

# IAPF ANNUAL INVESTMENT CONFERENCE 2019 'Evolution'





# THE RISE AND RISE OF MASTER TRUSTS

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JLT Employee Benefits

# THE RISE AND RISE OF MASTER TRUSTS

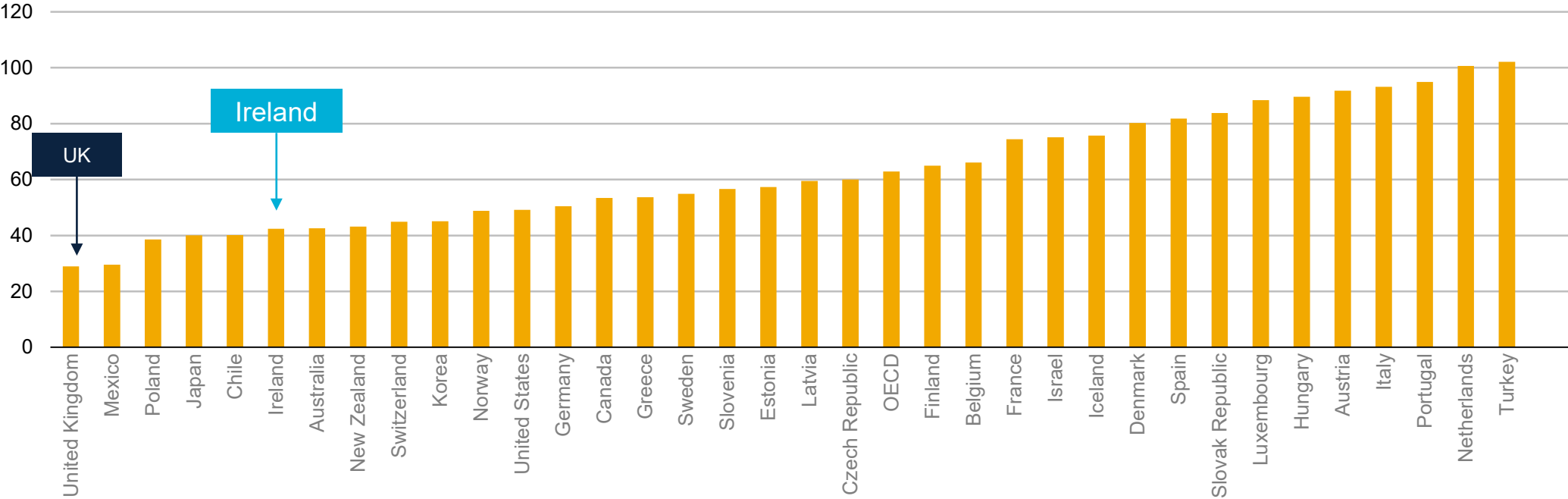
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THE PAST

