PENSIONS Age AWARDS 2020

WINNERS BROCHURE

27 February 2020 - London Marriott Hotel, Grosvenor Square

For the latest news and updates follow us **@PensionsAge #PensionsAgeAwards**

Overall Sponsor

Capita

Gold Sponsors

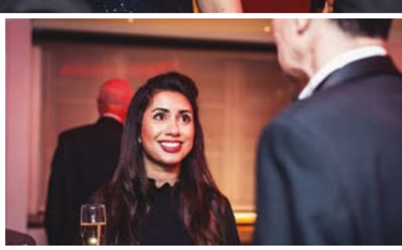
premier

Standard Life
There's a lot to look forward to

target
TRUSTED TRACE PROFESSIONALS

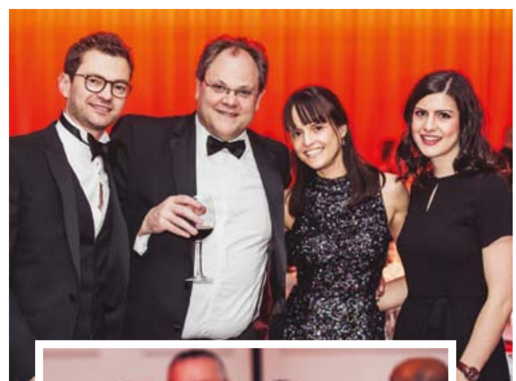

PENSIONS Age
AWARDS


32
Capita



Contents

Highlighted winners



Pensions Age Awards Winners 2020

DC Pension Scheme of the Year
WINNER: Visa

DB Pension Scheme of the Year
WINNER: West Yorkshire Pension Fund

Best Risk Management Exercise
WINNER: Essex Pension Fund

Pension Scheme Communication Award
WINNER: ICI Specialty Chemicals Pension Fund
Highly commended: Sky, Capita & Sparks

Pensions Administration Award
WINNER: Pension Protection Fund

Best Investment Strategy Award
WINNER: Nest

Pension Scheme Innovation Award
WINNER: National Grid

Pensions Consultancy of the Year
WINNER: Barnett Waddingham
Highly commended: PwC

Pensions Provider of the Year
WINNER: Aviva Life & Pensions

Fiduciary Management Firm of the Year
WINNER: Aon

Pensions Technology Firm of the Year
WINNER: Legal & General

At-retirement Solutions Provider of the Year
WINNER: Capita Employee Solutions

Independent Trustee Firm of the Year
WINNER: Dalriada Trustees

Pensions Law Firm of the Year
WINNER: Sacker & Partners

Pensions Accountancy Firm of the Year
WINNER: Cooper Parry

Passive Manager of the Year
WINNER: DWS

Active Manager of the Year
WINNER: Insight Investment

Equities Manager of the Year
WINNER: Vontobel Asset Management

Fixed Income Manager of the Year
WINNER: M&G Investments

Alternatives Manager of the Year
WINNER: BNP Paribas Asset Management

Emerging Markets Manager of the Year
WINNER: TOBAM

Property Manager of the Year
WINNER: Hermes Investment Management

LDI Manager of the Year
WINNER: River and Mercantile Derivatives

Multi-asset Manager or Provider of the Year
WINNER: Pictet Asset Management

Index Provider of the Year
WINNER: FTSE Russell

Risk Management Provider of the Year
WINNER: Pension Insurance Corporation

Pensions Communications Award
WINNER: Standard Life

Innovation Award
WINNER: Quietroom

Innovation (Investment)
WINNER: Legal & General Investment Management

Innovation (Technology)
WINNER: Target Professional Services Ltd

Administration Provider of the Year
WINNER: Premier

Master Trust Offering of the Year
WINNER: Smart Pension

Sponsor Covenant Provider of the Year
WINNER: Lincoln Pensions
Highly commended: LCP

Factor Investing Offering of the Year
WINNER: SEI

Sustainability Provider of the Year
WINNER: Natixis Investment Managers (Mirova)

Diversity Award
WINNER: Gowling WLG

Cashflow-Driven Investment Manager of the Year
WINNER: AXA Investment Managers

Personality of the Year
WINNER: Damian Stancombe, Partner, Barnett Waddingham

The Pensions Age Awards 2020: Celebrating a commitment to excellence in UK pension provision


DC Pension Scheme of the Year Winner: Visa


DB Pension Scheme of the Year Winner: West Yorkshire Pension Fund


Best Risk Management Exercise Winner: Essex Pension Fund


Pension Scheme Communication Award Winner: ICI Specialty Chemicals Pension Fund


Pensions Administration Award Winner: Pension Protection Fund


Best Investment Strategy Award Winner: Nest

Brexit uncertainty was finally well and truly out of the minds of those attending the seventh annual Pensions Age Awards at the end of February, with their thoughts on who was going home with the coveted trophies, given in recognition of those pension funds and providers who had outdone themselves in 2019.

Taking place again this year at London's prestigious Marriott Hotel on Grosvenor Square, over 500 pension professionals and trustees gathered to network, catch up and celebrate making it through what had been a tough year politically and economically for the pension fund world.

Editor of *Pensions Age*, Laura Blows, kicked off the evening with a reflection on the pensions scene of the previous 12 months, then passed over to Irish Comedian Andrew Ryan who, alongside the judges and sponsors, proceeded to hand out awards to over 30 deserving winners from across the UK pensions spectrum.

First to the stage were the winners of the **DC Pension Scheme of the Year**, which this year went to Visa – a scheme that has worked tirelessly to improve outcomes for members while making it easier for them to engage with their pensions.

Next up was the presentation for the **DB Pension Scheme of the Year**, announced as West Yorkshire Pension Fund. The judges were impressed by this scheme's successful work on a transition incorporating two other funds, all the while embracing social media to enhance communication with members.

Essex Pension Fund was next to the podium to collect the trophy for the **Best Risk Management Exercise**. This pension fund puts risk management at the heart of everything it does and is a leader in this field.

Next was the **Pension Scheme Communication Award**, presented to the ICI Specialty Chemicals Pension Fund. This fund clearly understands the importance of good communication when it comes to running a scheme and making it count. A high commendation also went to Sky, Capita & Sparks for their joint entry.

The **Pensions Administration Award** was next, and this year it was the Pension Protection Fund that won – having done so much to make it easier for people to manage and claim benefits post their schemes becoming insolvent.

Next to be recognised was Nest, picking up the trophy for **Best Investment Strategy**. Nest has a clear focus on the needs of a population that is generally not engaged and where outcome needs are significant but need to be risk-adjusted.

Another award aimed solely at pension funds was the **Pension Scheme Innovation Award** which the National Grid proudly took home. This scheme has reached out to its members with an innovative all-encompassing online tool to boost engagement and improve communication.

One of the most prestigious awards of the evening is for **Pensions Consultancy of the Year**. Barnett Waddingham was this


Pension Scheme Innovation Award Winner: National Grid


Pensions Consultancy of the Year Winner: Barnett Waddingham


Pensions Provider of the Year Winner: Aviva Life & Pensions


Fiduciary Management Firm of the Year Winner: Aon


Pensions Technology Firm of the Year Winner: Legal & General


At-retirement Solutions Provider of the Year Winner: Capita Employee Solutions


Independent Trustee Firm of the Year
Winner: Dalriada Trustees


Pensions Law Firm of the Year
Winner: Sacker & Partners


Pensions Accountancy Firm of the Year
Winner: Cooper Parry


Passive Manager of the Year
Winner: DWS


Active Manager of the Year
Winner: Insight Investment


Equities Manager of the Year
Winner: Vontobel Asset Management

year's winner, the firm's employees having an outstanding work ethos. PwC also received a high commendation in this category.

The **Pensions Provider of the Year** was next announced as Aviva Life & Pensions – a firm that is innovative while continuing to put the member at the core of its offering.

Aon was next up to the stage to collect the trophy for **Fiduciary Management Firm of the Year**. This firm impressed the judges with its significant array of services, client growth and strong performance results.

Technology is an exciting area of the pensions space today and this year, it was **Legal & General** that was crowned **Pensions Technology Firm of the Year**.

No other submission showcased the same sort of investment in technology across the member retirement savings journey as a whole.

The at-retirement space was next in focus, with the **At-Retirement Solutions Provider of the Year** being named as Capita Employee Solutions. This firm is a clear leader in this field, constantly looking for innovative and effective ways to educate and engage.

The **Independent Trustee Firm of the Year** was the next accolade to be presented and this year's winner, Dalriada Trustees, was praised for its wide range of technical resources, which add huge value to the service it provides to clients.

It was now time for the pension law firms to get some of the limelight, with Sacker & Partners being announced as **Pensions Law Firm of the Year**. A clear leader in this area of pensions, the judges commented "you know you are in the right hands with this group of pensions law experts".

The **Pensions Accountancy Firm of the Year** was next to be awarded, with this year Cooper Parry taking home the prize. This firm offers a refreshing new approach, with a real focus on client needs.

Moving on to the investment categories, the **Passive Manager of the Year** was awarded to DWS – a firm that truly understands how passive investment can be used in the right way in a pension portfolio.

The **Active Manager of the Year** was next announced as Insight Investment, a firm with a clear understanding and flair in applying active management to pension fund investment.

