

Hedwig Peters



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Staying on board

Francesca Fabrizi sits down with Hedwig Peters, board member of several Dutch pension funds, to discuss her career, life as a portfolio manager in the '80s and her thoughts on Dutch reform

Please tell us about your career to date?

■ Since 2012, I have been an independent board member of several major Dutch pension funds. In my earlier days, I was an equity portfolio manager for more than 21 years. I have also held senior management positions as CIO of Allianz Netherlands, and I set up the fiduciary business for Allianz Global Investors in the Netherlands.

Where did it all begin?

■ I finished university in 1983, and that was economically a very difficult period. My first job was with a debt collection agency, which was interesting because we were dealing with situations whereby it wasn't always the fault of the individuals, but the bank that had overloaded them with loans.

That stemmed my interest in finance and so, after some further education, I went to work for Delta Lloyd, which was an insurer in the Netherlands. I joined its investment team and started to learn all about bonds.

After two years, my manager asked if I would sit on his desk and become an assistant on the equities side. Alongside that, I decided to study for my VBA (today known as the CFA). It's funny to look back now at those days and how things have changed. We did not have Bloomberg or Reuters, for example, but a data stream we had to keep refreshing by pushing a button. Also, every transaction had to be written down.

What was your next career move?

■ In 1990, I joined Centraal Beheer, now Achmea, in its investment team where I helped launch several equity funds and later moved more specifically into European equities.

In 1995, I joined Robeco, and in 1997, I helped set up a pan-European small-to-mid-cap fund. Luckily, it was around the start of the dot-com bubble so, for small cap, it was more or less about cherry picking from all the initial public offerings (IPOs).

That was a fantastic time for me because we divided the fund geographically and I was responsible for France, Italy, Spain and Portugal – wonderful places that I had to travel to regularly.

As wonderful as that was, however, at the time we were living in central Netherlands and I was having to travel to and from Rotterdam for work, which was not ideal when I had three small children at home. So when I got a call from the predecessor of Allianz Netherlands one day in 2001, which had an office very close to my home, I decided to accept an offer from them.

Then, in 2006, the position of head of investment became available, which later developed into a CIO role. At that time, a new way of working was coming to the fore – procedures were getting much stricter, and there was a strong focus on better governance, so it was very interesting and a great learning curve for me.

A few years later, the firm wanted to set up a fiduciary office, so I went over to Allianz Global Investors to set up the fiduciary office in the Netherlands. Sadly, that was in the midst of the financial crisis – we won a very big mandate at the time, but then the market collapsed so there was no action for some time.

**“THE BIGGEST CHALLENGE IS THAT WE ARE
IN THIS TRANSITION PHASE IN THE DUTCH
PENSION FUND WORLD”**

When did you decide to set up on your own?

■ It was in 2012 that I decided to go to the other side of the table – I already had a lot of experience with clients, as well as so much investment experience, so I became an independent board member, and I have never been so busy.

Today, I have several roles. I have been working with Royal Haskoning, a global consulting and engineering company, for quite some time.

It has a very interesting angle on the environment because it is a thought-leader in that space offering innovative solutions – so I am also learning a lot. I am also CIO at Nedlloyd Pension Fund, which is currently going through the process of transferring to an insurer, so again a very interesting area.

Additionally, I am an executive director for Pensioenfond Citigroup, which I really enjoy. I also chair the advisory board of the pension fund for architects (Bpf Architecten).

What is the biggest challenge you feel you are facing today in your roles?

■ The biggest challenge is that we are in this transition phase in the Dutch pension fund world – moving primarily from a DB to a DC system. It is a difficult subject because not everyone understands the changes, including the plan members, and this is not good for the reputation of the pension system.

The other challenge is that even some of the well-known IT systems don't really know how to deliver under the new system; plus, there is a shortage of experts here, so a lot of the existing ones are overloaded with work – everyone is really stretched.

Finally, board members find it challenging to make predictions for the future because of the uncertainty, plus they are overloaded themselves and do not have enough time. I heard recently, for example, about a document for the board to review which had 14,000 pages. No-one is going to read that – it's nonsense.

The Dutch Central Bank is also learning by doing, so it is challenging for everyone.

What do you see as the strengths of the Dutch pensions system?

■ The strength is the solidarity. It is very well-funded because we started early, and most people are still a member of a pension fund. Less positive is that a lot of people in the Netherlands are self-employed and that is a problem because they are not often covered by a pension. There have been discussions in this area for many years but the regulator should be more helpful.

How are you feeling about the future of pensions in the Netherlands?

■ A little bit worried, because in the past it was an enormous industry. For those funds that are staying under the old system, they have a limited time horizon – they will not be covered by the new IT systems, for example, and organisations will not have any interest in them. They will almost be forced to go to the new system. But there is added-value, I believe, in funds which have a sense of community – such as the one for architects. It is easier to make tailor-made decisions for one group rather than multiple.

There can of course be advantages to consolidating funds, but it's worth pointing out that some people think our pension funds are very big in the investment industry, and that is not always the case, because we have relatively inactive portfolios, all in all.

If you have €1.8 trillion, for example, in the Dutch system in total, which is quite some money, around 50 per cent of that, at least, will be in bonds, and they don't move that much. The rest will be in equities or equity-related. If you look at that compared to worldwide figures, that's not that much and the turnover is limited.

I also hope that we do not see any further pressure to lower fees, because we are at quite low levels already, and with all the investments the industry has to make in artificial intelligence and risk systems etc, you cannot expect a good service if you are not willing to pay.

More also needs to be done around financial education for children and I plan to get more involved in that – whether that's with learning materials, talking to them in a practical way about finance, or teaching them how to manage a small budget.

I know my children thought they could just pull money out of the wall whenever they wanted until I explained it wasn't that easy!