

FREE ATTENDANCE
for Local Authority Officers
& Investment Advisers



LAPF Strategic Investment Forum

for local authority pension investors & their advisers

THURSDAY 9 FEBRUARY, 2012
LANDMARK HOTEL, LONDON
ONE DAY CONFERENCE & DINNER

- ▶ Balancing Costs & Investment Strategy
- ▶ Examining 10 Years of LGPS Asset Allocation
- ▶ Finding Future Returns

Speakers & moderators

Chairman: John Harrison
Principal, Investment Practice
Aon Hewitt

Jo Ray
Group Manager
Pensions & Treasury
Lincolnshire County Council

Vanessa James
Investment Director
London Pension Fund Authority

Judy Saunders
Chief Investment Officer
West Midlands Pension Fund

John Wood
Head of Financial & Commercial
Services
Staffordshire County Council

Andrew Braid
Chief Investment Officer
West Yorkshire Pension Fund

Nick Vickers
Head of Financial Services
Kent County Council

Linda Selman
Partner, Head of
LGPS Investment
Hymans Robertson

Karen Shackleton
Chief Executive
AllenbridgeEpic

Sponsored by



Organised by

LAPF AIConferences
Investments

In association with pensionsperformance.com & The Pension Funds Performance Guide



LAPF Strategic Investment Forum

for local authority pension investors & their advisers

Sponsors & organisers



BNY MELLON

BNY Mellon Asset Management International Limited
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Kenneth Tomlin
Director Institutional Business
kenneth.tomlin@bnymellon.com
+44 (0)20 7163 5318



M&G Investments
Governor's House
Laurence Pountney Hill
London EC4R 0HH

Bernard Abrahamsen
Head of Institutional Sales and Distribution
bernard.abrahamsen@mandg.co.uk
+44 (0)20 7548 3414



Neptune Investment Management
3 Shortlands
London W6 8DA

Fred McNeill
Manager, Institutional Business
frederick.mcneill@neptune-im.co.uk
+44 (0)20 3249 0164



Lazard Asset Management Limited
50 Stratton Street
London W1J 8LL

Louisa Vincent
Director, Head of Institutions
louisa.vincent@lazard.com
+44 (0)20 7448 2118



Standard Life Investments
1 George Street
Edinburgh EH2 2LL

Len Currie
Investment Director
len_currie@standardlife.com
+44 (0)131 245 6425



AIConferences
Longview Productions Ltd
Unit B2, 62 Beechwood Road
London E8 3DY

Peter Findlay
Director
peter.findlay@aiconferences.com
+44 (0)20 8617 3119



J.P. Morgan Asset Management Ltd
Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ

Peter Cazalet
Head of UK Institutional Business Development
peter.cg.cazalet@jpmorgan.com
+44 (0)20 7742 8503



Natixis Global Asset Management (NGAM UK Ltd)
Cannon Bridge House
25 Dowgate Hill
London EC4R 2YA

Terry Mellish
Head of UK/Ireland Business & Global Consultant Relationships
terry.mellish@ga.natixis.com
+44 (0)20 3405 2172



DG Publishing
Temple Chambers
3-7 Temple Avenue
London EC4Y 0HP

Neil Desmond
Publisher
ndesmond@dgpublishing.com
+44 (0)20 7353 9134

Welcome

Dear Local Government Pension Funds,

At this time of profound uncertainty and public scrutiny, LGPS funds find themselves under significant pressure to provide retirement incomes at less cost and with reduced risk. Shaping the investment strategies of the future, then, will require tough decisions about how far to diversify, how to balance active and passive investments, and how to prioritise LGPS resources.

To help put these challenges in context and set the scene of our inaugural conference, we've compiled a decade's worth of LGPS asset allocation statistics, provided by The Pension Fund Performance Guide (see pages 6-7). This data will provide the backdrop to our early sessions which will include a debate on the changing shape of LGPS liabilities.