Equity investing was next in the spotlight, with the **Equities Manager of the Year** trophy taken home by Vontobel Asset Management. This firm impressed the judges with its performance coupled with its clear understanding of how equities can be best used in pension portfolios today.

M&G Investments was next to enjoy a win, being announced as **Fixed Income Manager of the Year**. This firm showcased a wide range of strategies with strong performance articulated through a well-constructed submission.

The **Alternatives Manager of the Year** prize then went to BNP Paribas Asset Management, for a submission that displayed an innovative and unique proposition.

Still on the investment theme, the **Emerging Markets Manager of the Year** title was given to TOBAM – a firm that has developed an approach which clearly differentiates it from others.

It was Hermes that then went home with the **Property Manager of the Year** award for showcasing innovation, performance and an approach to real estate that sets it apart.

Next was the award for **LDI Manager of the Year** which was presented to River


Fixed Income Manager of the Year
Winner: M&G Investments


Alternatives Manager of the Year
Winner: BNP Paribas Asset Management


Emerging Markets Manager of the Year
Winner: TOBAM


Property Manager of the Year
Winner: Hermes Investment Management


LDI Manager of the Year
River and Mercantile Derivatives


Multi-asset Manager or Provider of the Year
Winner: Pictet Asset Management


Index Provider of the Year Winner: FTSE Russell


Risk Management Provider of the Year Winner: Pension Insurance Corporation


Pensions Communications Award Winner: Standard Life


Innovation Award Winner: Quietroom


Innovation (Investment) Winner: Legal & General Investment Management


Innovation (Technology) Winner: Target Professional Services Ltd

and Mercantile Derivatives. This firm is determined to innovate and improve the sector offerings.

The **Multi-Asset Manager/Provider of the Year** then went to Pictet Asset Management for a submission that showed a clear and immediate desire to improving the provision to the sector.

It was the **Index Provider of the Year** trophy that was next to be handed out, with FTSE Russell standing out from the rest in this category. Few firms offer the diversity and innovation that this firm showcased.

This year's **Risk Management Provider of the Year** award was then handed to Pension Insurance Corporation for a strong submission linking performance with ESG commitment, excellent customer engagement and its wider industry work.

Communication was again under the spotlight, with this year's **Pensions Communications Award** going to Standard Life. This firm is constantly striving to be a leader in the communications space.

Innovation was also re-visited with this year's overall **Innovation Award** going to Quietroom – a firm that isn't afraid to approach pensions with a much-needed fresh eye. Legal & General Investment Management picked up the **Innovation (Investment) Award** for its relevant new products; and Target Professional Services went home with the **Innovation (Technology) Award** for its development of innovative pensions technology.

On to administration, and this year it was Premier that was the deserving winner of the **Administration Provider of the Year** award. Premier put forward an impressive submission which showed how hard it has worked to set itself apart from its peers.

Next was the trophy for **Master Trust Offering of the Year**, with Smart Pension being announced the winner. This firm constantly strives to lead the way by using innovative technology for the benefit of its ever-growing member base.

The **Sponsor Covenant Provider of the Year** Award followed suit, with Lincoln Pensions taking home the trophy. The judges confirmed this firm to be a clear leader in this important area of pension provision. LCP received a high commendation in this category.

Next up to the stage was SEI, taking away the trophy for **Factor Investing Offering of the Year**. Tihs firm understands more than most how to use factor investing to the best of its ability.

One of the most highly competitive awards was next – for the **Sustainability Provider of the Year**. This year it was Natixis Investment Managers (Mirova) that claimed the title for showcasing a unique approach to sustainable investing.

The **Diversity Award** then went to Gowling WLG for its true understanding of the important role diversity can and should play in today's business world.

The penultimate award was for the **Cashflow-Driven Investment Manager of the Year**, which went to AXA Investment Managers. This firm has developed an impressive and market-leading proposition in the all-important CDI space.

Finally, it was time for the **Personality of the Year**, which was given to Damian Stancombe, Partner at Barnett Waddingham, an individual who truly cares about the pensions space.

All in all, a night to remember.


Sustainability Provider of the Year Winner: Natixis Investment Managers (Mirova)


Diversity Award Winner: Gowling WLG


Administration Provider of the Year Winner: Premier


Master Trust Offering of the Year Winner: Smart Pension


Sponsor Covenant Provider of the Year Winner: Lincoln Pensions


Factor Investing Offering of the Year Winner: SEI


Cashflow-Driven Investment Manager of the Year Winner: AXA Investment Managers


Personality of the Year Winner: Damian Stancombe, Partner, Barnett Waddingham

The judging panel

Robert Branagh,
Managing Director,
London Pension Fund Authority

Paul Couchman,
Managing Director, Premier Pensions Management

George Currie,
Policy Lead: Lifetime Savings, Pensions and Lifetime Savings Association (PLSA)

Melanie Cusack,
Client Director, PTL

Jerry Gandhi,
Director, 20-20 Trustees;
Director, C A P Services

Vince Linnane,
Chairman, Moorlands Human Capital

Lisa Lyon,
Managing Director,
Target Professional Services

Richard Parkin,
Non-Executive Director, Financial Services Compensation Scheme

Matthew Swynnerton,
Partner, DLA Piper

Stephen Wickham,
Member Nominated Trustee,
Molins UK Pension Fund

PERSONALITY OF THE YEAR: Damian Stancombe

The Pensions Age Personality of the Year Award is the most anticipated award of the night, being the only category decided by *Pensions Age* readers.

Designed to recognise those individuals who have a proven track record of excelling when it comes to improving pension provision, this year's trophy went to Damian Stancombe, Partner at Barnett Waddingham, who received hundreds of votes.

Damian has worked in pensions for almost 30 years and is prominent in the industry for his passion, drive and innate desire to create a better retirement landscape for people through pensions.

Never one to stand still, Damian explores and develops new ways to support clients. He is one of the founders of Drumroll, Barnett Waddingham's creative agency that helps employers communicate with their employees in an engaging, empowering way, and BWell Financially, which helps employers tackle financial wellbeing and productivity. He also helped create Me2, a digital service that helps employees choose the benefits they really need.

Prior to Barnett Waddingham, Damian's career included DC consultancy for among the most well-known retail and construction companies, and setting up some of the UK's largest DC schemes. In his brief time in asset management, he was involved in establishing the first fiduciary DC pension scheme. His unconventional approach delivers fresh ideas and creativity.

Damian said: "Like Barnett Waddingham, I'm driven wholeheartedly by a desire to do what's right for employees and help them plan for financial security today and in later life. So I'm constantly looking at ways to make a positive difference. That's something I really thrive on and look forward to continue doing for many years to come – never more so with the rise of master trusts and the new world they are going to create. People champions are required to ensure the half dozen master trusts that will dominate don't lose sight of their accountability in providing not just financial wellbeing, but societal good."

Best Investment Strategy Award: Nest

*The **Best Investment Strategy Award** award went to **Nest.** Receiving the award was Mark Fawcett, Nest Pensions. Natalie Tuck, European Pensions (right) and host Andrew Ryan (left) presented the award.*

In an increasingly uncertain and volatile market, choosing the right investment strategy at the right time is a crucial challenge that every pension scheme has to overcome. This category aims to recognise and reward the pension scheme that has truly set an industry standard in the implementation of its investment strategy, with this year's winner showing a clear, focused and tailored approach. The judges praised the winning scheme for its clear understanding of the needs of an unengaged population, where the outcome needs were significant and needed to be risk adjusted. Congratulations to Nest!

Launched with zero assets, Nest's investment prowess is imminently clear in its own growth to over £9 billion today, with cash inflows of around £450 million monthly. With nine million members, the scheme set itself a clear challenge in creating a scalable, yet flexible, investment approach.

Comprehensive research into mass pensions saving schemes around the world, and the needs of its members, revealed that the majority of Nest members would be new to pension saving, likely to remain invested in the default strategy, and have a strong desire for predictable investment returns. This research subsequently drove the scheme's investment designs, ensuring that this was aligned with member needs. The result was one of the UK's most sophisticated default funds, providing members with age-appropriate risk management.

With a portfolio diversified across 13 asset classes, in a range of active, passive and alternative index strategies, Nest demonstrated its ability and commitment to using diversification to ensure a smoother savings journey for members.

One of the youngest schemes in the UK, Nest's youngest member will be invested in the scheme for over 50 years, emphasising the long-term investment horizons that the scheme must consider, as well as the longer-term risks that could impact returns. Building on its existing climate aware equities, the scheme has demonstrated its commitment to responsible investing throughout the last year. Nest has publicly argued for the belief that ESG is not a 'nice to have', but a clear and integral aspect of risk management, with its recent divestment from tobacco just one demonstrable aspect.

The scheme is unique, not only in its integration of ESG issues and risk management into all relevant mandates and investment management processes for its default fund, but also in its top-tier ranking by ShareAction on climate change responsibilities.

Genuinely listening to, and aligning with, member needs, has seen this scheme become market leaders in an increasingly competitive space. Congratulations again to Nest, for its impressive commitment to its members.

nest

A forward-looking investment approach

Discover Nest's sophisticated, risk-conscious strategy

Our experienced in-house investment team works with leading fund managers to access a wide range of global assets, spreading our risk to deliver smoother returns in all market conditions. We've also created unique default funds that manage members' risk appropriately at different stages of their lives. This is how we've delivered an innovative and award-winning scheme that's designed to deliver strong long-term returns without taking undue risk.

