



IAPF Investment Conference 2012

A Case Study:
Smurfit Kappa Ireland Pension Fund

Tom Gallagher - Group Pensions Manager

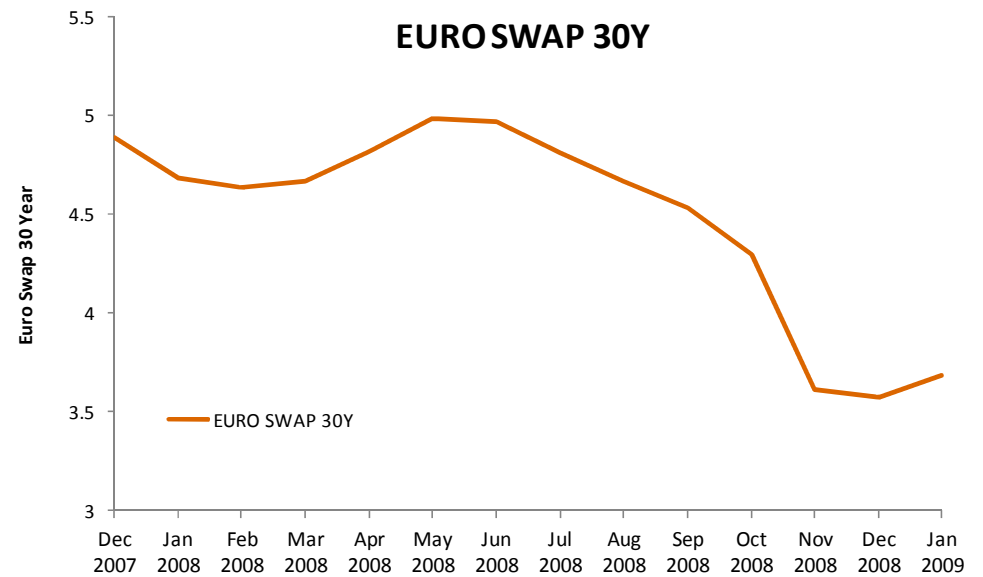
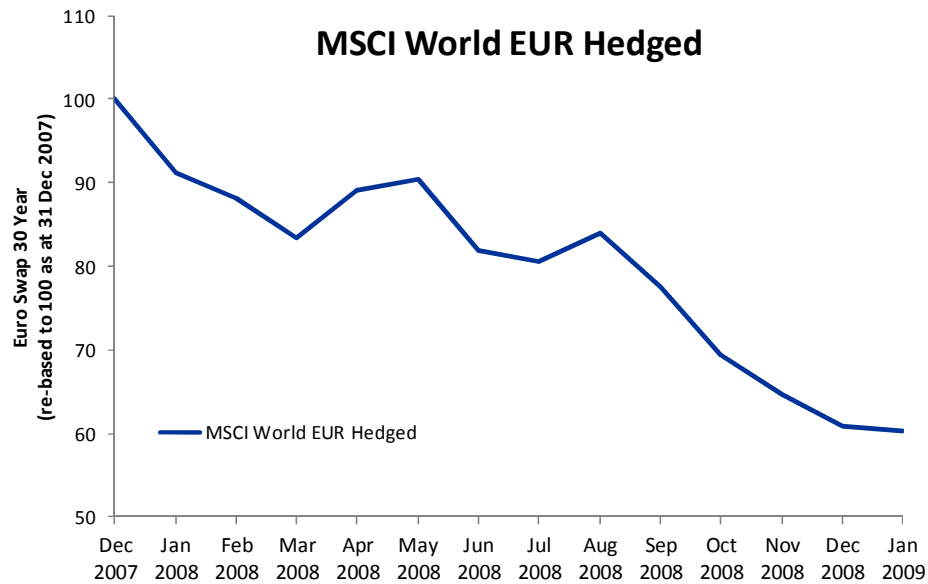


Landscape at end of 2008

Smurfit Kappa Group	Smurfit Kappa Ireland Pension Fund
25,000 Members	2,500 Members
€1.3bn Assets	€150m Assets
€250m Deficit	€40m Deficit
Manic Environment!!!	