We'll then discuss a range of ideas about where future returns may be found in the coming years covering various asset classes and geographies. Finally, bringing together the various strands of the day, we'll examine the interplay between cost, risk and governance and explore how funds can best achieve their goals.

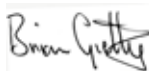
LGPS investment officers and their independent advisers from across the UK are welcome to attend the conference and dinner, free of charge and on behalf of LAPP Investments Magazine, The Pension Funds Performance Guide and AIConferences, we very much hope you can join us.

Best regards,



Peter Findlay

Project Manager
LAPP Strategic Investment Forum
AIConferences



Brian Gielty

Editor
LAPP Investments
DG Publishing



Agenda

Chairman's Opening Remarks

John Harrison

Principal, Investment Practice
Aon Hewitt

THE STATE OF PLAY

Presentation

Trends in asset allocation: a decade of choices under the microscope

BNY Mellon's Jamie Lewin casts an asset allocator's eye over 10 years of LGPS data and asks what the investment choices of the past might tell us about the strategies of the future. See the data on pages 6-7.

Jamie Lewin

Head of Asset Allocation
BNY Mellon Asset Management

Panel session

What are the key actuarial challenges facing LGPS and how might they impact the investment choices of the future?

The prospects of swiftly maturing pension funds, member opt-outs, staff reduction and contribution rate volatility are presenting numerous challenges to LGPS officers and elected members. How will the changing actuarial landscape impact LGPS investments?

● **Joanne Holden**

Principal, Head of LGPS
Investment Business, Mercer

● **Neil Record**

Chairman, Record Plc

● **Phil Triggs**

Group Manager of
Treasury and Pensions
Warwickshire County Council

● **John Wood**

Head of Financial
& Commercial Services
Staffordshire County Council

Roundtable discussion 1

Asset allocation and manager choices: how have we performed in key areas?

Roundtable discussions of six to eight delegates including representatives from local authorities, advisers and fund managers, moderated by sponsors and guests.

Presentation

Does LDI make sense for Local Government Pension Schemes?

The rationale for LDI in the private sector, where pension liabilities belong on the balance sheet of a corporate sponsor, is clear. In the public sector, however, where LGPS deficits are already a future public sector liability, does it make sense to build an investment strategy around government bonds, another form of future public sector liability?

Paul Sweeting

Managing Director
European Head of Strategy
J.P. Morgan Asset Management

WHERE WILL FUTURE RETURNS COME FROM?

Presentation

Cheap or cheerful? The outlook for passive and active equity management

With the case for the equity risk premium arguably on the ropes and allocations to equities falling year by year, what is the outlook for passive and active equity management and to what extent should LGPS be looking to equities for future returns?

Speaker to be confirmed

Presentation

Localism vs. globalism: will a domestic equity bias pay in the long run?

Domestic equities currently account for about 45% of the total LGPS equity allocation and almost a quarter of all LGPS investments. This has come down a long way from levels of over 60% of total equities and almost 40% of total investments ten years ago but some would argue that it remains high. What is the case for remaining overweight domestic equities vs. further geographic diversification?

Michael J Mangan

Partner and Portfolio Manager for
Institutional Portfolios
Harris Associates LP

Presentation

Is absolute return doing what it says on the tin?

Arguably it's not even clear what 'absolute return' says on the tin but if we take it to mean prospering in all market conditions then clearly there is a case to be made that absolute return has not delivered. What should we understand by absolute return, what can be said of its track record and is it the key to future returns in LGPS?

● **George Emmerson**
Investment Director
Standard Life Investments

Presentation

Are emerging markets really the answer?

The recent global recession turned much of the established wisdom in capital markets on its head. Not least the belief that the developed world is necessarily more resilient than emerging economies. But with many commentators urging investors to look beyond traditional markets for future returns, does the volatility and risk presented by such diverse geographies and asset classes make investment in emerging markets something of a minefield?