# INTERNATIONAL PENSION PROVISION

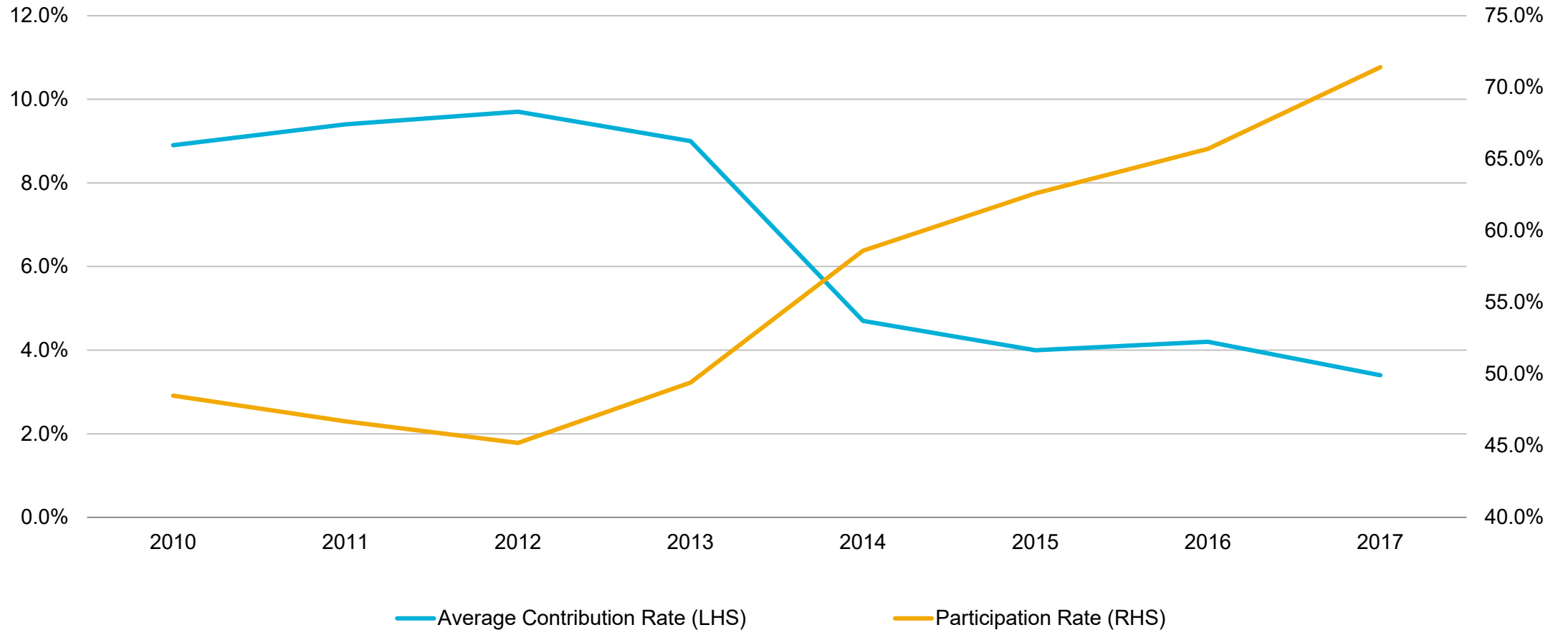
Projected net pension replacement rates



Note: The net replacement rate is calculated assuming labour market entry at age 20 in 2014 and a working life equal to the pensionable age in each country. The net replacement rates shown are calculated for an individual with average worker earnings.