2008 Crash





Previous Governance Model

- Experienced investment sub-committee
- Better than average portfolio diversification
- Reasonably fast decision making
- Significant amount of time spent meeting investment managers



Proposed solution

Plan	Trustees	With advice from actuary / investment consultant and input from fiduciary manager
Implement	Fiduciary Manager	Within guidelines set by Trustees
Review	Trustees	



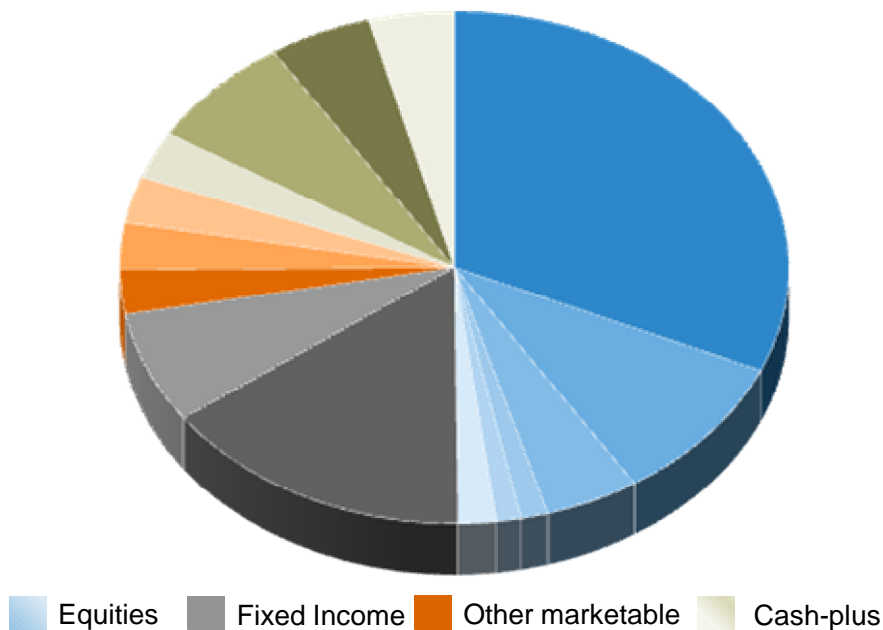
What is Fiduciary Management?

“Delegated day to day decision making”



Growth Assets

Growth portfolio (EUR)

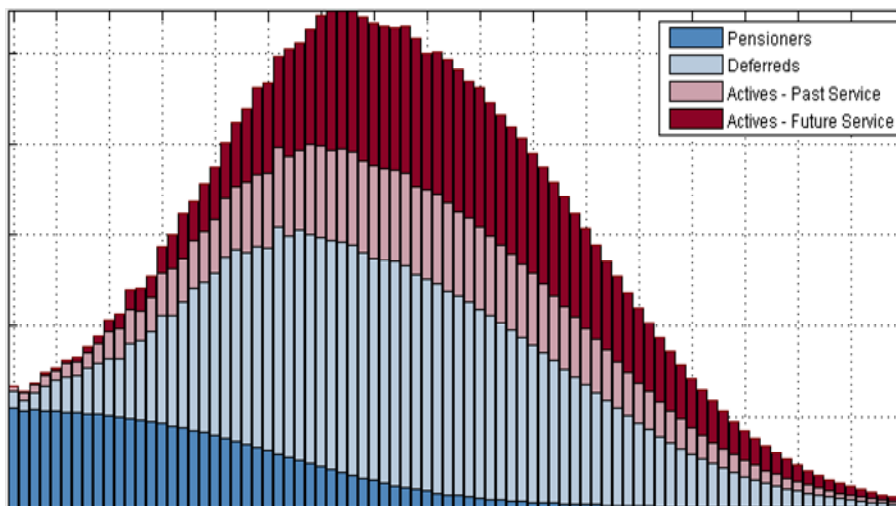


Performance (%)	2010	2011
Growth Portfolio	15.7	-2.7
MSCI World (net divs) Euro hedged	8.5	-5.7

Volatility	2010	2011
Growth Portfolio	9.6	11.4
MSCI World (net divs) Euro hedged	16.3	19.4