Bill Smith
Chief Executive Officer (UK)
Lazard Asset Management

Panel session

How will China impact your investment portfolio in the long-term?

As well as presenting huge investment opportunities many believe China will play a fundamental role in shaping

investment returns throughout the world and across asset classes. In what ways will China make its mark on LGPS pension funds?

Douglas Turnbull
Fund Manager
Neptune Investment Management

Panel session

Accessing alternatives: which ones, how much do you manage yourself and what will your risk budget bear?

While the need for alternatives in LGPS portfolios is widely subscribed to, how schemes actually go about building and maintaining a portfolio is another question. Here we explore the gap between what LGPS would like in the alternatives field and what they're able to achieve given their risk and governance profiles. Can a manager-of-managers approach bridge the gap or is a purely in-house manager selection strategy preferable?

● **Andrew Braid**
Chief Investment Officer
West Yorkshire Pension Fund

● **William Nicoll**,
Director Fixed Income
M&G Investments

● **Judy Saunders**
Chief Investment Officer
West Midlands Pension Fund

● **Karen Shackleton**
Chief Executive, AllenbridgeEpic

Roundtable discussion 2

Accessing alternatives: which ones, how much do you manage yourself and what will your risk budget bear?

CAN WE MAKE IT WORK?

Panel session

Do we want cost reduction or cost effectiveness?

The pressure on public sector finances means that LGPS funds are under greater scrutiny than ever before. With increasing focus on the cost of providing pensions, how will the sector respond? Will it move increasingly towards passive investment strategies to minimise fund management costs or embrace more diversified portfolios to dampen contribution rate volatility, even though this may increase fund management costs? Will we encourage our active managers to adopt performance-related fees to better align costs and benefits? And on what basis will we demonstrate our cost effectiveness to the outside world?

● **Vanessa James**
Investment Director
London Pension Fund Authority

● **Linda Selman**
Partner, Head of LGPS Investment
Hymans Robertson

● **Nick Vickers**
Head of Financial Services
Kent County Council

Roundtable discussion 3

What will the LGPS investment strategies of the future look like and can we make them work?

17.30-21.30 Cocktails & Dinner

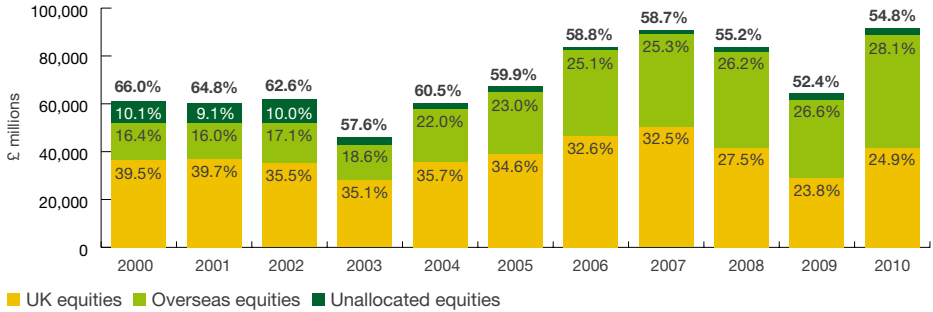


LGPS Asset Allocation Data 2000-2010

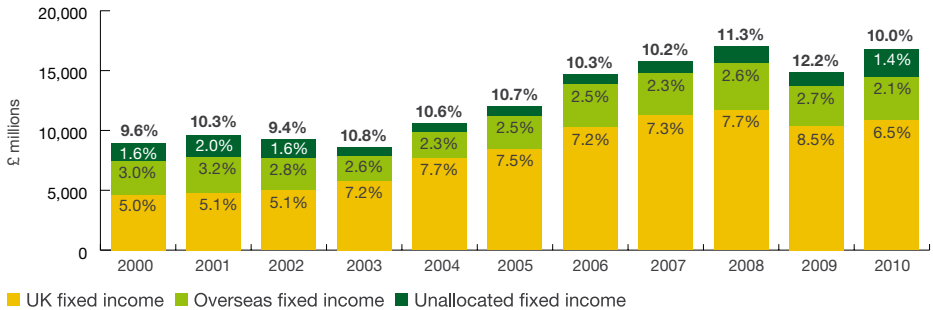
No. of Records: 2000: 104; 2001: 107; 2002-03: 108; 2004-10: 109