For a fresh look at workplace pensions, visit nestpensions.org.uk

defaqto 2017 – 2020 ★★★★★

PENSIONS Age AWARDS 2020 WINNER
BEST INVESTMENT STRATEGY AWARD

BARNETT WADDINGHAM
beyond the expected

Pensions Consultancy of the Year: **Barnett Waddingham**

*The **Pensions Consultancy of the Year** award went to **Barnett Waddingham**. Receiving the award was Damian Stancombe and Paul Jayson , Barnett Waddingham. Susan McInnes, Standard Life Assurance (right) and host Andrew Ryan (left) presented the award.*

Pensions consultancy has evolved dramatically in recent years, with the bigger players expanding their services to meet the changing needs of clients, coupled with well-respected niche players entering the space.

This category is aimed at recognising the consultancy firms that have shown a true dedication to serving its UK pension scheme clients.

Congratulations to this year's winner, Barnett Waddingham. The judges said this firm's employees have an outstanding work ethos; always keen to meet clients' specific challenges with a sensible, personal and pragmatic approach, which sets it apart in the consultancy space.

It puts member outcomes at the heart of everything it does and Barnett Waddingham's employees are its most valuable asset.

Barnett Waddingham consistently proves it can step up to the challenge. For example, it recently supported market leading DB transfer adviser, Origen, on four projects covering c15,000 members. The project confirmed its ability to utilise its IT skills to develop an application programme interface (API) between Origen and Barnett Waddingham.

This ensured data was harvested automatically from Origen's member fact find, fed into Barnett Waddingham's appropriate pension transfer analysis (APTA) system along with its output, with analysis results automatically sent back.

Barnett Waddingham also built a bespoke individual member cashflow modeller for Origen that it could use for individual modelling. All of this helped Origen to process a much larger volume of member requests supporting more members to make robust financial decisions.

In another example of outstanding client service, Barnett Waddingham helped its longstanding client, Pernod Ricard, during the process of securing a buy-in policy for 27,000 Allied Domecq Pension Fund (ADPF) members.

Preparatory work involved enhancing the 'transaction readiness' of the ADPF and when a buy-in transaction became feasible, it was quickly secured. Barnett Waddingham's expertise and work with the client meant that the fund was able to take advantage of favourable pricing, securing a fantastic result for fund members.

Proving it is able to quickly respond to industry changes, Barnett Waddingham acted as a scheme actuary for a DB scheme whose sponsoring employer was being sold. Just before the deal was complete, the Lloyd's judgment on GMP equalisation was revealed on 26 October 2018. The bidder wanted more information on the potential impact based on 'method 2' of calculating the equalisation

By 7 November, Barnett Waddingham had estimated this potential impact and as a result the bid was finalised, with members benefiting from greater security of benefits afforded by the new company. Time and time again, Barnett Waddingham shows that it has the resource, skill and expertise to meet client demands in an ever-changing industry. Congratulations again to the worthy winners!

Member outcomes at the heart of our advice

For Barnett Waddingham, being awarded Pensions Consultancy of the Year is significant validation of our approach to our work – delivering high-quality pension services to our clients. When taken alongside our recent ranking among Best Companies' top 100 companies to work for, we take great pride in the culture we have created that allows our people to flourish and for our clients to enjoy the benefits.

Today, we offer actuarial, administration and management services, covering DB, DC and self-invested schemes, which sit alongside our increasingly broad portfolio of services that includes risk, insurance and investment. We act as a trusted partner to almost 25 per cent of FTSE 100 and over 15 per cent of FTSE 350 companies. Our team of over 50 scheme actuaries – supported by around 100 qualified and 100 student actuaries – are appointed to around 400 DB pension schemes, with fund sizes ranging from £1 million to £8 billion.

The key message we received from our pensions clients about their priorities over the past year has, reassuringly, been for a concerted focus on members. They want to ensure members can access the full range of outcomes and options while protecting them from making inappropriate choices or engaging with unscrupulous advisers. Fortunately, we provide a genuinely independent offering that avoids off-the-shelf solutions, putting member outcomes at the heart of our advice.

Our unique combination of consultants, who are encouraged to think creatively, combined with our ongoing investment in IT and technology, delivers truly innovative and valuable consultancy advice that meets our clients' aims. Providing self-developed software and engagement platforms not only helps our clients, but enables their members to help themselves.

Approaching the endgame with confidence

As part of our focus on member outcomes for DB schemes, we dedicate a great deal of time towards supporting clients in strategic planning for their scheme's endgame. This includes producing annual research to help organisations benchmark their progress, to providing a framework for sponsors and trustees to agree on appropriate timelines and actions – whether that be buyout, consolidation, self-sufficiency or controlled run-off.

There are many reasons why planning for this long-term objective is so important. Identifying the horizon target and coordinating best practice for settling members' benefits is, firstly, good risk management. The process will result in better integration of pension scheme funding and wider investment decisions, as well as stronger levels of regulatory compliance.

Our framework for endgame planning combines our traditional actuarial, administration, governance and investment consultancy skills with a deep knowledge of the options available for settling benefits. It cuts through the complexities to focus on key issues, illustrating benefits and returns when it comes to key strategy decisions.

Our commitment to supporting wider change

Endgame planning is of course not the only issue on the table. Schemes are maturing, the number of pensioners are rising and cashflow is becoming more restricted. Schemes' priorities must therefore adapt if they want their strategy to deliver security.

This includes re-evaluating whether they have the right strategic partner to meet their needs, which our research shows almost half of schemes have looked to do this past year. However, trustees need firm guidance on the skills required of their adviser, as well as how to measure the value of an actuarial consultant.

Free thinking and independence are highly sought-after qualities in a consultant. Schemes are increasingly searching for adaptable partners who aren't tied down by traditional 'house rules' on how clients are managed. At Barnett Waddingham, we remain committed to fulfilling these expectations to those already working with us as facilitated by our absence of commercial products and our ownership structure.

Find out more at barnett-waddingham.co.uk.

Barnett Waddingham partner and head of actuarial consulting, Paul Houghton

Pensions Provider of the Year: **Aviva Life & Pensions**

*The **Pensions Provider of the Year** award went to **Aviva Life & Pensions**. Receiving the award was Craig Ashley, Aviva Life & Pensions. Vince Linnane, Moorlands Human Capital (right) and host Andrew Ryan (left) presented the award.*

The introduction of auto-enrolment is just one thing that has forced UK pension providers to up their game.

This award celebrates those firms that have successfully moved with the times and have displayed excellence in the area of pension provision, be that in the defined benefit or defined contribution space.

Aviva Life & Pensions stood out from the crowd due to its continued innovation and emphasis on putting the member at the heart of its offering. This focus on the individual has led to personalised member engagement, customer service improvements and leadership in stewardship and environmental, social and governance (ESG) issues.

The inventive engagement steps undertaken by the winner included updates to its online customer journeys and the launch of a wealth, wellbeing and career health check, dubbed the Mid-Life MOT.

Meanwhile, Aviva's Retirement Forecaster has been enhanced through work with the Pensions and Lifetime Savings Association to incorporate their Retirement Living Standards. Customers can use the tool on their computer or smartphone to see their current pension view, their forecast and what changes they can make to improve their retirement outcomes.

Aviva also enhanced its credentials through development of its customer service operations. Investment in digital infrastructure has allowed the company to enrich its customer data, meet their expectations and maintain operational efficiency.

The company also concentrated on data science improvements, using machine learning techniques to create a data set which it claimed is the most comprehensive in pensions or insurance within the UK. Aviva said this data has allowed it to get closer to its customers and ensure it can make a difference to their lives.

"Aviva Life & Pensions stood out from the crowd due to its continued innovation and emphasis on putting the member at the heart of its offering"

The winner also displayed its ground-breaking leadership with the launch of its Stewardship funds, which leverages the voting rights of Aviva investors and excludes ESG damaging industries from some of its investment solutions. Aviva's environmental leadership has also been displayed by its promotion of sustainable development goals, its elimination of single use plastics and its donations of £11.9 million and 48,000 hours of volunteer time to good causes through its Community Fund.

The company has a history of environmentally responsible action, having been involved in lobbying for changes since the 1990s and using voting rights and direct engagement to affect changes, such as the adoption of net carbon reduction targets by major oil companies.

A worthy winner, Aviva has used innovation and investment to place members at the centre of its strategy and is helping to pave the way for revolutionary responsible investment.


AVIVA
Find the right environment for your employees' pensions
People care about the environment. They're also concerned about social justice and good governance in business.
Chances are you have employees who feel this way. Aviva are making it easier for them to invest in pensions which reflect the things they care about… without compromising their own future prospects.
Our newly launched Stewardship Lifestyle Strategy gives employees the ethical investment options they want for their workplace pension.
It's all about creating the right environment. An environment where your business and your employees' prospects have the chance to thrive, while respecting the issues that matter to each and every one of us.
Find out more about Stewardship
aviva.co.uk/business/workplace-pensions/corporate/stewardship
PENSIONS Age AWARDS 2020 WINNER
PENSIONS PROVIDER OF THE YEAR
Aviva Life & Pensions UK Limited. Registered in England No 3253947. Aviva, Wellington Row, York, YO90 1WR. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Firm reference number 185896.
PCCJM5389 03/2020

Fiduciary Management Firm of the Year: **Aon**

*The **Fiduciary Management Firm of the Year** award went to **Aon**. Receiving the award was Michael Pedel, senior partner, Aon. Robert Branagh, London Pension Fund Authority (right) and host Andrew Ryan (left) presented the award.*

This year's winner of the Fiduciary Management Firm of the Year demonstrated its continued excellence in delivering exceptional service and performance to its clients. Congratulations to Aon, who proved to the judges that it excelled in mitigating risk for its clients while achieving strong stable investment returns so that they could meet their funding goals.