Source: OECD, November 2017

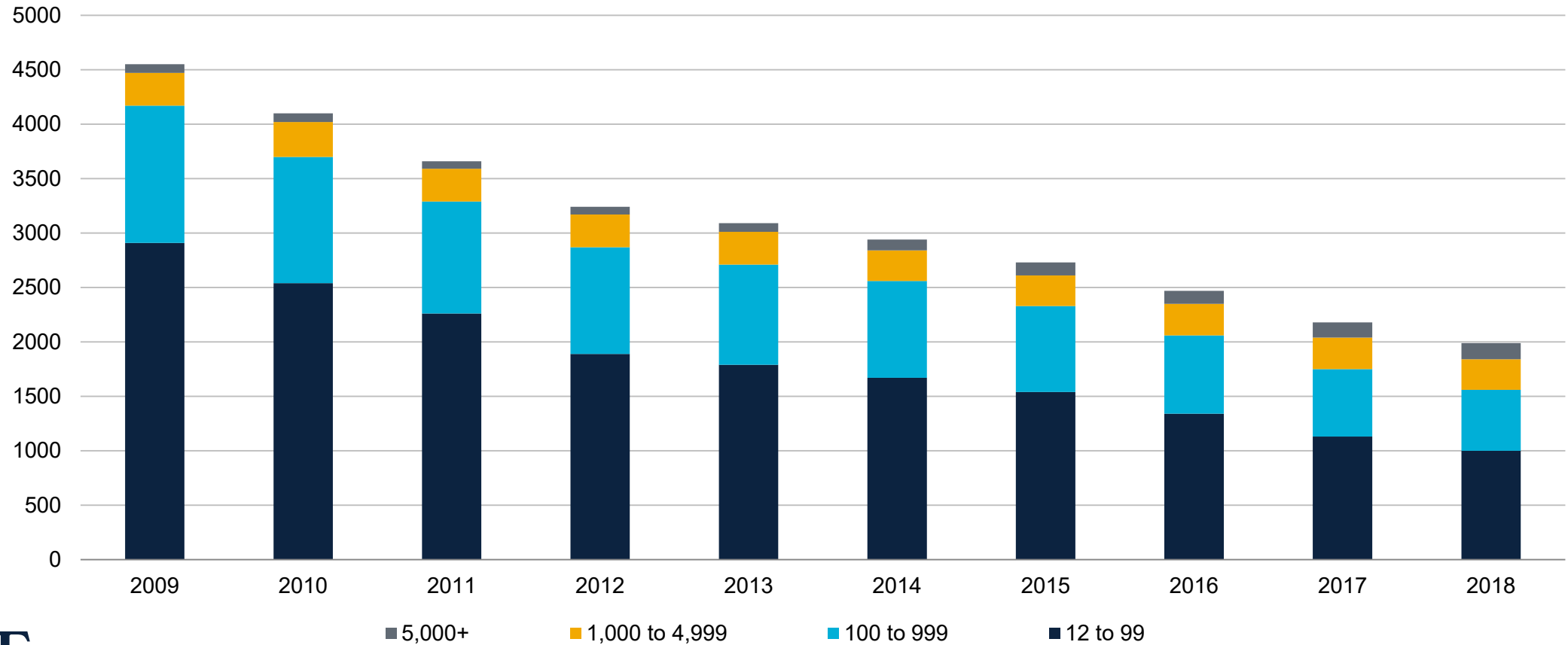
# AE PROGRESS IN THE UK



Source: ONS. Data as at September 2018

# DC CONSOLIDATION

DC schemes by number of members



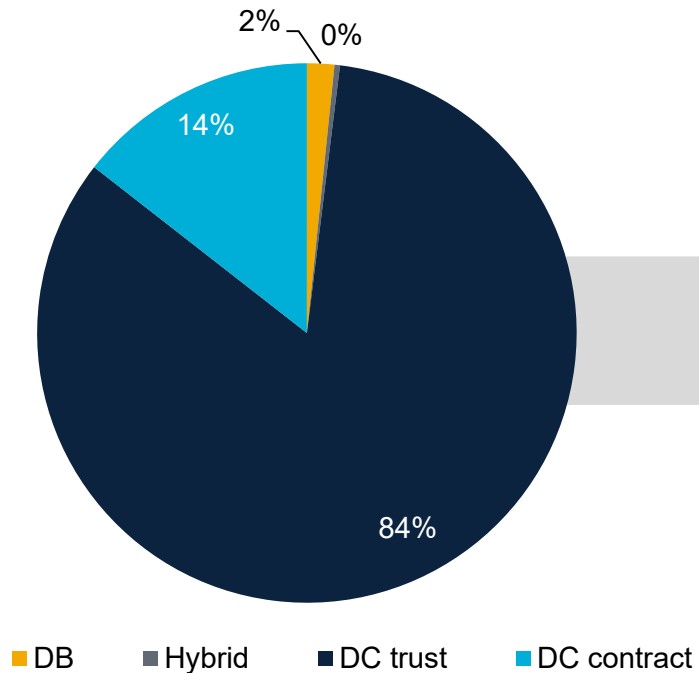
Source: The Pensions Regulator

THE PRESENT