Selected asset classes shown by percentage of total assets

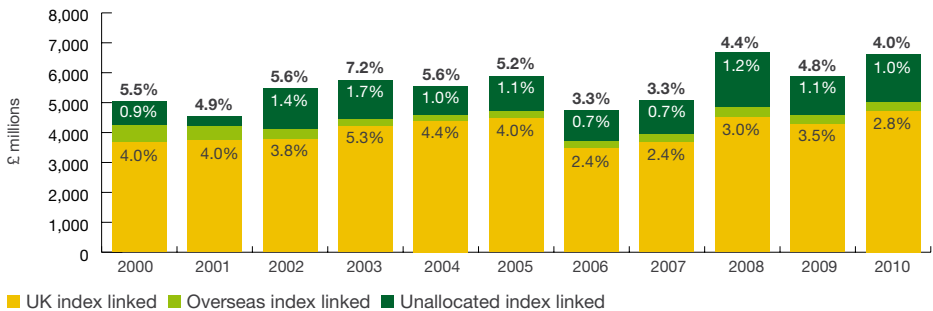
Equities



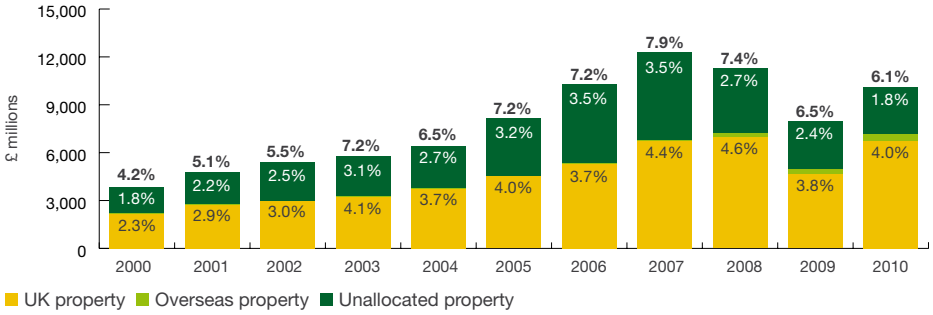
Fixed income



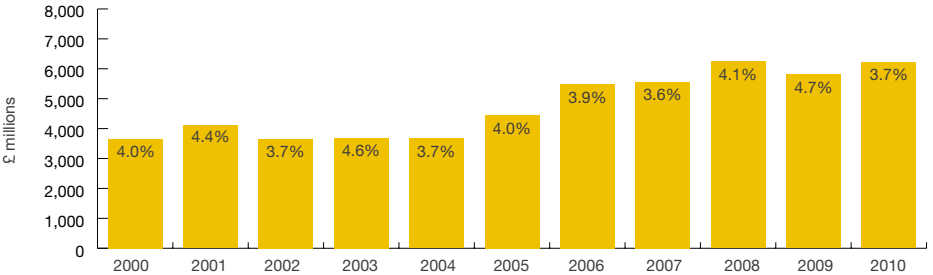
Index linked



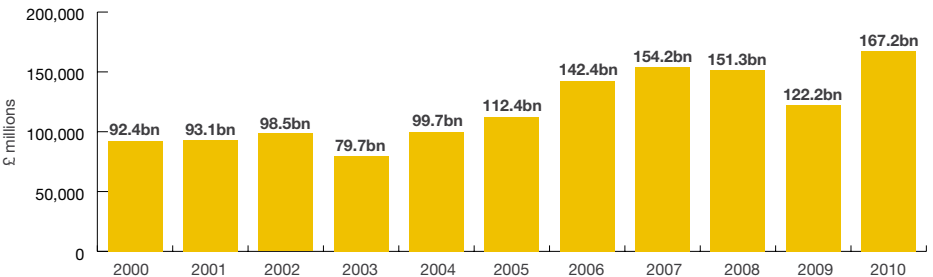
Property



Cash



Total assets





Speakers & discussion moderators

▶ **Andrew Braid** is Chief Investment Officer of the West Yorkshire Pension Fund. Andrew started his career as an investment analyst in UK equities at the CIS in Manchester in 1985, progressing to fund manager and then, after 9 years, moving to the WYPF to run non-UK equities. Since then he has grown the team to 6 staff and now covers property and all non-sterling investments including private equity, hedge funds, currency funds and more recently loans. He also keeps management of European equities and non-sterling corporate fixed income.

▶ **Keith Bray** is the Forum Officer for the Local Authority Pension Fund Forum (LAPFF), which has a membership of 54 funds with assets under management of around £100 billion. Keith combines this role with his work as a freelance pension fund/management consultant. He has worked in local government finance for 46 years and has more than 30 years' experience of pension fund management. Keith was previously Director of Financial Services at the City and County of Cardiff and prior to that was Director of Financial Services at South Glamorgan County Council. He is an honorary member of the Society of County Treasurers.

▶ **David Crum** is a Consultant in Aon Hewitt's Global Investment Practice. David joined what was then Hewitt Associates in October 2007, adding practitioner experience to the existing Public Sector Investment Team. He has worked in the financial services industry for over 20 years, spending a total of 11 years working in local government in Scotland, initially at the Lothian Pension Fund, and latterly at the Strathclyde Pension Fund. David's last role was as Chief Investment Officer for the Strathclyde Pension Fund, which is one of the largest local authority pension funds in the UK. He now works primarily with Aon Hewitt's public sector clients on the whole range of investment-related activities.

