



IAPF Investment Conference 2012

Fiduciary Management:
A Better Governance Model for Pension Funds

Shamindra Perera CFA – Head of Fiduciary Management EMEA



What to expect tomorrow

- Low returns
- Heightened volatility
- Liabilities to remain stubbornly high

... and what we already know

- Large deficits that need to be bridged
- Dramatic fluctuations in funding
- The DB end game is being played out



Tackling tomorrow's challenges

- A tailored total portfolio perspective to investment and risk management
- Access to a wide range of return sources
- Dynamic asset allocation
- Sophisticated multi layered risk management
- Increased attention on efficiency and cost



Are you equipped to face tomorrow's challenges?

- Are you confident that you have defined your objectives appropriately and have articulated a strategy that maximises your chances of achieving them?
- Do you know the types and relative magnitudes of risks in your portfolio, and are they being managed proactively?
- Is best in class information, analysis and expertise being applied to make decisions in your portfolios?
- Are decisions implemented efficiently (speed and cost) in your portfolio?



Good Governance: The key to repeatable success



	Funding and investment objectives	Investment strategy and guidelines	Total portfolio management	Security selection	Evaluation
Trustees	Decide	Decide	Oversee		Fiduciary Manager
Advisor	Advise	Advise			
Fiduciary Manager	Input	Input	Decide	Oversee	Asset Managers
Asset Managers				Decide	

- Trustees remain responsible for strategy
- Fiduciary manager is accountable for implementing the strategy



Fiduciary Management: Common concerns addressed

Trustees relinquish control

- Trustees determine strategy; define Investment Guidelines
- Aggregate exposures and risks continuously monitored and managed
- Trustees have timely and easy access to total portfolio positions and risks
- Trustee changes to strategy and guidelines can be implemented efficiently

Increased cost

- Apples to Apples comparison likely to reveal lower cost
- Increased value from improved funding and reduced funding volatility

Irreversible decision

- Trustees retain ownership of assets and control of appointment



Fiduciary management: A superior governance model

- Putting in place an appropriate governance structure is a key Trustee responsibility
 - All decisions made by **appropriate experts**, in a **timely** fashion and executed **efficiently**
- Selecting a suitable fiduciary manager is one of the most important decisions Trustees can make
 - Increased chance of **achieving objectives via robust risk adjusted returns**



Important information

This material is not intended for distribution to retail clients. This material does not constitute an offer or invitation to anyone in any jurisdiction to invest in any Russell product or use any Russell services where such offer or invitation is not lawful, or in which the person making such offer or invitation is not qualified to do so, nor has it been prepared in connection with any such offer or invitation.

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, unless it relates to a specified investment, does not constitute the regulated activity of “advising on investments” for the purposes of the Financial Services and Markets Act 2000.

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.

Any forecast, projection or target is indicative only and not guaranteed in any way. Any past performance figures are not necessarily a guide to future performance.

Any reference to returns linked to currencies may increase or decrease as a result of currency fluctuations. Any references to tax treatments depend on the circumstances of the individual client and may be subject to change in the future.

Issued by Russell Investments Limited. Company No. 02086230. 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 Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.