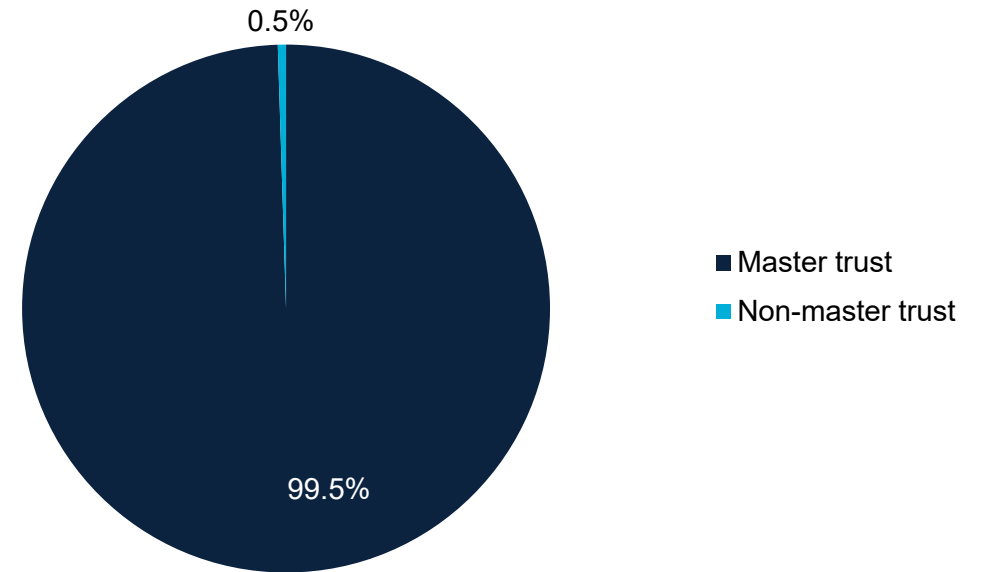


# MASTER TRUST DOMINATION

Schemes used for AE, by number of employers



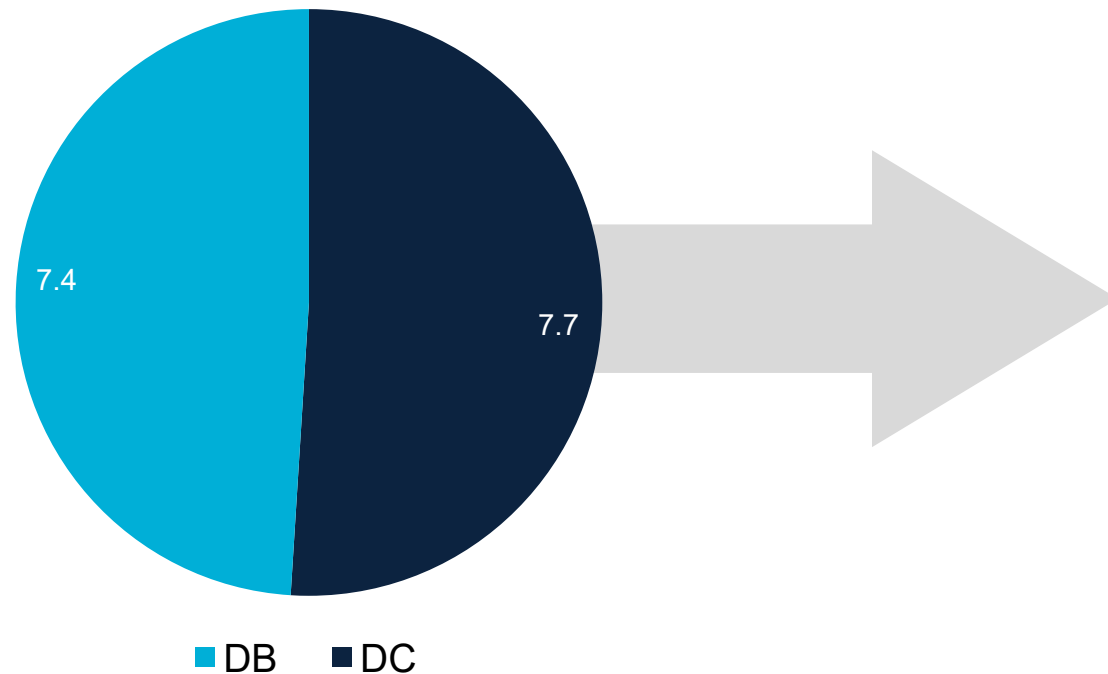
DC trust schemes breakdown



Source: The Pensions Regulator

# MASTER TRUST DOMINATION

Active pension scheme membership, million