During the year, Aon worked in partnership with its clients to develop new and bespoke solutions, and continued to provide exemplary performance and service. The firm designed a number of new solutions and invested heavily in enhancing its existing offerings. Aon launched two new, highly diversified strategies that allowed its clients to tailor their hedge fund portfolios to their requirements i.e. return seeking (for clients focused on enhancing return) or defensive (for clients focused on downside protection and diversification). The strategies span a full range of sub-strategies and since their launch had assets exceed £1 billion.

The judges were also impressed with Aon's new dynamic LDI fund, which is designed to take advantage of volatility and add greater value through tactically under-hedging liabilities. It benefits clients by allowing a quicker reaction to market movements and adds returns where yields move sideways or increase slowly.

In light of schemes having excess cash/ LDI collateral and a need for low risk, low cost credit solutions as they look to approach buyout, Aon designed a high quality liquid credit solution. It will invest in a diversified mix of contractual income assets, suiting clients who want to reduce risk whilst generating income. Clients get access to a diversified strategy, across best-in-class external managers.

The firm demonstrated its commitment to ESG considerations by adding a low carbon overlay to its multi-factor investing fund, which reduced the weighted average carbon intensity of the fund. Furthermore, it invested in integrating ESG into clients' portfolios during the year.

During a difficult year for markets, the judges were impressed by Aon's ability to protect clients' funds by making decisions that allowed it to withstand the volatile conditions, such as maintaining a highly diversified approach to portfolios, and strategically reducing risk within portfolios at the right time.

Aon demonstrated continued strong performance, with all its fiduciary clients' funding levels significantly outperforming the average UK DB pension scheme over the last nine years. Furthermore, nearly 100 per cent of Aon's full fiduciary clients with one year or longer track records have seen their returns above their bespoke liability benchmark, since inception. One of the keys to clients' outperformance was the firm's robust manager selection process.

All in all, the judges expressed how impressed they were at Aon's continued excellence. Congratulations Aon, a worthy winner.

Winning the pensions endgame

More pension schemes are approaching their endgame – which for many means securing benefits with an insurance company. Tony Baily, investment partner at Aon, explores how fiduciary management can play a vital role

2019 was a record year for UK pension scheme buyouts. The market was dominated by ten large transactions, six of which Aon advised on. The impact of current market conditions on scheme funding levels means this momentum could slow down in 2020. However, we believe it's still as important a time as any to remain focused on the end-goal, so that trustees are in a strong position to move forward when markets bounce back. Schemes using fiduciary management will have benefitted from the protection it provides in today's volatile markets, so many will be well-placed to continue their journey as planned. For schemes yet to adopt fiduciary management, we explore how it can help you to achieve your long-term goals.

LOTS TO PREPARE FOR

There is a lot to think about when it comes to preparing your scheme for a successful buyout. Well-timed actions, across both assets and liabilities, could shave years off your journey. Liability management exercises such as pension increase exchanges, enhanced transfer value and data audits can make buyouts more affordable. For assets, the priorities are to generate stable returns, while keeping risk as low as possible, and holding suitable assets to ensure a smooth transition to the insurer. Managing all these can be a challenge, especially as trustees continue to face time and cost constraints.

USING THE FULL INVESTMENT TOOLKIT

By delegating the investment decisions to a fiduciary manager, trustees can focus their time on getting the scheme 'buyout ready', including cleansing member data and reviewing benefit specifications. Schemes that are in a good position cannot always afford to take their foot off the gas, so keeping the momentum going is important if trustees want to get across the line. This is where fiduciary management can help; delivering the stable investment returns needed to achieve a steady improvement in the scheme's funding level. A fiduciary manager – who can utilise the full investment toolkit – is better placed to navigate in the current environment. This means proactively managing a diversified portfolio of best-in-class strategies and external managers, rather than having to relying on market returns alone. This gives trustees more confidence about reaching their end-goal; especially as schemes now face greater market volatility and the possibility of a global economic slowdown.

MANAGING STORMY WEATHER

As we have seen in the markets recently, the importance of risk management should not be underestimated. Schemes need to react quicker as their circumstances change. Decisions on de-risking, hedging levels, asset allocation and manager selection should be much more dynamically managed, otherwise trustees may find themselves a lot further from buyout than they envisaged. It is times like these where fiduciary management proves to be most effective. A fiduciary manager will be able to transact quickly and efficiently, meaning trustees are not missing out on opportunities to lock-in gains (or to de-risk).

FINDING THE RIGHT PARTNER

Finding the right provider to partner with on the next stage of your journey is a key consideration. We believe a fiduciary manager who can provide a solution that integrates all aspects of a buyout can make your journey smoother and shorter. This needs a provider with deep expertise, not just of investment strategy alone, but also about risk management, liability management and risk settlement.

In choosing the right fiduciary manager, we think it is helpful for trustees to look for a partner who can build, develop and innovate as their strategy evolves. Equally, finding a provider with a strong performance track record across all market conditions gives schemes the best chance in achieving those steady, predictable returns. Our approach to innovation and our 'strong performance results' were cited as some of the reasons why Aon won 'Fiduciary Management Firm of the Year' at the 2020 Pensions Age Awards.

Clearly there is a lot to juggle when it comes to preparing for the endgame. Time and governance challenges coupled with market uncertainty, will continue to make fiduciary management an attractive way to help trustees succeed on their journey to buyout.

Aon investment partner, Tony Baily

AON
Empower Results®

At-retirement Solutions Provider of the Year: **Capita Employee Solutions**

*The **At-retirement Solutions Provider of the Year** award went to **Capita Employee Solutions**. Receiving the award was Tracey Smith and Nicky Barker, Capita Employee Solutions. Jack Gray, Pensions Age (right) and host Andrew Ryan (left) presented the award.*

This award is designed to reflect firms that have shown dedication to improving the member retirement experience through innovative and efficient solutions. An often-neglected marketplace, this firm was a clear leader, demonstrably looking for groundbreaking new ways to both engage and educate members on the road to retirement. For the second consecutive year, this impressive accolade goes to Capita Employee Solutions.

Capita's variety of programmes and initiatives, driven by key industry research, are specifically tailored to address the emerging issues faced by clients and savers in the retirement planning space. With the firm's own research revealing that 76 per cent of employees would value financial education from their employer, the firm's ongoing commitment to financial education should come as no surprise. Throughout the past year, Capita has devoted significant investment and innovation into its, already extensive, at-retirement solutions, with continued focus on financial education and wellness programmes.

Encompassing a number of areas, the firm's at-retirement service has expanded to include Countdown to Retirement, PensionMobile, Wellness Tracker, BitsizePension and ScenarioPlanner.

Services such as PensionMobile offer the chance for members to access individual guidance and support over the phone, suitable for a range of budgets and time commitments. Meanwhile, programmes such as ScenarioPlanner, which was driven by FCA research into behavioural science, offers an indepth, step-by-step process for asking the right questions, to help savers avoid making poor decisions about retirement planning.

The firm also has a number of financial education programmes; such as Countdown to Retirement, a structured education programme designed to address the issues revealed in the firm's Future Face of Retirement Report; and BitesizePension, a series of in-person, or online based, bitesize modules.

Capita has also devoted itself to highlighting the 'bigger picture' of financial wellness, emphasising that this is just one aspect of personal wellbeing and, consequently, is intricately linked with people's mental, physical and social wellbeing. Its financial wellbeing diagnostic service allows organisations to combine research insights with their own data to focus on their own unique wellbeing challenges, and suggests packages of support that can be easily and effectively integrated into day-to-day work. All through a simple one-minute survey.

Offering a range of innovative programmes and initiatives, the firm's suite of solutions was designed to be flexible, easy to integrate, and to align with changing member needs which is so essential in today's marketplace. Congratulations Capita Employee Benefits for winning this competitive category for two years in a row.

Continued success

We're incredibly pleased to have been voted Pensions Age's At-Retirement Solutions Provider of the Year for the second year running – it's fantastic recognition of all the work we do to help people maximise their workplace pensions so that they can enjoy a comfortable retirement.

The Awards judges highlighted our constant search for "innovative and effective ways to educate and engage people along the road to retirement planning", and engagement and education really is at the heart of what we do.

The secret of our success is to engage people with their pension, open their minds to learning how to manage their finances effectively, and then educate them about what they need to do now to have the retirement they want.

Engagement on its own isn't enough. People may visit the pensions section of their company intranet every now and again but, if they feel unable to make the right decisions about what they find there, they're not going to act to give themselves a better retirement. That's where education comes in – giving people the tools and knowledge they need, when they need them, to take meaningful action.