▶ **Tony Earnshaw** is currently a professional trustee in the private sector and an independent investment adviser in the public sector. He is a partner at governance specialists PAN Governance and chairman of Unfit Productions UK Limited, a theatrical production company focusing on new writing. Tony spent many years as a consultant advising clients on all aspects of pension schemes before narrowing his focus to investment, building and running a manager-of-managers business for Northern Trust. Since 2008 he has divided his time between his advisory and trustee responsibilities and his theatrical and other interests.

▶ **George Emmerson** is an Investment Director with the UK Institutional Business team at Standard Life Investments. George has over 23 years' experience with the industry and prior to joining Standard Life Investments in 2002 fulfilled a similar role at Britannic Asset Management. George holds both the Financial Planning Certificate and Investment Management Certificate. He is responsible for researching the requirements and developing relationships with the UK's largest Pension Funds. A key objective of role is to work with trustee's, Pension Managers and Consultants to identify investment solutions which can benefit all aspects of the fund and include, return seeking assets, liability matching solutions and opportunities that can span both DB and trust based DC portfolios.

▶ **John Harrison** is a Principal in the Investment Practice at Aon Hewitt advising a range of clients on investment strategy and implementation. He is also Independent Investment Advisor to the Devon County Council Pension Fund, a role he has held in his private capacity since 2010. Before joining Aon Hewitt in January 2011, John spent 30 years in UK institutional fund management, including 24 years at UBS Global Asset Management (formerly Phillips & Drew). In 2005 John became the firm's UK Chief Investment Officer, a role he held until he retired from UBS in March 2010.

► **Jo Holden** is a Principal at Mercer and heads the Manchester investment consulting unit. In addition, she is a member of the Operations Group within the UK which is responsible for implementing the strategic direction of Mercer's investment business. Jo also heads Mercer's local government investment team and has been advising a variety of local authority clients on the full range of investment consulting services for over 10 years.