Matching Assets

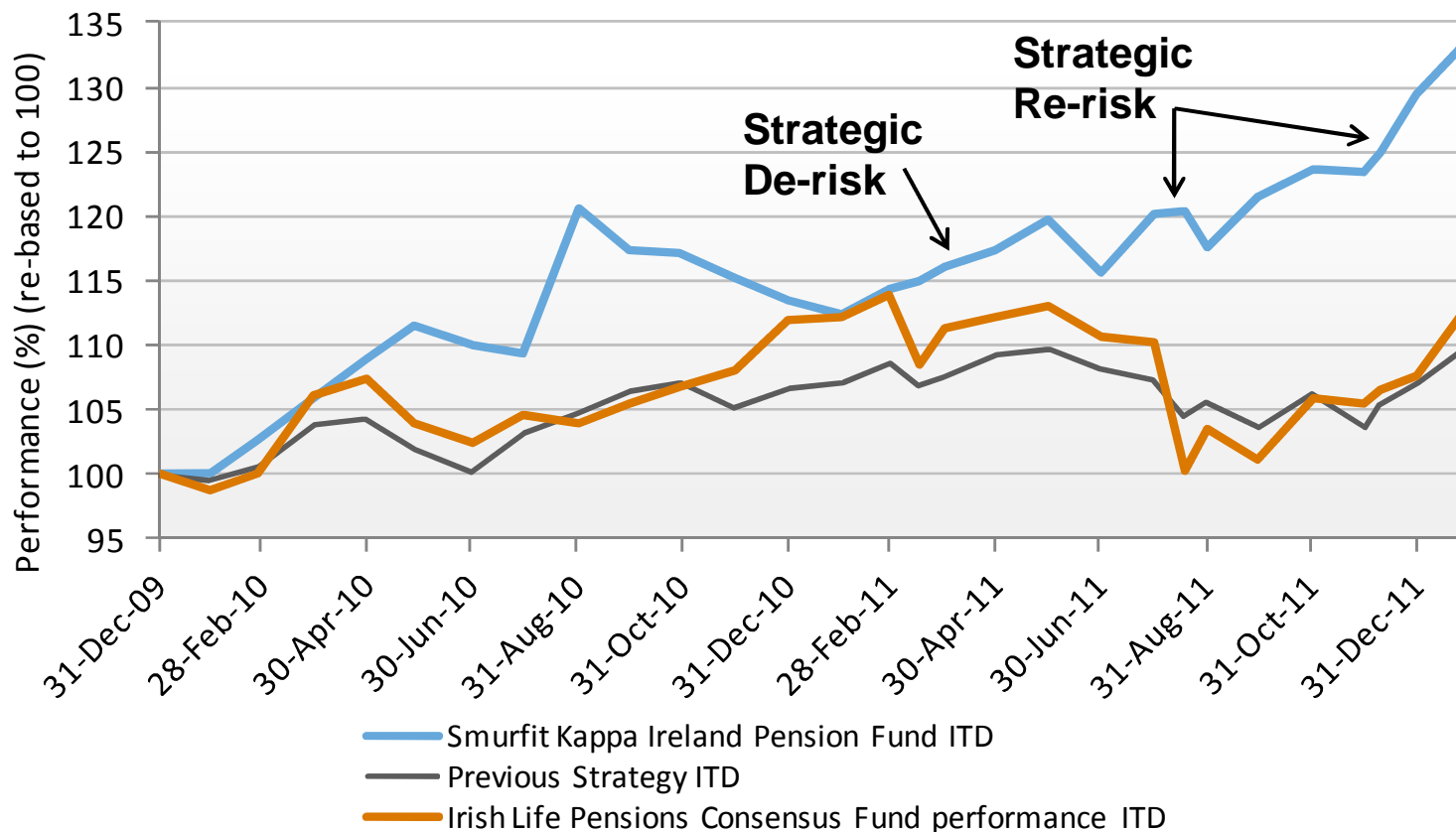


Performance	2010	2011
Matching Portfolio	9.1%	28.5%
Typical Euro AA 10+ Bond Fund	3.5%	5.3%