People are crying out for this kind of support. We talked to more than 2,000 employees for our 2019 Future Face of Retirement research, and found confusion, apathy and lack of understanding:

- 34% of people have no idea how much they have in their pension pot
- 42% of people feel powerless and anxious about their pension
- 77% of people worry that they don't understand enough about their pension to be able to make a considered decision.

Our 2017 Employee Engagement Insight research tells us that 53% of employees want coaching on all aspects of retirement and our 2019 Employee Wellness report shows that 76% of employees would value financial education from their employer.

The good news is that employers are responding to this hunger for education with financial wellbeing programmes, which help people to take control of their financial futures and be more aware of their options.

Our at-retirement service is an important part of the financial wellbeing programmes that our clients are offering their employees. We invested in it significantly during 2019 and expanded it to include PensionMobile, WellnessTracker, BitesizePension and Countdown to Retirement.

We've developed PensionMobile for people who can't make it to a face-to-face meeting – they can book a phone call with a pensions specialist to discuss what's important to them.

Our BiteSizedPension modules deliver crucial information about successful retirement planning face-to-face or via webinars, and our online WellnessTracker helps people to understand their financial health with a one-minute survey, and then directs them to useful information and solutions.

We created the Countdown to Retirement education programme in 2014 to help people to make better decisions. Delivered through a series of workshops when people are midway through their career and again when they're nearing retirement, it combines our experience of looking after 5 million pension scheme members, academic research into adult education, and data from more than 600,000 employees across the UK to help people to prepare for leaving the workforce. It also enables employers and pension scheme trustees to meet their legal and regulatory duties and HR objectives.

Our digital Countdown to Retirement portal aims to nudge users into action and help them to make better-informed decisions.

And we're able to give people more advice, guidance and support, whenever they need it, online.

But we're not resting on our laurels. We're continuing to innovate this year – and to pursue our mission to engage, explain and empower – and we're looking forward to making it a hat trick at the 2020 Pensions Age Awards!

Capita Employee Solutions head of workplace engagement, Tracey Smith

Capita

Dalriada.
A better way

Independent Trustee Firm of the Year:
Dalriada Trustees

*The **Independent Trustee Firm of the Year** award went to **Dalriada Trustees**. Receiving the award was Connie Johnstone, Dalriada Trustees. Duncan Ferris, Pensions Age (right) and host Andrew Ryan (left) presented the award.*

Amidst a landscape of increasing regulatory scrutiny, growing governance and increasingly complex investment challenges, this award was designed to recognise those trustee firms that truly assist the pension scheme trustee in managing their day-to-day challenges.

Impressing the judges with its 'second to none' range of subject matter expertise, this firm was praised for the technical resources it utilises, adding huge value to the service it provides to clients. Congratulations go to Dalriada Trustees.

With 43 new appointments, including a number of high-profile cases, and over 16 per cent revenue growth over the past year, this firm has made its mark as an industry leader. Its submission demonstrated a clear commitment to improving standards in the schemes it works with, working with other parties to achieve positive outcomes for all involved. This commitment to working with the industry to improve member outcomes was never clearer than in the firm's broader industry work.

The past year saw Dalriada become the first professional trustee signatory of the UN Principles for Responsible Investment. Furthermore, the firm played an active role in the development of the professional standards through the Association of Professional Pension Trustees. Dalriada is also an expert partner to the Pensions Management Institute, sharing its industry expertise and thought leadership in order to support fellow trustees, and empower employers to address the more complex areas of pensions.

It is not just standards within the industry that Dalriada is working to raise though, as the firm has also led in the fight against pension liberation fraud, and is currently taking court action to support in this aim.

Despite an ever-changing landscape of increasing regulation and growing complexity, Dalriada has continued to demonstrate both strong performance and growth, developing innovative solutions aligned with genuine member needs. This saw it provide services to over 150 clients throughout the past year, with solutions specifically tailored to address the specific circumstances and challenges faced by pension schemes.

Never one to shy away from a challenge, one remediation project handled by the firm required more than one million member benefit recalculations, showing Dalriada's dedication not only to its clients, but to genuinely raising industry standards and improving member outcomes. Through close contact with the regulator, and large scale process shifts and changes, the firm was able to ensure that historic issues were resolved, and also implement robust governance procedures to protect against re-occurrence of these issues. This long-term commitment to client standards is perhaps best demonstrated in its existing work, having helped to embed a more proactive approach to governance and administration, designed to benefit members and participating employers going forward, in one example project.

Its unique approach, based on the four pillars of commitment, professionalism, experience and pragmatism have seen the company remain strong in an increasingly volatile and uncertain time.

Dalriada Trustees: Committed to excellence

2019 was a watershed year for the professional trusteeship market.

Prior to 2019 there had been material increases in trusteeship governance requirements, including trustee knowledge and understanding, defined contribution chair's statements and the regulator's Integrated Risk Management expectations. But anyone was able to market themselves as a professional trustee – regardless of skills or experience.

That changed in 2019 with the introduction of the accreditation framework for professional trustees. That framework is fundamentally changing the trusteeship market. Dalriada Trustees are front and centre in that newly developing market thanks to our unique structure and team-based approach.

"We are the only independent trustee company with nationwide coverage and a team-based approach"

A unique approach

Dalriada Trustees have long maintained that the best service is provided by those who have chosen trusteeship as a career. We are one of an extremely limited number of companies who train graduates to become trustees, rather than recruiting those seeking a path to semi-retirement.

We are one of the largest firms of professional trustees in the market, with over 200 appointments in total. Over the course of 2019 we won 48 new appointments.

Our approach is unique – the provision of lead trustees with a wide range of skills supported by specialists in particular fields.

This team-based approach enables us to meet challenges head-on:

- We ask focused questions of advisers.
- We act swiftly when required to do so.
- We ensure that market best practice is delivered by all service providers to our clients and members.
- We help address any imbalance of knowledge between trustees and their advisers.
- We provide the benefits of diversity and inclusion in board decision-making.

During 2019 we took measures to further strengthen our team by recruiting to support key pillars across all of our specialisms – including technical pensions, accounting, payroll, investment, covenant and legal experts.

Our trustees are salaried employees who have diverse portfolios. They are not reliant on a particular appointment for their income, which helps ensure the independence of their decision-making.

We are the only independent trustee company with nationwide coverage and a team-based approach. All of our trustees are professionally qualified and highly experienced, assisted by a number of support staff who are either professionally qualified themselves or studying for professional qualifications.

We have 35 professional trustees who have passed the PMI Award in Pension Trusteeship and we played an active part in the development of the professional standards through the Association of Professional Pension Trustees (APPT).

2020 is already bringing further challenges to trustee boards. Our uniquely skilled team is ideally placed to not just assist in addressing those challenges, but to help continue to shape the trusteeship market.

Written by Dalriada Trustees director, Adrian Kennett

Dalriada.
A better way

Passive Manager of the Year: **DWS Group**

*The **Passive Manager of the Year** award went to **DWS**. Receiving the award was Gareth Davies, DWS. Melanie Cusack, PTL (right) and host Andrew Ryan (left) presented the award.*

Passive investments play a key part in pension fund portfolios; this award celebrates the manager that demonstrates strong returns, provides excellent customer service and shows a true understanding of the needs of its clients.

The judges were impressed with the way this year's winner understands how passive investment can be used in the right way to play such an important role in a pension portfolio. Congratulations to DWS Group (DWS), the winner of the Passive Manager of the Year award.

As a world leading asset manager with €719 billion assets under management, DWS is at the forefront of pushing passive investing by pension funds into the mainstream. It is well equipped with the skill, passion and expertise to help schemes.

Stewardship is becoming a key differentiator for pension funds looking for passive managers. DWS is a pioneer in this area having recently been ranked by Majority Action as one of the top asset managers globally when it comes to positive manager voting in relation to climate action. It also commissioned its own research into how pension funds perceive stewardship.

Always striving to innovate, DWS continues to launch exchange-traded funds (ETFs) in areas where pension funds demand exposure. Last autumn saw the launch of its range of responsible investment Xtrackers, with the addition of an Emerging Markets ESG equity ETF. The ETF tracks an index of companies meeting strict ESG criteria and low carbon requirements based on MSCI's ESG research, the underlying index being part of the MSCI ESG Leaders Low Carbon ex Tobacco Involvement 5 per cent Index series.

This new ETF complements DWS' four other Xtrackers ETFs launched in June 2018, providing exposure to ESG-filtered equity indices tracking global, US, Japanese and European markets – which also use MSCI ESG Leaders Low Carbon ex Tobacco Involvement indices. It also complements Xtrackers II ESG EUR Corporate Bond UCITS ETF, providing ESG-tilted exposure to the euro-denominated corporate bond market.

Last year also saw the launch of two important Xtrackers thematic ETFs, one on future mobility and one on big data (respectively, Xtrackers Future Mobility UCITS ETF, Xtrackers Artificial Intelligence & Big Data ETF). The ETFs track specially developed indices that use a unique filtering methodology, which itself uses AI processing.

DWS is also a leading provider of fixed income ETFs, which are becoming an increasingly important access tool for bond exposures. In July 2019 for example, the Xtrackers EUR Corporate Bond UCITS ETF broke the €1 billion in assets barrier, as investors continue to seek yield. It is clear to see that DWS is a market leader with a strong product offering, making it a worthy winner. Congratulations!

