension schemes. EIOPA explicitly has sent the same message to member states. In short, auto-enrolment, adequately explained to workers, is the appropriate lever to mitigate the effect of lower and lower public pensions.

MARTINO BRAICO
Previnet senior manager

Demographics is the main challenge for most state pension systems based on pay as you go (PAYG). Across the world, we have experienced falling fertility rates and increasing life expectancy resulting in ageing populations. For a pension system to be financially sustainable, it needs to be generation neutral. Some countries addressed this demographic challenge in time. One such example is Sweden which, in the mid-90s, transformed its state pension from an unsustainable DB state pension to a notional DC state pension. The notional DC state pension is a PAYG system with a buffer fund (managed by the AP funds), which is designed to be generation neutral. In addition, most employees in Sweden have a workplace pension organised through collective agreements. Countries that did not proactively address the changes in demographics in the past are now forced to increase the state pension age and/or reduce state pension benefits. This is to protect future generations of retirees, by sharing the costs more evenly across generations.

STEFAN LUNDBERG
Folksam Life strategic business development

Pension systems in many countries, especially those based on pay as you go (PAYG), are under significant pressure. Government measures have primarily focused on ensuring sustainability, but often at the expense of adequacy. While these reforms may keep future pensions sustainable, they may not provide sufficient income for retirees. Funded pensions (occupational or personal) that supplement PAYG systems will be the only credible solution. Given the looming pension crisis and the slow growth in funded pension coverage, tax incentives and 'soft' measures, like information campaigns, may no longer be enough. Auto-enrolment, though helpful, might also fall short in countries reliant on PAYG systems, where the culture of funded pensions is weak. Since building a pension pot takes years, there is little time left to prevent future poverty among millions of retirees. Therefore, governments need the political courage to mandate participation in funded pension schemes, especially for younger generations.

FRANCESCO BRIGANTI
Cross Border Benefits Alliance-Europe secretary general

Instead of focusing only on one solution, a variety of instruments should be considered when adjusting pension systems to demographic and economic changes.

Raising retirement age is a key measure in the context of increasing life expectancy, low fertility and ageing population. Many countries have already linked retirement to life expectancy which cuts spending by reducing the duration over which pensions are paid and increases revenues through longer payment of pension contributions. Raising retirement ages also prevents benefit levels from declining too low.

Another option is to create automatic adjustment mechanisms which, by means of predetermined rules, aim to stabilise the contribution and benefit levels and divide the risks more evenly between generations. These could react by cutting the index increases of pensions in payment but also by increasing the pension contribution. For example, Sweden, Germany and Canada have established these kind of automatic adjustment mechanisms.

MIKA VIDLUND
Finnish Centre for Pensions liaison manager

I don't think there is any one lever that will work, and a combination of actions will be required. In Ireland, we have raised the state pension age to 66 but there appears to be little public or political will to go any higher than that. As a result of not raising it further, social insurance contributions will increase. The introduction of auto-enrolment should also help by increasing pension savings and reducing overall reliance on the state pension. The government is also in the lucky position of running budget surpluses at the moment and has decided to invest some of this by setting up a Future Ireland Fund, which will provide funding for the impact of demographic change and an ageing population. I think it will be a combination of measures like these that will work best for most countries.

JERRY MORIARTY
Irish Association of Pension Funds CEO

In their own words...

Industry personalities' comments on the hot topics affecting the European pensions space

On the steps the Dutch government should take to encourage greater pension fund investment in the energy transition

"The energy transition is a major challenge. Pension funds want to contribute to the energy transition, but supply and demand of the needed capital is fragmented. A national investment institution can play an important role in managing this by providing investment opportunities to both larger and smaller pension funds, and by doing so make sure the pension funds can earn a solid return and contribute to the common good at the same time."

Daan Spaargaren, PME responsible investment strategist

On the appetite for pan-European pensions

"When some organisations say there is no appetite for cross-border pensions, our answer – and also the answer of the European Insurance and Occupational Pensions Authority – is that the problem is not market appetite. The problem is… the current legal framework is too complicated and burdensome. But today, those organisations which were historically opposed to the [pan-European Occupational Pensions Product], know that the European Commission is considering going ahead with this project."

Dr Francesco Briganti, CBBA founder and secretary general

On the potential for generative AI to reshape the pensions industry

"Generative AI is indeed a potential game-changer in the pensions and insurance industries, particularly due to its ability to create tailored content and provide personalised insights."

DEJAN MALESIC
Previnet senior manager

On the distinction between pension funds and life insurance companies in Norway

"Pension funds are fundamentally different from life insurance companies. Insurance companies will always try to protect the shareholders' values. This issue does not exist for self-owned pension funds, which exclusively aim to safeguard the interests of the policyholders."

CHRISTER DREVSJÖ
Pensjonskasse Foreningen chief executive officer

On the necessity to save for retirement in Germany

"People somehow still have this idea that the first pillar should be enough. This is not true; they have to save. The financial planning people do is not sufficiently considering that they will grow old. But how can they do that if they earn too little? And it's a particular issue for women because this will not be enough if they are widowed, even more so if they are divorced."

PROF. DR. MONIKA SCHNITZER
German Council of Economic Experts chair

On diversity in the European pensions industry

"The current state of gender diversity within the European pensions industry is a complex picture, marked by both progress and persistent challenges."

Evalinde Eelens ,
Dutch pension scheme board member

On how public public-private partnership (PPPs) projects are changing and the opportunities available for pension funds

"Volumes of PPPs have declined globally across the last decade. For pension funds, expertise is necessary to participate as an equity partner. From the government side, with public budgets stretched, the attraction of pension capital is obvious, but realism is necessary with respect to the inevitably higher cost of capital when financed privately."

GREGG MCCLYMONT
IFM Investors director of public affairs

On the progress of Dutch pension funds with the transition to the new pension system

"All Dutch pension funds are fully engaged in the transition and pension administrators are working hard to adjust all administration systems. There is a lot of work to be done within tight deadlines."

Matthies Verstegen, Brussels office head and Mark Boumans, policy adviser, Dutch Pension Federation

PENSIONS Age AWARDS 2025

Gala Dinner and Ceremony: 04 March 2025

The Great Room, Grosvenor House Hotel, Park Lane, London

12th annual Pensions Age Awards: Celebrating excellence within the UK Pensions Industry

Deadline for entries:

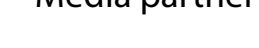
01 November 2024

Sponsored by

AVIVA

Supported by

PENSIONS AND LIFETIME SAVINGS ASSOCIATION



www.pensionsage.com/awards

Celebrating excellence within the UK Pensions Industry – organised by Pensions Age

Follow us for the latest news:

@PensionsAge #PensionsAgeAwards