Total active membership in private sector

**8.8 million**

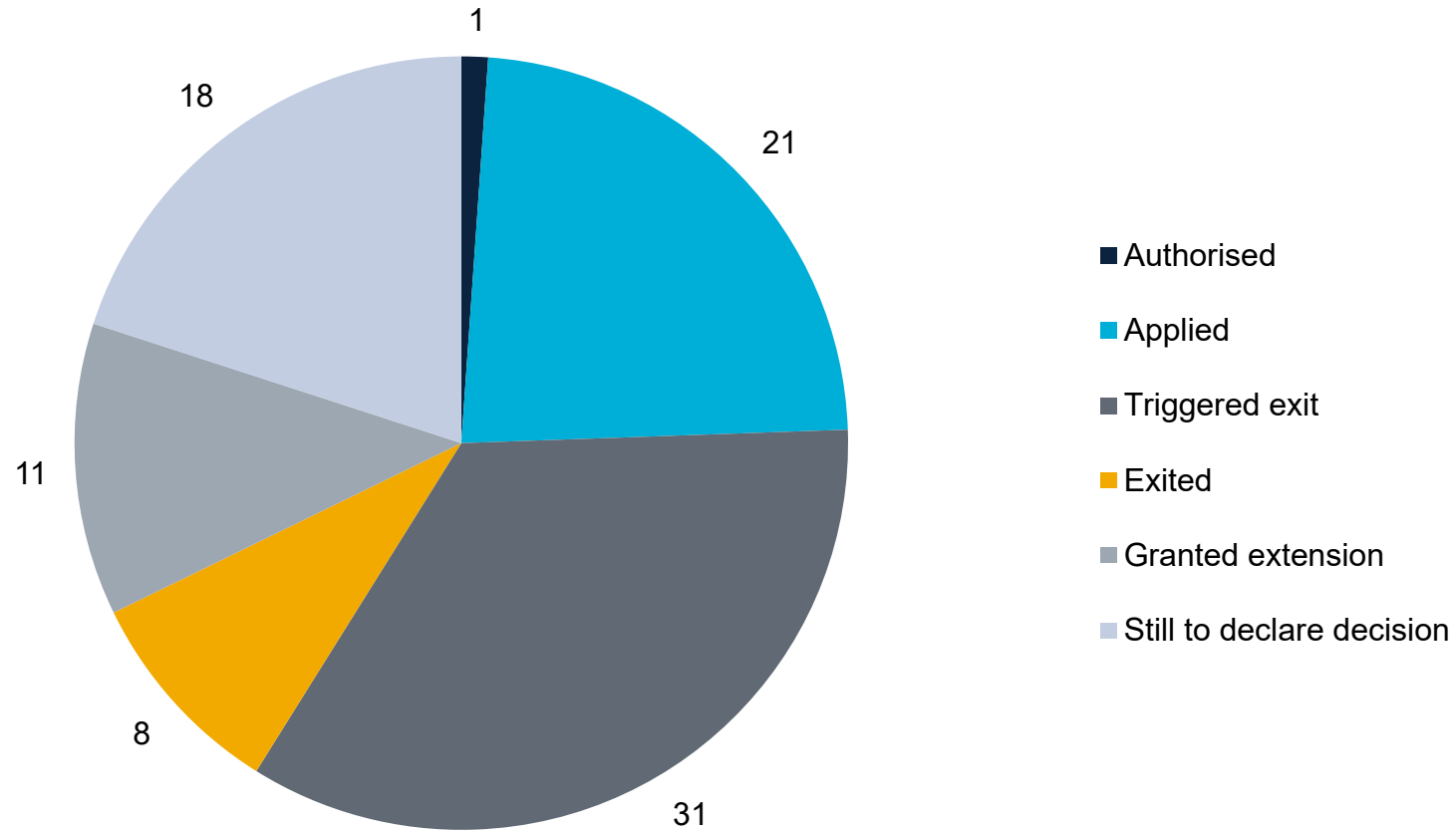
DC master trust active membership

**6 million**



Source: The Pensions Regulator, ONS 2018

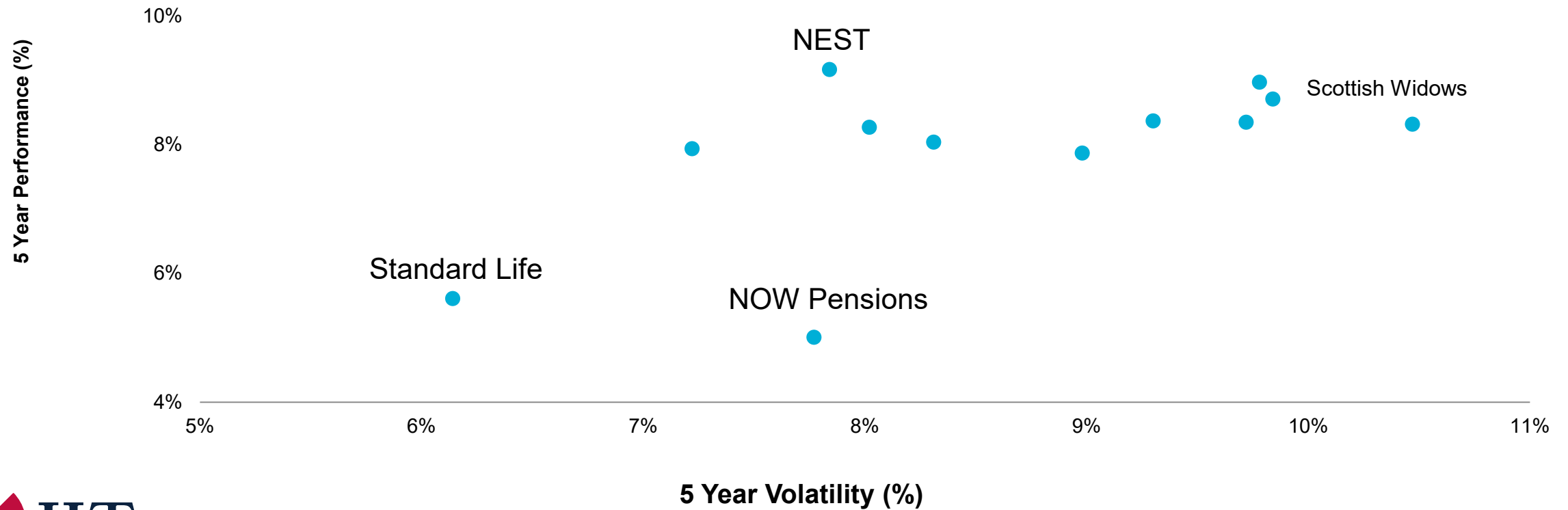