Stewardship in passive investing: Meeting the challenge for socially responsible investing

At the end of last year, ETF analysis firm ETFGI reported that assets invested in ESG ETFs and ETPs (exchange-traded products) listed globally reached a new record of $52.35 billion at the end of November 2019, with 118 ESG products now listed in Europe.

With so much choice on the market, investors looking to make allocations to ESG ETFs face a tough challenge when it comes to distinguishing between products and product providers. One emerging area of competition is stewardship.

Last year, DWS commissioned a survey (Passive Investing 2019, The rise of Stewardship) of 127 pension funds operating in 20 markets globally, asking them a range of questions on stewardship. The subsequent report, which was produced by CREATE-Research, found that 60% of respondents regarded stewardship as 'very important' and 38% as 'important'.

The full report can be downloaded on https://etf.dws.com/en-gb/information/order-documents/the-rise-of-stewardship/

DWS's approach to stewardship

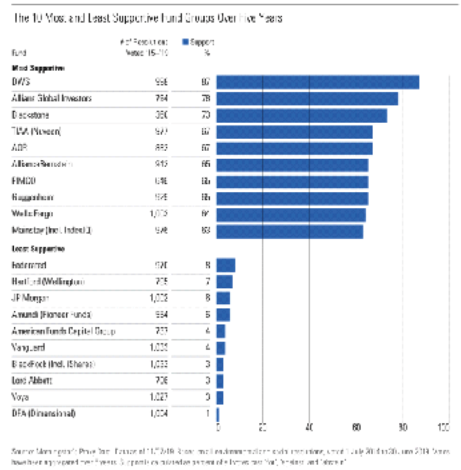
DWS has expertise gained from over 20 years of responsible investing, with ESG integration and engagement guided among others by following international standards, such as the UN supported Principles for Responsible Investment, to which DWS has been a signatory since 2008. Whereas the fund management industry traditionally has focused stewardship in active areas, DWS applies its standards across active and passive businesses, including Xtrackers ETFs.

The importance DWS places on responsible corporate governance can be seen in industry metrics. In February, research company Morningstar released analysis detailing how different fund managers engage in the proxy voting process, and specifically looked to find the companies operating in the US that supported ESG-related shareholders most frequently. DWS came out as the top performer, as per Figure 1.

Similarly, Majority Action, an independent US-based research group that lobbies for companies to be held accountable to high standards of corporate governance, social responsibility and long-term value creation, assessed asset manager voting records on 41 climate-critical resolutions voted on in 2019. Their analysis also demonstrates DWS's strong commitment to ESG values voting in favour of close to 100% of climate critical resolutions.

Stewardship is no longer the preserve of active managers. As more pension funds adopt passive investment solutions, stewardship performance will become an important competitive differentiator. On this score DWS, and its Xtrackers ETFs, demonstrates exceptional commitment to generating the positive outcomes investors, and all of society, needs.

Figure 1



For more information please contact Nicholas Flanagan, DWS Passive Pensions Coverage – UK and Ireland
Email: nicholas.flanagan@dws.com
Telephone: +44(0) 207 547 2028

DWS

Alternatives Manager of the Year: **BNP Paribas Asset Management**

*The **Alternatives Manager of the Year** award went to **BNP Paribas Asset Management**. Receiving the award was Phil Dawes, BNP Paribas Asset Management. Jack Gray, Pensions Age (right) and host Andrew Ryan (left) presented the award.*

Alternatives have become an essential part of a UK pension fund portfolio. This award recognises those firms that have shown a true flair for extracting value from the alternatives space to the benefit of their pension clients.

The judges were particularly impressed with this year's winner as it showcased an innovative and unique proposition offering pension funds a way to diversify their portfolio and generate higher returns. Congratulations, BNP Paribas Asset Management (BNPP AM)!

BNPP AM's win is a result of its standout SME Alternative Financing platform, launched in the summer of 2017. It's a unique and innovative platform that gives institutional investors the opportunity to invest in small and medium-sized enterprises (SME). Such investments are a fantastic way for pension funds to diversify their portfolios and generate higher levels of return than are available in public fixed-income markets.

Its platform operates in an area of the market less well served by traditional bank lenders and asset managers, by focusing on companies with a turnover of below £50 million per annum. Statistics from the Department for Business, Energy & Industrial Strategy show there are around 34,000 SMEs who fit BNPP AM's criteria.

BNP PARIBAS ASSET MANAGEMENT

For institutional investors wishing to align their portfolios to account for ESG and impact investing principles, as highlighted in the UN PRI's impact investing market map, direct lending to UK SMEs offers clear and measurable societal and economic benefits.

The platform targets businesses with a turnover between £2 million and £50 million, and that are looking to borrow sums of between £500,000 and £5 million. BNPP AM's SME Alternative Financing team has developed key partnerships to drive origination and support the management of loans. For example, it has formed a strategic alliance with Caple, a European provider of alternative credit for SMEs and CODE Investing, one of the UK's leading institutional debt finance fintech platforms. More recently, BNPP AM announced its strategic partnership with Creditshelf in Germany.

Having funded over 65 million in the UK (end Feb 2020), the loans provided also have a broad geographic spread; only 20 per cent are London based, with 24 per cent in the West Midlands, 16 per cent in the South East and 10 per cent in Yorkshire. Each loan is aligned with BNP Paribas' CSR strategy and verified by BNPP AM's Global Sustainability Centre ensuring compliance with key ESG principles, creating a portfolio that provides impact to the real economy but also promotes sustainable lending practices and engagement within the SME universe.

Its platform offers a win/win situation for institutional investors and SMEs, which is why BNPP AM is this year's winner. Congratulations!

IN A CHANGING WORLD,
YOU NEED TO KEEP AN EYE ON THE RIGHT PATH.

At BNP Paribas Asset Management, we manage assets with the world in mind, looking beyond financial metrics to ensure we manage all risks and invest in responsible businesses that perform over the long term. This is why we say: investing means the world to us.

www.bnpparibas-am.com

BNP PARIBAS
ASSET MANAGEMENT

The asset manager for a changing world

RIVER AND MERCANTILE DERIVATIVES

LDI Manager of the Year:
River and Mercantile Derivatives

*The **LDI Manager of the Year** award went to **River and Mercantile Derivatives**. Receiving the award was Gabriella Hoogeweegen, Ellis Croome, Elena Chachkarova, River and Mercantile. Lisa Lyon, Target Professional Services (right) and host Andrew Ryan (left) presented the award.*

Understanding what LDI really means and applying it to the benefit of your pension clients requires true skill and understanding of pension fund needs. This award rewards the providers that excel in the LDI space despite the challenges it may present.

River & Mercantile achieved stand-out success in providing segregated mandates for pension schemes of all sizes, showing their determination to innovate and improve sector offerings. This impressed the judges given that smaller schemes can often find themselves restricted to pooled funds.

Over the 12-month period ended 30 September, the average mandate size of River & Mercantile's 13 new clients was £90 millon, with nearly half of these involving structured equity, which is unique to the company's segregated platform.

The 2019 XPS LDI Survey showed that River & Mercantile had the third largest number of segregated mandates, while its average segregated mandate size was £145 million, well below the industry average of £1.9 billion. River & Mercantile said this illustrated its commitment in bringing segregated LDI to the masses and its success at bringing the right solutions to schemes of all sizes.

The company places such importance on segregated LDI for two reasons. Firstly, it can make more assets available for growth. Money tied up in a collateral pool to support LDI cannot be invested in growth assets to earn return, and pooled LDI requires a higher allocation in a collateral pool that segregated LDI. Typically, a segregated mandate can have between 10 and 20 per cent more in growth assets than in a pooled equivalent.

Secondly, the flexibility of segregated mandates allows trustees to better manage the risks they face. They allow for the use of tailored equity option mandates to protect from equity market falls and more than half of River & Mercantile's clients use these. These equity option mandates are contractual in nature and can be adapted as a scheme changes, leading 90 per cent of the company's clients to keep them in place due to this benefit.

River & Mercantile said the two primary challenges when choosing to offer segregated mandates to all schemes are making documentation easy and providing tailored mandates without a high minimum fee. Core systems expertly constructed by the company's talented in-house team mean that bespoke liability cashflows can be modelled for clients overnight, allowing River & Mercantile to offer a personalised service for a low entry fee.

Through skilled innovation, the company also ensured that trustees simply need to sign a single piece of River & Mercantile documentation before everything else is taken care of, ensuring that they need not fret about providing their own documentation, derivatives regulation or appointing a custodian. Well done!

In the deep end

Why pooled LDI could be 'as inefficient as buying a house with a personal loan'

At our 2018 Small Schemes' Summit, an annual event that brings together a host of small scheme trustees to discuss the challenges they face, we asked the following question: how many of you have pooled LDI or have considered pooled LDI?

About 50 per cent of the audience raised their hands.

We then asked how many people had bought a house with a mortgage. Near enough 100 per cent of the audience said they had.

Finally, we asked how many had bought a house with a personal loan. The answer, thankfully, was zero.

Why ask these questions? Because they help illustrate a key point. Small schemes face the same economic challenges as larger schemes yet the solutions offered to them are – not unlike the above example – often less efficient or more expensive.

Take LDI. In some ways, LDI is like buying a house with a mortgage. It gives exposure to something (i.e. bonds/liability-like behaviour) that schemes cannot currently afford. Over time, trustees can expect the scheme assets to grow sufficiently to enable them to own the bond or liability-like asset outright.