► **Vanessa James** is the Investment Director of the London Pension Fund Authority. Vanessa joined the LPFA on the 19th March 2007 and brought with her over 28 years' experience in managing some of the UK's largest investment funds. Her last position was for Abbey National Asset Managers where she was the Director of Institutional Business and Global Equity Director. At the LPFA she is responsible for directing the work of three in-house investment staff as well as having responsibilities for the Authority's investment strategy and assets of over £3.7 billion (at May 2007).

► **Dave Lyons** is a Director in Deloitte's Investment Services Team with over twelve years' investment consulting experience including a strong history and understanding of working with local government pension schemes. Dave is a senior member of the Team at Deloitte and, in addition to advising clients, contributes to the internal development of investment strategy thinking and research. Prior to joining Deloitte, Dave was a Divisional Director and Head of Research at JLT Investment Consulting, JLT having acquired HSBC Actuaries and Consultants Limited in December 2009, where Dave was responsible for advising and managing the relationships with large clients.

► **William Nicoll** is Director of Fixed Income with M&G Investments. William joined M&G in 2004. He is responsible for the development of M&G's credit funds and solutions for institutional investors as well as being a credit fund manager. Prior to joining M&G, William was Head of European Credit at Henderson Global Investors and before this had worked at Cazenove & Co in corporate bond research. William graduated from Cambridge University with a degree in Natural Sciences. He is a CFA charterholder and a Member of the Securities Institute.

► **Jo Ray** has been Group Manager for Pensions and Treasury at Lincolnshire County Council since March 2008. She is responsible for the day-to-day management of the pension fund, the treasury management function and oversees the outsourced pensions administration. Previously, Jo was the Assistant Investment Manager, and has been working in the Investment Team since 1999. Prior to that she worked in the Accounting and the Financial Systems teams at the Council, and has spent a total of 22 years at Lincolnshire County Council. Jo gained the Investment Management Certificate in 2001.

► **Neil Record** is Chairman of Record Currency Management which he established in 1983. He spent the early part of his career as an economist at the Bank of England, where he was a member of the economic forecasting team. He then spent five years working for Mars Inc in their UK subsidiary, where he was initially responsible for commodity price forecasting, and then for their currency risk management. He is a Visiting Fellow and Investment Committee member of Nuffield College, Oxford, a Trustee of the Institute of Economic Affairs and was recently a commissioner of the Public Sector Pensions Commission.



Speakers & discussion moderators

► **Judy Saunders** is the **West Midlands Metropolitan Authorities Pension Fund Chief Investment Officer** where she has overall responsibility for investment strategy. Judy joined the WMPF in 1982 to manage its back office function. Internal career progression led to a number of management roles within the fund, followed by a brief spell in the private sector with a firm of actuaries, as an Investment Consultant. She re-joined the fund and was appointed CIO in 2005. Judy is a firm believer in the benefits of diversification with 35% of the £8.4 billion fund invested in alternatives.

► **Linda Selman** is a **Partner & Head of Local Government Pension Scheme Investment with Hymans Robertson** and a Fellow of the Faculty of Actuaries. She joined Hymans Robertson in 2008 with over 20 years of investment experience gained with a life company and a fund manager. She provides a full range of investment advice to a number of public and private sector clients and leads the team of investment consultants who focus on local government pension funds.

► **Karen Shackleton** is **AllenbridgeEpic's Chief Executive** and has over 25 years' professional investment experience. She started her career at County Natwest Investment Management, specialising in quantitative fixed income and derivatives fund management for pension funds. In 1991 Karen joined BZW Investment Management, heading up the Client Service Team within the Quantitative Investment Group. Her responsibilities included client relationships, marketing and trustee training. Karen became an Independent Consultant in 1995 providing a range of services including trustee training, focusing on hedge funds and quantitative strategies. She is the independent investment adviser for the London Borough of Islington and London Borough of Hounslow pension schemes.

