

3rd World Pensions Council forum held in Hong Kong

The third edition of the World Pensions Council forum was held in Hong Kong, on November 7-8 2013. This high-level event was organised by the World Pensions Council (WPC) with the support of the Government of the Hong Kong Special Administrative Region (SAR) of the People's Republic of China.

FROM AUSTRALIAN PENSION FUNDS TO ASIAN SOVEREIGN WEALTH FUNDS

The conference was chaired by M. Nicolas J. Firzli, Director-General of the World Pensions Council (WPC). The Rt. Hon. **Nick Sherry**, former Minister for Superannuation & Corporate Law of **Australia**, opened the conference with a speech on "The Australian Pension Model", followed by a presentation by **Pauline Vamos**, Chief Executive of the **Association of Superannuation Funds of Australia (ASFA)** highlighting "The Importance of Transferring Long-Term Investment Patience to Pension Members and the Broader Community". **Joshua Franzel**, Vice-President & Head of Research of the US Center for **State and Local Government Excellence**

(**SLGE**) noted that, in the past ten years, US state and local public plans decreased equity allocation [55% to 50%] and fixed income allocation [32% to 24%], while increasing the portion of alternative investments [5% to 17%]. **TOBAM CIO Yves Choueifat** concluded the session by showing why cap-weighted indices entail structural sector biases by drawing examples from the US (Apple...).

THE GROWING ROLE OF INFRASTRUCTURE ASSETS AND PRIVATE EQUITY

Larry Beeferman, Director of the Labor & Worklife Program at **Harvard Law School**, and **Ben Way**, Head of North Asia and Russia, **Macquarie Infrastructure and Real Assets** discussed the attractiveness of infrastructure investments with their European peers- **Georg Inderst**, chairman of Inderst Advisory, **Gautier Chatelus**, CIO of CDC Infra Management/**Caisse des Dépôts** and **Philippe Desfossés**, Chief Executive of the **French Public Sector Pension Fund (ERAFP)**. **Georg Inderst** insisted that "politicians in many countries have put their attention on the US\$ 80bn pool of institutional money invested in this asset class". **David Wilton**, CIO Global Private Equity, International Finance Corporation, **World Bank**, explained why in an investment context charac-

terized increasingly by "ageing public policy reforms" and lower growth at both macro and corporate levels in most emerging nations, institutional investors would need to adjust their selection criteria: "with lower top line growth, a greater contribution to value creation will need to come from improvement in margins and M&A...and controlling entry prices will be more important". **Vincent Bazi**, Vice-President of the French National Association of Financial Analysts (SFAF) and Cofounder & President of the **World Pensions Council (WPC)** concurred, adding that: "it is still possible to find reasonably priced SMEs in mature European jurisdiction such as France, which combine attractive attributes- rapid growth, secure niche positioning (branding and/or technology-based) and a sizeable proportion of their clientele located in the more dynamic markets of Asia".

LONGEVITY RISK, GOVERNANCE AND THE "DUTCH MODEL"

Pablo Antolín-Nicolás, Principal Economist & Head of the Private Pensions Unit of the **Organisation for Economic Co-operation and Development (OECD)** delivered a plenary presentation on "Mortality Assumptions and Longevity Risk", using concomitantly different longevity models as a base



VINCENT BAZI IS PRESIDENT OF THE WORLD PENSIONS COUNCIL (WPC) AND HEAD OF INVESTMENTS AT NEXTSTAGE.



M. NICOLAS J. FIRZLI IS THE COFOUNDER AND DIRECTOR-GENERAL OF THE WORLD PENSIONS COUNCIL (WPC).

for in-depth cross-county comparisons... **Madhu Gayer** of **BNP Paribas Securities Services** presented the pillars of modern risk management: multifaceted measurements, portfolio construction and constant operational oversight. Speaking of Holland's generally acclaimed pension system, **Erik Goris**, Managing Director, **PGGM**, insisted that even such a solid system needed to be reformed as "the center of gravity will have to move from generous defined benefit (DB) to a more sustainable mix" combining elements of "Spartan", individualized, defined contribution (DC) "with hybrid options preserving a certain degree of progressiveness: such a compromise solution may be called Dutch DC"... **Mark Fawcett**, CIO, **National Employment Savings Trust (NEST)**, himself a former hedge fund manager, described the all too common "breaches of confidence" by "star CEOs" on Wall Street and the City (notably in the financial services and energy sectors), insisting it's time for long term investors "to be far more skeptical and cynical of the reasons company directors give to justify unacceptable positions.. and then be prepared to truly take action to back up what we say" ■

3^e ÉDITION DU FORUM MONDIAL DES FONDS DE PENSION

L'édition 2013 de la conférence du WPC s'est tenue en Chine avec le concours du gouvernement de la région administrative spéciale de Hong Kong et a réuni sur deux jours experts et patrons de fonds pension représentant quarante pays.

Vincent Bazi,
M. Nicolas J. Firzli,
www.revueanalysefinanciere.com