# MASTER TRUST LANDSCAPE



Source: The Pensions Regulator, Professional Pensions

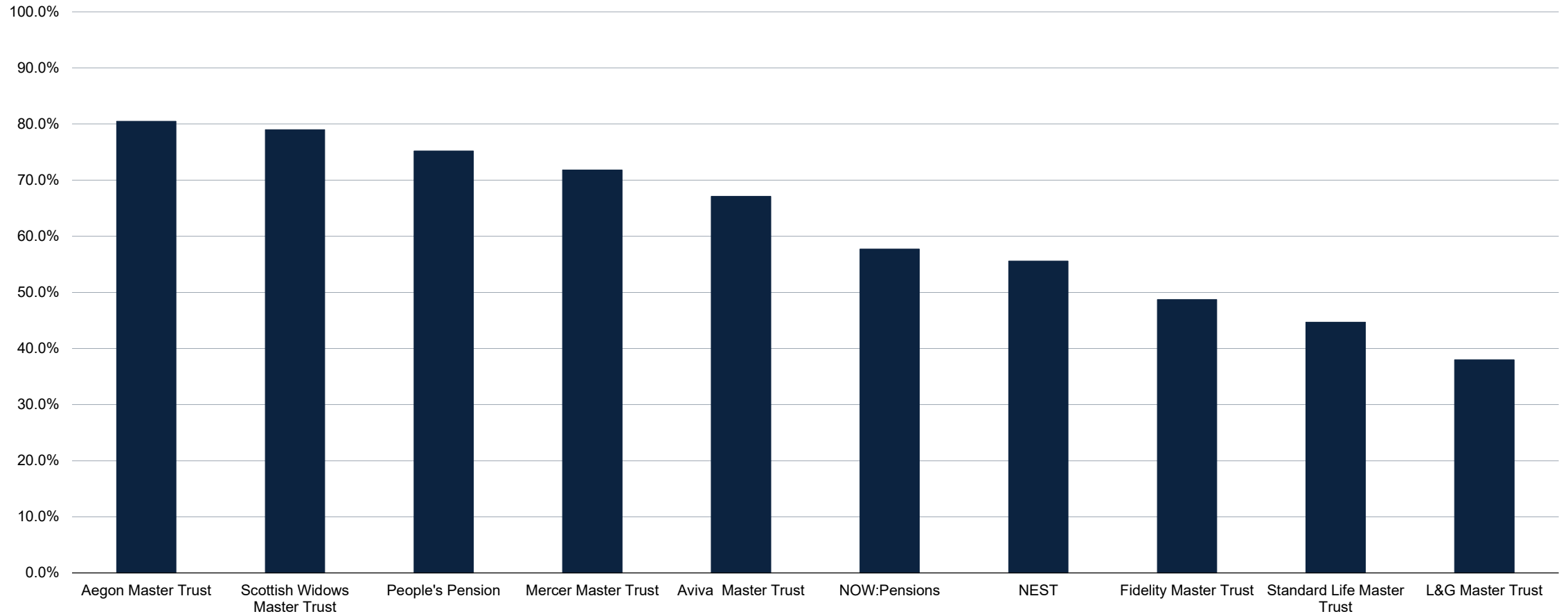
# DEFAULT PERFORMANCE – AE WATCH

## ANNUALISED 5 YEAR RISK VS RETURN



Source: Financial Express, JLT. Data is for 5 years to 28 February 2019, gross. Volatility is measured on a weekly basis

# EQUITY ALLOCATIONS DURING GROWTH



Source: Financial Express, JLT.

# TARGETS AT RETIREMENT



THE FUTURE

# MASTER TRUST PROJECTIONS

ASSETS TO INCREASE FROM  
£30BN (as at the end of 2018) TO  
£300BN BY 2026



Source: The Pensions Regulator; Pensions Age.