► **Bill Smith** is **Chief Executive of Lazard Asset Management Limited** and is a member of the Oversight Committee that oversees the Lazard investment product platform worldwide. He began working in the investment field in 1979. Prior to joining Lazard in 2002, he was Head of European Equities and Global Head of Research at ABN AMRO. Bill previously held a number of senior positions at Barclays Bank, including Head of Savings and Investment, Deputy Chairman of Barclays Asset Management and Head of Research at BZW. Bill is a Fellow of the Institute of

Mathematics and a member of the Board of the Investment Management Association.

► **Paul Sweeting** is a **Managing Director at JP Morgan Asset Management**. Prior to this, he was a Professor of Actuarial Science at the University of Kent where he still holds a chair. Before moving to academia, Paul held a number of roles in pensions, insurance and investment. Most recently he was responsible for developing the longevity reinsurance strategy for Munich Reinsurance, before which he was Director of Research at Fidelity Investments' Retirement Institute. In his early career, Paul gained extensive experience as a consulting actuary advising on pensions and investment issues for a range of pension schemes and their sponsors. Paul is a member of council for the Institute and Faculty of Actuaries.

► **Phil Triggs** has been **Group Manager for Treasury and Pensions at Warwickshire County Council** since October 2003. He is responsible for treasury management, pension fund investment and administration. His previous experience includes five years in pension fund management at Buckinghamshire County Council and sixteen years finance experience at various District and Borough Councils. He is a member of CIPFA and the IRRV. He is the holder of a private pilot's licence, a football referee and a marathon runner.

► **Douglas Turnbull, CFA, Fund Manager joined Neptune Investment Management in January 2007 as an Investment Analyst,**

having graduated from Oxford University with first class honours in Modern History. He is now Fund Manager on the Neptune China, Neptune Greater China Income and Neptune China Max Alpha Funds, working alongside Robin Geffen and Adam Kelly. Douglas is also an Assistant Fund Manager on Neptune's global fund range. He undertakes global research on the financials sector and is a CFA charterholder.

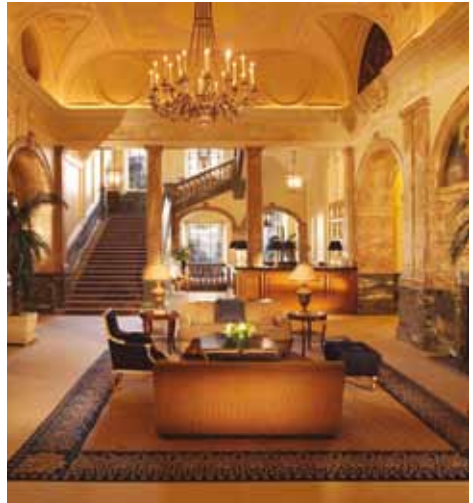
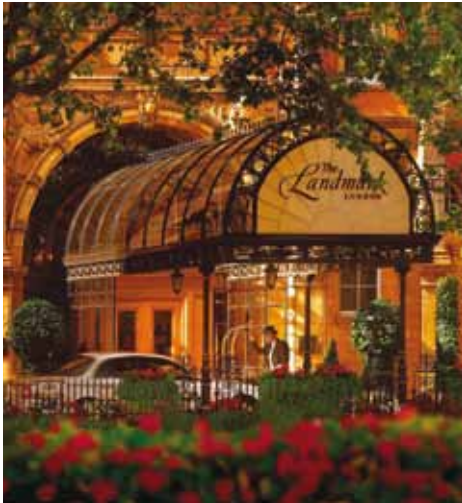
► **Nick Vickers is Head of Financial Services of Kent County Council** and a Man of Kent who after Maidstone Grammar School obtained an economics degree from the London School of Economics. Nick joined KCC in 1983 and obtained the CIPFA qualification in 1987. Since then Nick has undertaken a wide range of different posts in the finance function including, since 1997, the responsibility for the day-to-day management of the £3 billion Kent County Council Superannuation Fund. As well as his KCC responsibilities Nick is also Chief Financial Officer of Swale Borough Council on a part-time secondment arrangement.

