



Value and quality in an ever-changing landscape

Paul Todd, NEST 2017



The next generation of savers



Predicting is hard, especially about the future

S&P 500 index 1990 - 2017	
1990	2017
ExxonMobil	Apple
IBM	Alphabet
General Electric	Microsoft
AT&T	Facebook
Altria Group	Amazon.com
Merck & Co	Berkshire Hathaway
BP Corp North America	Johnson & Johnson
El duPont de Nemours & Co	ExxonMobil
Motors Liquidation	JPMorgan Chase & Co
BellSouth	Wells Fargo & Co



The importance of diversification



NEST 2060
Retirement Fund



NEST 2039
Retirement Fund



NEST 2022
Retirement Fund

Global developed equities

UK gilts

UK index-linked gilts

Low-risk sterling liquidity

Diversified beta

Hybrid property

Sterling bonds

Emerging market equities (ESG screened fund)

Emerging market equities (alternative index)

Short dated gilts

Short duration investment grade bonds

Emerging market debt

Global developed climate aware equities

Global high yield bonds

Infrastructure

Commodities

Private equity

Private debt

How we manage uncertainty

Our risk-map indicators

Economy

Inflation

Investor
sentiment

Political risk

Default risk

Valuation

Cost of
borrowing

Leverage

ESG

Concentration

Volatility

Liquidity

How we manage uncertainty - long term

FINANCIAL TIMES

UK workplace pension invests in climate-aware fund

Nest scheme in strategic push to protect retirement savings from environmental change

“FTfm



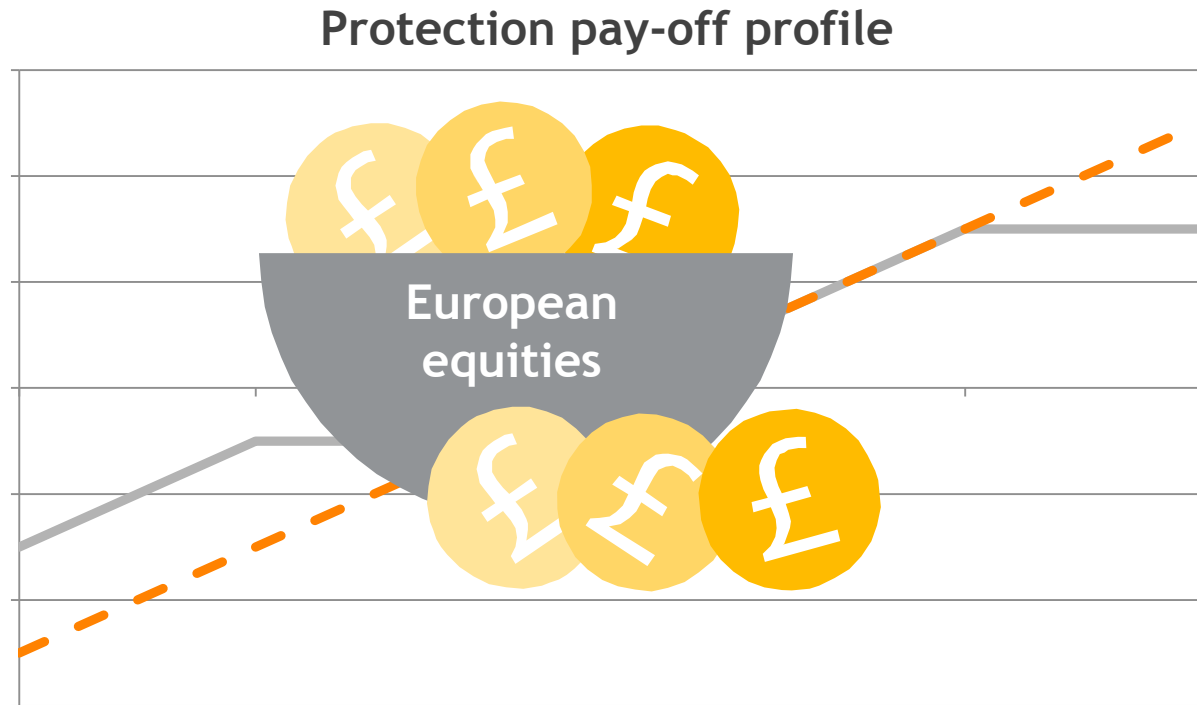
theguardian

Government pension scheme begins ditching oil and gas investments

National Employment Savings Trust to move investments into new climate change fund and scale back shares in firms such as Shell and ExxonMobil