Buying a house is exactly the same. Borrowers get exposure to the price of the house from day one, but pay for it gradually over time. A bank is happy to lend this money as it has the security of the house if the customer fails to pay. If he or she tried to borrow money with less security – in extremis, an unsecured personal loan – the bank would probably not be interested or it would be very expensive.

Pooled LDI involves getting more hedging than a scheme invests in the pooled fund. For a scheme looking for return, trustees want to invest as little as possible in the pooled fund for a given level of hedging (as that way they retain more in growth assets).

But the less that's invested in the pooled fund, the more it looks like a personal loan. After all, the only security the bank has is the assets in the pooled fund, so the bank rightly wants as many assets in the fund as possible. The pooled fund needs to balance these factors. But because its need to trade dominates (as it needs to allow investors in and out), it will err on the side of caution.

The result: pension schemes end up needing to allocate between £30 and £40 to get £100 of hedging. If they need more than 60 per cent of their assets earning a return to achieve their long-term funding goal, they have a problem.

So what is the solution?

Segregated mandates do not have any of the above challenges. In a segregated mandate, the bank is engaging directly with the pension scheme and has recourse to the assets if the scheme fails to pay. In this way, it is more like a mortgage, and the banks will readily trade with you. As a result, schemes with segregated mandates can comfortably have 10-20 per cent more assets on risk than a pooled equivalent.

Many schemes may believe a segregated mandate is too complicated, but the reality is that part of the market has evolved substantially to the point where they can now be as easy to implement for many schemes as a pooled fund.

Think about a pooled fund document – it is thousands of pages of words that effectively delegates responsibility to the pooled fund. The result is that the scheme signs one bit of paper and everything happens in the background. Using the same approach for segregated documentation means that the on-boarding process can now feel as easy as that of a pooled fund, yet they have all the benefits described above, as well as more flexibility.

For those schemes reviewing their LDI or thinking of doing so, a pooled approach might not be as sensible – or as efficient – as it seems.

Mark Davies is a managing director at River and Mercantile Derivatives

RIVER AND MERCANTILE
DERIVATIVES

FTSE Russell

Index Provider of the Year:
FTSE Russell

*The **Index Provider of the Year** award went to **FTSE Russell**. Receiving the award was Henry Odogwu and Matthew Henshaw, FTSE Russell. Gary Smith, Capita (right) and host Andrew Ryan (left) presented the award.*

This year's winner of the Index Provider of the Year impressed the judges with its commitment to reducing climate risk for investors. Congratulations to FTSE Russell, who proved its awareness of market trends by launching an innovative index in 2019 for sovereign debt investors to consider climate change risks in their investment portfolios. In response to requests from its clients, FTSE Russell demonstrated its commitment to customer service and providing the best service possible.

FTSE Russell noted that governments are exposed to transitional and physical risk related to climate change and developed a solution to serve as a sustainable alternative for passive government bond investors. The FTSE Climate Risk-Adjusted World Government Bond Index methodology conducts quantitative climate risk assessments across transition risk, physical risk and a country's resilience. It uses climate risk modelling data from Beyond Ratings, a highly regarded provider of ESG data solutions, climate change research and modelling. This shewd acquisition of data has enhanced the index considerabley.

Furthermore, the index scores countries across three pilars and provides a single combined score for each. They are then used to reweight the nation's exposure in the index to provide higher exposures to countries that are better prepared for climate risks and lower exposures to countries that are more threatened by the risks. This methodolody allows the index to mirror the characteristics of a global sovereign bond portfolio while reducing exposure to climate risk. The judges were impressed by the index effectively meeting UK asset owner demand for a climate risk-adjusted global government bond index with low tracking error relative to the broad index.

FTSE Russell again demonstrated its ability to offer solutions for the growing number of UK investors who are recognising that climate risk considerations aren't just for equities.

The firm also impressed the judges with the results of its partnerships with UK clients, which have resulted in UK local government pension schemes seeing impressive returns from their investments. The Merseyside Pension Fund invested £400 million in a new worldwide equity climate fund, run by State Street Global Advisors.

The fund tracks the FTSE All-World Climate Balanced Comprehensive Factor index. It's tilted away from companies with greater carbon emissions and the most carbon intensive fossil fuel reserves and towards those with green revenues, demonstrating FTSE Russell's commitment to tackling climate risk. It also incorporates FTSE Russell's innovative and transparent multi-factor weighting methodology, providing balanced exposure to five recognised factors that contribute to equity market performance – quality, value, momentum, low volatility and size.

Throughout the year, FTSE Russell displayed its ability to offer solutions to investors that recognise cilmate risk considerations are also for government bond investments – not just equities. Congratulations to the worthy winner.

PENSION INSURANCE CORPORATION

Risk Management Provider of the Year:
Pension Insurance Corporation

The ***Risk Management Provider of the Year*** *award went to* ***Pension Insurance Corporation****. Receivingthe award was Uzma Nazir, Colin Cassell and Richard Seymour Pension Insurance Corporation. Robert Branagh, London Pension Fund Authority (right) and host Andrew Ryan (left) presented the award.*

With risk management at the top of pension schemes' agendas, de-risking propositions have flooded the market. The Risk Management Provider of the Year is awarded to the provider that has provided innovative solutions to truly help pension schemes to manage, or remove, their risks.

Pension Insurance Corporation (PIC) put forward an extremely strong submission linking performance with ESG commitment, excellent client and customer engagement and evidence of wider industry work.

In total, PIC insured around a record high of £9.5 billion in liabilities between 1 November 2018 and 31 October 2019. The 12-month period also saw PIC triumph in the completion of its largest ever transaction, a £3.4 billion buy-in of the British American Tobacco Pension Fund that covered the benefits of 10,600 members. PIC's reputation for innovation and tailoring its offering to individual customers' needs helped to attract new customers and win repeat business. Consequently, the firm conducted approximately £1.5 billion of repeat business.

Their policyholders were very impressed with the levels of customer service provided by the company, giving an overall customer satisfaction rating of 99.4% for 2019 , its highest level in more than five years. 100 per cent of trustee customers surveyed said they would be happy to provide a reference and feedback was overwhelmingly positive.

The trustees said that the three areas in which it stood out from the competition were its "human approach", high levels of support and guidance, and its track record of treating customers fairly.

The firm's ongoing programme of longevity reinsurance to third party investment grade reinsurance counterparties has resulted in the reinsurance of 81 per cent of its longevity exposure. PIC reinsured £7.1 billion of longevity risk in the first half of 2019.

The firm stated that environmental, social and corporate governance factors were intrinsic to its investment decisions, both through its privately sourced long-term debt investments and the risk assessment applied to its internationally managed corporate bonds.

The company has a strong record of sourcing private debt investments, which play a key role in the portfolio as the company matches long-term liabilities with secure, long-term investment cashflows.

This way, the assets held by PIC for older generations are used to back projects benefitting younger generations.

The firm has made £7.8 billion-worth of private placements across the UK, including £2 billion in housing associations and £2 billion in the higher education sector. Examples of this investment into the communities of the future include a £125 million debt investment to design, build, fund and operate affordable student accommodation for University of Exeter students, as well as a £350 million investment into offshore wind farms.

Other significant developments have included PIC's continued support for its pioneering female actuarial mentoring scheme alongside the Institute and Faculty of Actuaries, which has attracted almost 250 mentors and mentees. Congratulations!

Pensions Communications Award: **Standard Life**

*The **Pensions Communications** Award went to **Standard Life**. Receiving the award was David Pascoe, Standard Life and Kerry Shiels, BT. Camilla Capece, Pensions Age (right) and host Andrew Ryan (left) presented the award.*

Effective communication is key to the success of any pension scheme; this award rewards those providers that have used innovation and excellence to help their clients improve engagement among their members.

This year's winner stood out to the judges as it does not rest on its laurels; instead it constantly strives to be a leader in the member communications space using technology and innovation with impressive results. Congratulations to Standard Life, the winner of the Pensions Communications Award.

One of Standard Life's aims is to not just lead the industry but actively shape it; integral to this is its continuous two-way, tailored communications campaigns. Nothing demonstrates more its unique capability at this than its recent work with BT to create a multi-faceted, impactful and engaging communications campaign that has had tremendous results.

Following the closure of its final salary scheme in 2018, an additional 30,000 members transferred into Standard Life, making it one of the largest UK private-sector DC schemes at around 70,000 members. This came with the challenge of reaching out to every member on a one-to-one level in way that would engage, inform and empower BT's employees.

In particular, BT wanted Standard Life to promote its higher-than-average matched employee contribution, further increase employee engagement in relation to pensions, and encourage employees to save as much as possible, as soon as possible.

This included piloting new initiatives and developing existing communication activity, to reach people on a more personalised level. For example, to welcome the new members in 2018, Standard Life utilised BT TV to present to them the benefits of their new pension scheme.

It created four personalised videos targeted to age and member use of the contribution matching structure, which addressed each employee by name and linked to their member dashboard. It also sent out nudge videos that served as a warm-up to these personalised videos, tailored investment messaging to increase member knowledge of the default fund and other investment choices, and employee-centric branding as a way to make communications more relatable, fun and familiar.