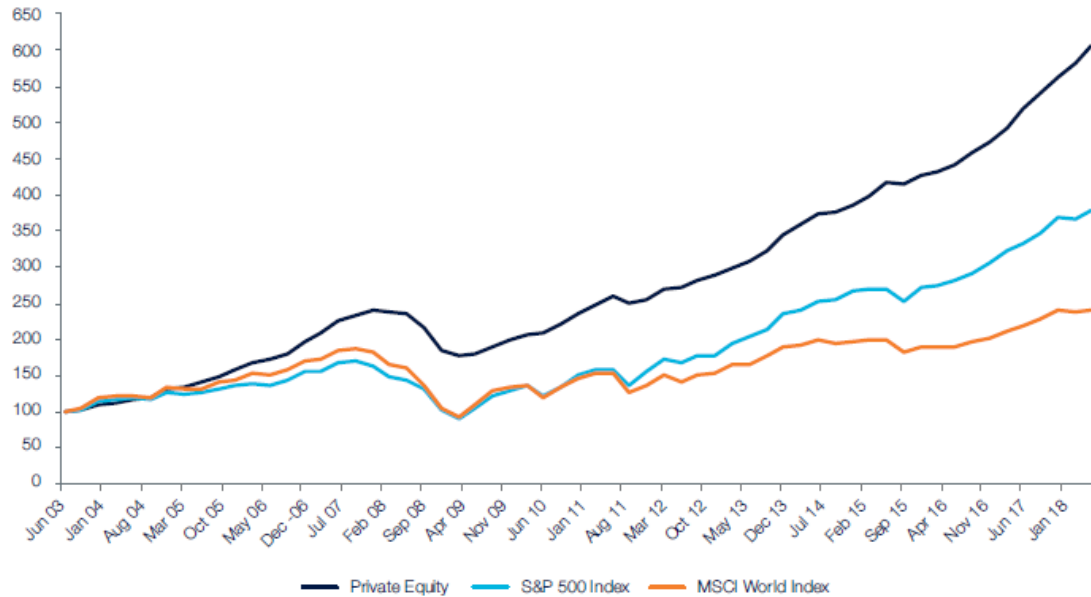


# ESG IN MASTER TRUSTS



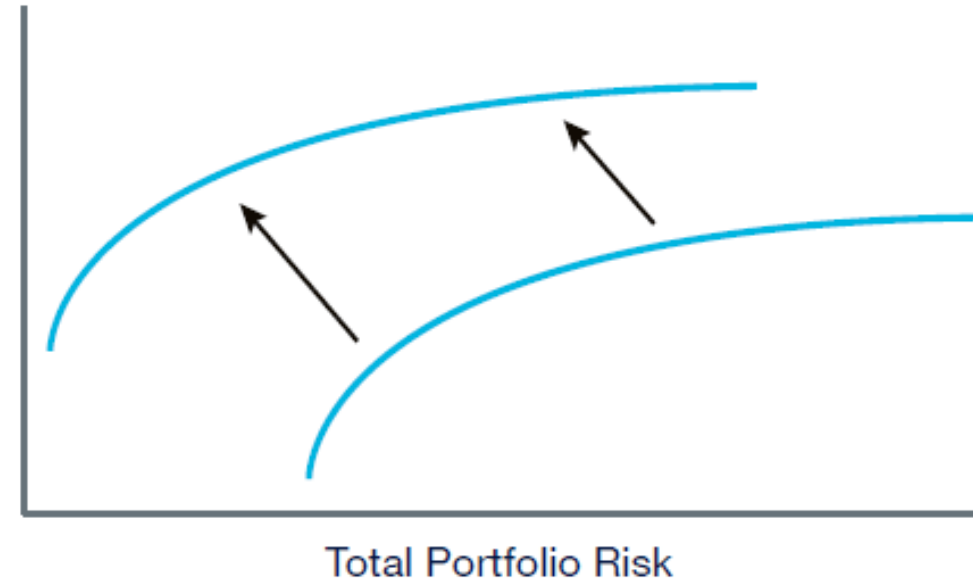
# ILLIQUID INVESTMENTS – PATIENT DC

15 YEAR PERFORMANCE OF PRIVATE EQUITY VS PUBLIC EQUITY  
(REBASED TO 100)



Source: Preqin (Private Capital Quarterly Index), Bloomberg

Expected Return



Source: CAIA Association

**On average, member pots could be boosted by c. 10% through the addition of some illiquid assets to the default strategy early on.\***

\*Patient DC white paper, JLT



# KEY TAKEAWAYS

1

Master trusts in the UK have enjoyed unprecedented success and growth...

2

... while displaying a large variation in investment design and performance.

3

Lots of changes still to come – watch this space!

# CONTACT INFORMATION

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# Q&A

Ask questions via the Sli.do App or raise hand for mic



# THANK YOU

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