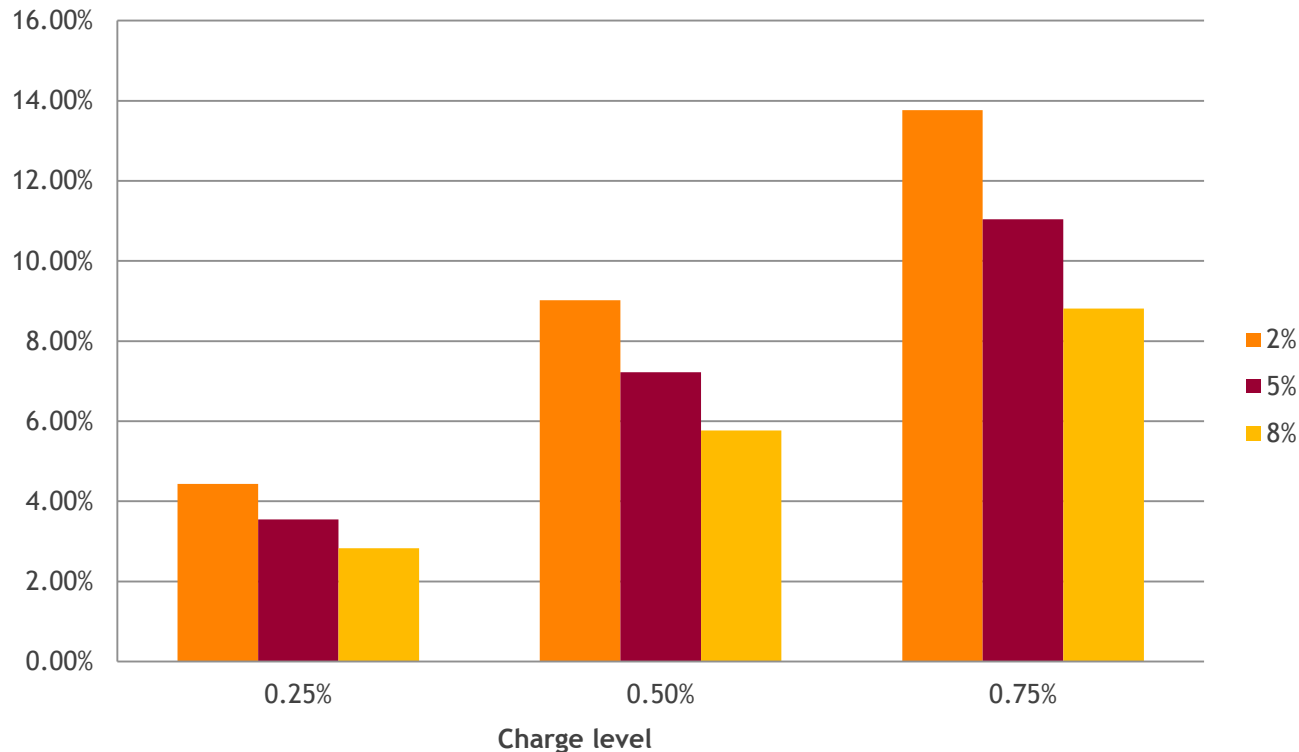


How we manage uncertainty - shorter term



Some things are easier to predict

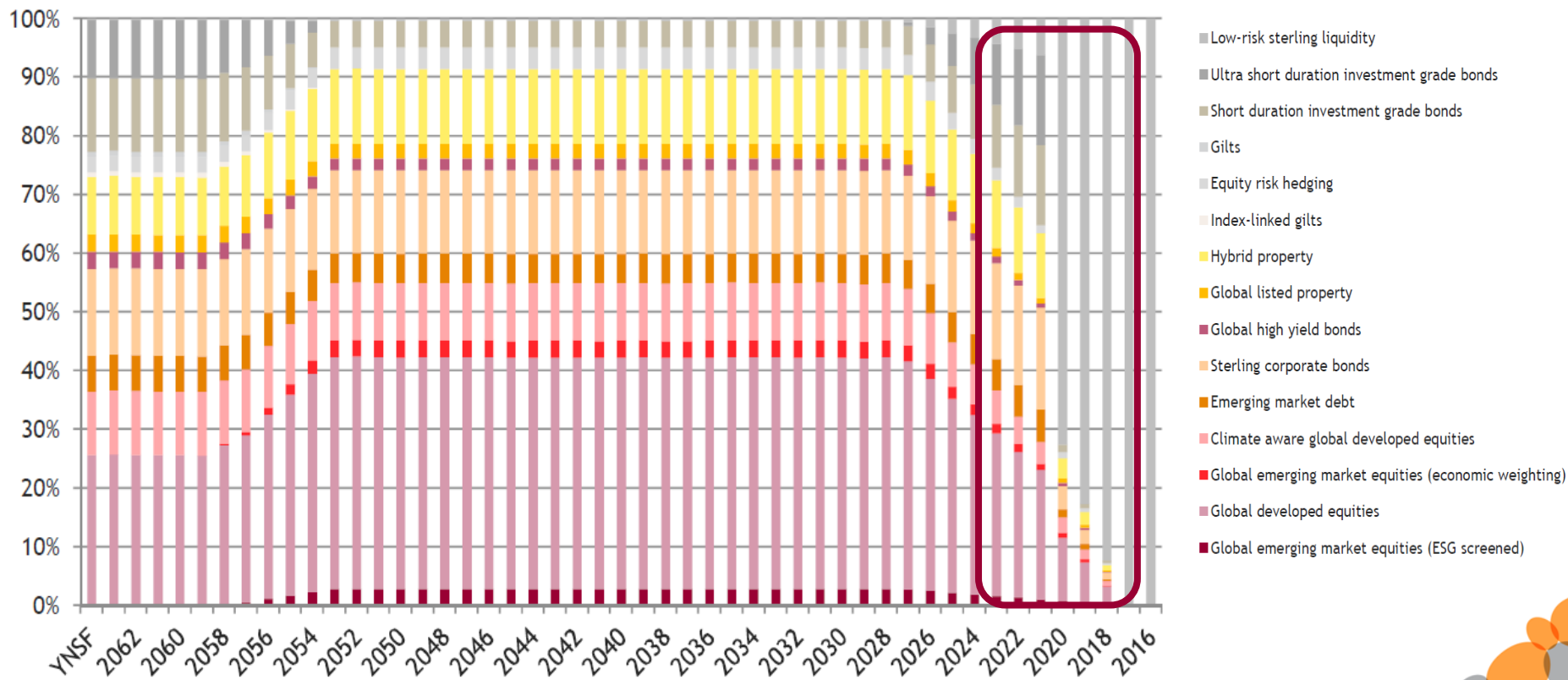
Fees as a percentage of final pot



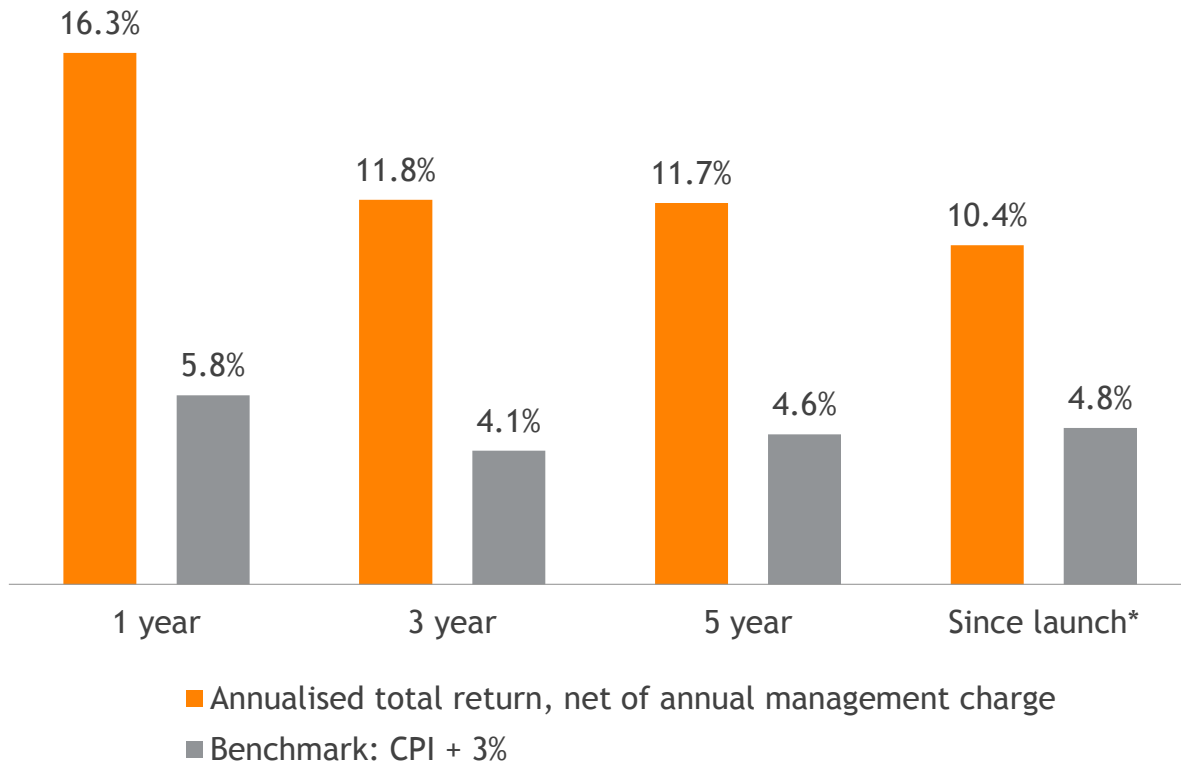
We're delivering value



And staying ahead



How is NEST stacking up?



And factoring in volatility...

To end November 2016	1yr	2yr	3yr	5yr
Aegon	2.53	1.46	1.74	-
Aviva	2.03	1.33	1.75	1.49
B&CE (The People's Pension)	2.67	1.45	1.48	-
Friends Life	3.08	1.78	2.16	-
LGIM	4.61	1.96	2.19	-
NEST	4.00	2.32	2.81	2.87
Prudential	2.34	-	-	-
Royal London	1.88	1.43	1.77	1.84
Scottish Widows	2.18	1.18	1.35	1.50
Standard Life	1.33	1.09	1.59	-

Source: data from Morningstar, ONS, B&CE and NEST; calculations by Defaqto; data to end of Nov 2016

NEST today

Employers



440,000+

Members



5.4m+

Assets under
management



£2bn+



Questions



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