Systematic Decision Making

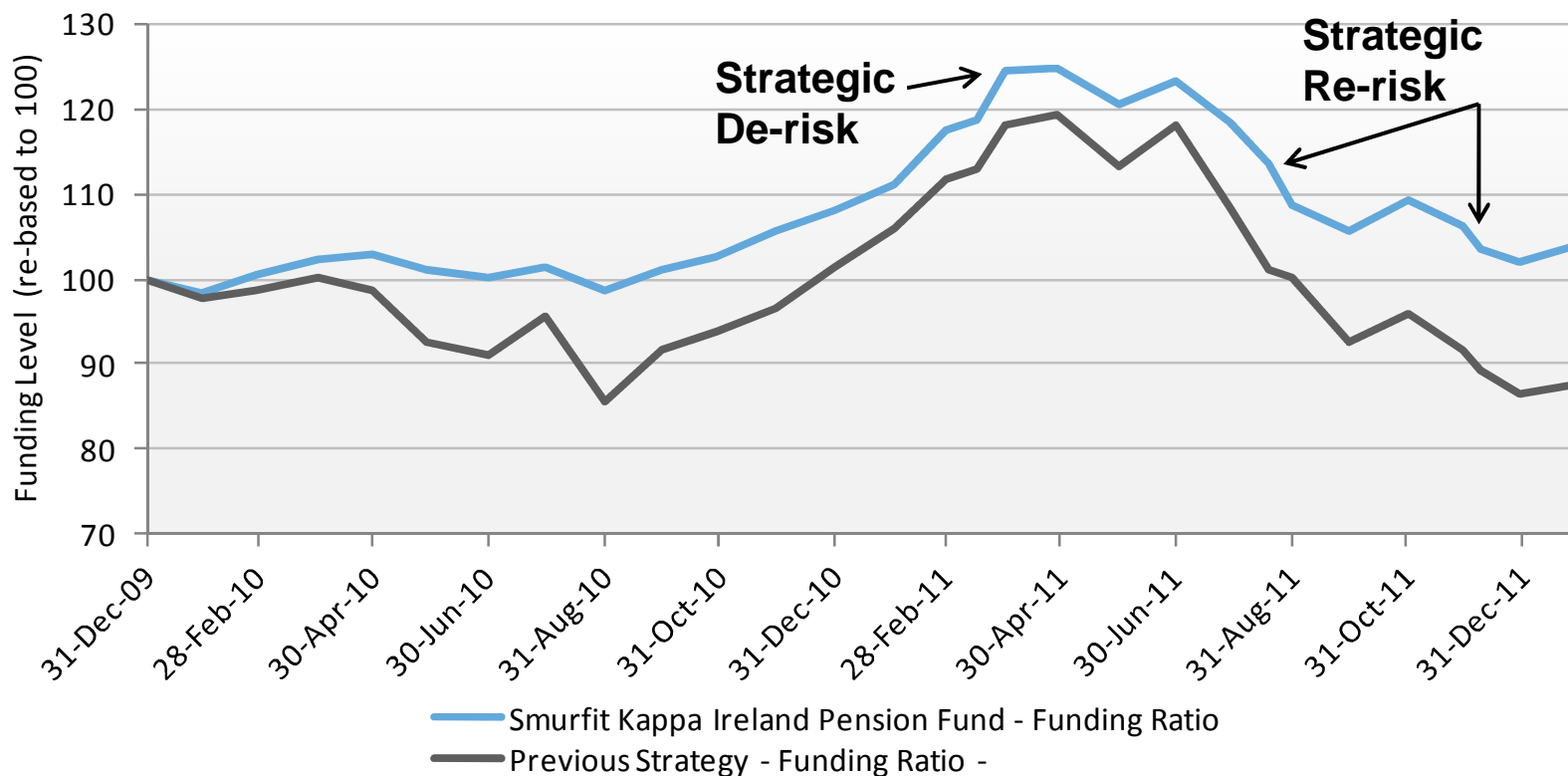
Illustrative performance comparison





Proof it worked

Illustrative funding level comparison





Was it the right option for us?

- So far it has added value, through:
 - A well diversified portfolio
 - Experts making decisions
 - Professional risk management
 - A liability-focused strategy
 - A more dynamic strategy
 - Superior management information



Summary

- Less manic environment
- Experts make day to day decisions
- Can see the wood from the trees
- Do not underestimate the time required to research and establish the right model for you