As part of its communications, Standard Life also developed and promoted existing initiatives. Having identified a low uptake of members using the scheme's app, it launched an app competition, offering prizes for those that used the app. The initiative was a fantastic success, and has more than doubled use of the mobile app. It also increased its face-to-face contact with pop-up stalls for graduates and separate events for those over the age of 50.

Hard work pays off, as a result of Standard Life's work, 87 per cent of employees are on the maximum company contribution, having taken advantage of the matching scheme; there's been a 47 per cent increase in average monthly contributions since 2017. Standard Life has put the member's wellbeing at the heart of everything, it should proud of its terrific achievement. Richly deserved!

Making good choices

How effective and timely communications can empower members to make positive decisions with their pension

When we launched our first company pension scheme at Standard Life over 100 years ago, it was with one overriding vision: to help people save for a better future. Today, although the pension's landscape looks very different, our vision remains unchanged.

Here to help members make good choices for their pension life savings

We know that from our own research, member communications and engagement is a key priority for employers when it comes to their workplace pension. Ongoing communications aren't a nice to have. We know that the more members engage with their pension, the more likely they are to make the right decisions for themselves and achieve better outcomes. Our tailored, two-way and continuous communication campaigns help employers and members make informed choices, ultimately supporting good member outcomes.

It is important to us that members are fully equipped with the knowledge to make confident, informed decisions when it comes to saving for retirement. In 2018, we launched our automated communications programme creating a continuous dialogue with members by sending targeted communications with clear calls to action at the key moments that matter to them. Using data-driven technology, we send relevant communications with engaging and easy to understand content, 'nudging' at the right time, to the right audience. These communications will be triggered by life events such as joining the workplace pension, following a member's third contribution, milestone birthdays and approaching their selected retirement date.

Our automated communications programme is designed to:

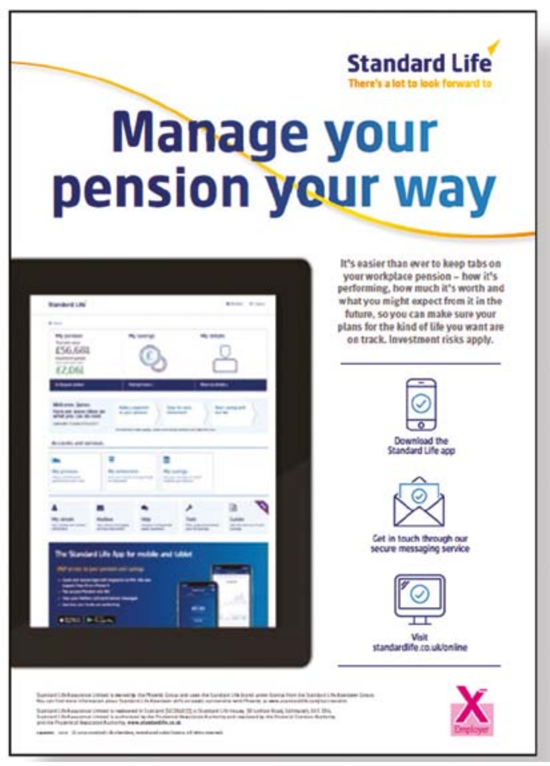
- Help members understand their workplace pension and keep them informed at all times
- Make it easy for members to engage with and manage their pension
- Guide and support members at every step throughout their savings journey to help them determine their best options at retirement

Our pre-retirement milestone communications have now been sent to over 90,000 customers and has resulted in a 90 per cent uplift in registrations to Standard Life's online dashboard and a 23 per cent increase in logins to the Standard Life app.

Sitting alongside this engagement programme is our monthly MoneyPlus financial education articles sent by email. MoneyPlus is designed with financial wellness in mind as it provides education across a wide spectrum of topics from budgeting to investments to estate planning, as well as pensions and retirement. Articles are relevant to the member based on a number of factors such as age and affluence meaning they only receive appropriate education. This email is sent to around 780,000 workplace pension members.

Employer-led approach

Employers play a big part in making sure that members are informed and understand what they have, what they'll get and what their options are to pay more. Many members need help understanding how a



workplace pension can have a positive impact on their retirement outcomes.

Over many years we've continually tested and refined our workplace communications so they're meaningful and relevant to people's lives and motivations. They are firmly focused on helping people make good decisions by giving them the information they need. The campaigns can be delivered using many different methods of communications including; videos, posters, flyers, e-cards, table toppers and animations that can be branded to include company logos and a specific call to action.

We offer 18 campaigns, which cover topics such as:

- Building awareness and understanding
- Financial health check
- Find lost pensions
- Managing plans online and via our mobile app
- Taking control of their investments
- Updating beneficiaries

These campaigns are free and easy to order online.

Bespoke Communications Strategies

Pensions are far from a one-size-fits-all subject. We wanted to explore different ways of speaking to discrete members, with a view to engaging and encouraging individuals to review their pension and take action now to support better outcomes.

Personalised videos

Recognising that personalisation can be highly effective in securing engagement, one of our recent innovations was to use personalised videos to present the benefits of the pension scheme, with different 'nudges' based on member data.

We devised, piloted and implemented four personalised videos, each tailored to one of our client's discrete member age bracket and their individual use of the company's contribution matching structure. The videos – which were used both to welcome new members and to reinforce the pension message to existing scheme members – showed projected retirement savings, alongside what difference making a small change could make to their total at retirement, taking into account any employer matching.

Furthermore, each video addressed the member by name, and the email provided a link to their member dashboard, enabling them to take direct action. This enhancement was designed to help members navigate an array of complex pension topics – from options in retirement to the importance of the retirement date we hold for them – as well as to bring potential outcomes to life.

These videos were sent to over 68,000 members and opened by c.51,900 (76 per cent) of pension scheme members. This is nearly four times higher than the UK industry average of 18.6 per cent.

The videos are a blueprint for ongoing pension communications. We used our personalised video template as part of further campaign activity in November 2019, for example, which resulted in the volume of single payments paid in to the scheme nearly doubling over the campaign period.

Nudge videos

As a warm-up to the personalised videos, we emailed a nudge video to all members. These were designed to inform members – both existing and new – about what information they can find in their annual statement, and to encourage them to review their savings and potentially increase their contribution.

We are able to quantify the success of this move, as the email was opened by a staggering 77 per cent of members it was sent to. This represents one of our highest ever open rates. Moreover, it outstrips the UK industry average of 18.6 per cent by over 50 percentage points.

It can be challenging to engage with members with something that may seem very far ahead in their lives. But that doesn't meant that you can't engage them with what they have now, how it's performing and what they're building towards. Standard Life believes in the power of communications to help members make more informed decisions.

Standard Life head of proposition deployment, Donna Walsh

Standard Life
There's a lot to look forward to

Cashflow-Driven Investment Manager of the Year:

AXA Investment Managers

*The **Cashflow-Driven Investment Manager of the Year** award went to **AXA Investment Managers**. Receiving the award was Sebastien Proffitt, Solene Daniere and Lionel Pernias. AXA Investment Managers. Jerry Gandhi, C A P Services (right) and host Andrew Ryan (left) presented the award.*

Cashflow-Driven Investment (CDI) has gained greater prominence within the UK pensions space. We aim to reward those firms that are leading the way in this key investment strategy.

The judges were particularly impressed by this year's winner's market-leading proposition. Congratulations to AXA Investment Managers (AXA IM), the winner of the CDI Manager of the Year award.

As pioneers within the CDI space, AXA IM is well placed to help schemes overcome challenges posed by negative cashflow. CDI is rapidly gaining in popularity; three-quarters of defined benefit (DB) schemes could be in cashflow-driven strategies within 12 months, according to AXA IM's client research.

AXA IM is already a proud partner to over 20 schemes investing £9 billion of assets, which are shifting their investment focus towards delivering their member promises sustainably. As well as household names with segregated mandates to meet their cashflow management challenges, it has also proved that it can deliver the benefits to schemes of varying size.

Its unique partnership with AMX has seen the launch of a Long Term Credit Fund, targeting assets of $1 billion, which uses a buy and maintain approach that is more cost effective for many schemes. Built on a strong understanding of the needs of maturing schemes, AXA IM's CDI framework is designed as an intelligent, cost-effective way to help secure members' benefits.

Always striving to improve the service it offers, AXA IM is constantly seeking new ways to innovate. For example, it is leading efforts in calls for a new type of bond – transition bond – as it believes such a bond could be vital for those that don't have the capacity or capability to launch a green bond at this stage.

Furthermore, environmental, social and governance (ESG) is fully integrated in its core cashflow strategies. AXA IM also knows that engagement with companies is a crucial aspect of ESG integration. As one of the largest bondholders in the market, the opinion of its credit analysts and portfolio managers definitely matters to the companies in which it invests – dispelling the myth that bondholders cannot lead engagement in stewardship initiatives.

AXA IM's flagship Sterling Buy and Maintain Credit Fund demonstrates the firm's capabilities in constructing and managing credit portfolios to reliably meet clients' long-term needs.

The strategy consistently outperformed the credit universe over 1, 3 and 5 years to 30/9/19, while crucially avoiding 85% of the universe's downgrades to High Yield since launch in 2012.

AXA IM's strong credit expertise and ability to adapt to market conditions should continue to benefit clients in the coming years. Well done AXA IM!


PENSIONS Age
AWARDS
Capita


Capita

PENSIONS Age AWARDS 2021

See you at the Pensions Age Awards next year!