► **John Wood is Head of Financial and Commercial Services at Staffordshire County Council.**

He has a degree in Business Administration from Bath University and initially gained his CIMA qualification before moving to the public sector where he achieved his CIPFA qualification. He spent a number of years advising on PFI projects in Staffordshire before being appointed to senior roles with responsibilities that include pension fund investments, pension administration and treasury. Last year he passed the CIPFA/ACT Certificate in International Treasury Management – Public Finance. He has spoken at LGC Investment Conferences and recently had an article published in the monthly LGC finance supplement.

**LGPS – REGISTER YOUR
FREE PLACE TODAY**

LAPF Strategic Investment Forum Thursday 9 February, 2012 **Landmark Hotel, London**



4 WAYS TO REGISTER

The LAPF Strategic Investment Forum and dinner is free to attend and open on a first-come-first-served basis to:

- Senior LGPS Investment Officers
- Heads of LGPS Pensions
- Elected Members – LGPS Investment Sub-Committee
- Independent Investment Advisors to LGPS

To book your place:

Email: register@aiconferences.com

Tel: +44 (0)20 8617 3119

Fax: +44 (0)20 3355 1190

Post: Complete the form on the back page and post to the following address:
AIconferences
Longview Productions Ltd
Unit B2, 62 Beechwood Road
London E8 3DY

A maximum of three delegates may attend from any one pension fund.

WHERE AND WHEN

Thursday 9 February, 2012
Landmark Hotel, London
222 Marylebone Road
London NW1 6JQ

Registration begins at 08.30

Conference close at 17.30

Cocktails & Dinner 17.30-21.30

Nearest tube & mainline station: Marylebone (opposite the rear entrance to the Landmark Hotel). Delegates are responsible for arranging and paying for their own accommodation and travel.

ACCOMMODATION

To book a room at the **Landmark Hotel**

Email: reservations@thelandmark.co.uk

Visit: www.landmarklondon.co.uk/en

Tel: +44 (0)20 7631 8222

For budget accommodation there is Travelodge, a short walk from the Landmark Hotel. Prices for 8 or 9 February were quoted from £35.75 per night on 14 October 2011.

Travelodge, Harewood Row,
Marylebone, London NW1 6SE

Visit: www.travelodge.co.uk

Tel: +44 (0)871 984 6311



LAPF Strategic Investment Forum

for local authority pension investors & their advisers

**LGPS – REGISTER YOUR
FREE PLACE TODAY**

LAPF Strategic Investment Forum Thursday 9 February, 2012 **Landmark Hotel, London**

DELEGATE DETAILS

Delegate 1

Name: _____

Job Title: _____

Pension Fund/s: _____

Email: _____

Tel: _____

Please register me for the LAPF Strategic Investment Forum. I shall be attending:

- Conference: (09.15-17.30)
- Lunch: (13.00-14.00)
- Cocktails: (17.30-18.30)
- Dinner: (18.30-21.30)

Please mark the date in your diary!

Delegate 2

Name: _____

Job Title: _____

Pension Fund/s: _____

Email: _____

Tel: _____

Please register me for the LAPF Strategic Investment Forum. I shall be attending:

- Conference: (09.15-17.30)
- Lunch: (13.00-14.00)
- Cocktails: (17.30-18.30)
- Dinner: (18.30-21.30)

Please mark the date in your diary!

Delegate 3

Name: _____

Job Title: _____

Pension Fund/s: _____

Email: _____

Tel: _____

Please register me for the LAPF Strategic Investment Forum. I shall be attending:

- Conference: (09.15-17.30)
- Lunch: (13.00-14.00)
- Cocktails: (17.30-18.30)
- Dinner: (18.30-21.30)

Please mark the date in your diary!