PENSIONS Age AWARDS 2017

WINNERS BROCHURE

23 February 2017 - London Marriott Hotel, Grosvenor Square

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23 FEBRUARY 2017

London Marriott Hotel
Grosvenor Square






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Pensions Age Awards 2017 – a storming success

Not even storm Doris could keep people away from this year's Pensions Age Awards which saw over 500 of the pensions industry's elite gather to celebrate the sector's successes from the past year.

This year's ceremony was held at the prestigious Marriott Hotel on London's Grosvenor Square, where 33 trophies were presented to those pension funds and providers who proved themselves a cut above the rest after what has been a challenging 12 months for all.

Laura Blows, editor of Pensions Age, opened proceedings with a thought-provoking and uplifting speech, reflecting on the highs and lows of 2016. Alun Cochrane, comedian and TV personality, later took to the stage and, alongside the sponsors and judges, presented the coveted trophies to the deserving winners.

First to be awarded were the pension funds, with trophies being handed out to the DC Pension Scheme of the Year, DB Pension Scheme of the Year and for the Pension Scheme Communication Award. These went to the Bank of Ireland (UK) Staff Retirement Savings Plan for its creative solutions and positive response from members; Merchant Navy Officers Pension Fund for its innovation coupled with a wider commitment to UK pension provision; and Aviva for its strong solution and excellent market feedback. BNP Paribas was also highly commended in the communication category.

Next up was the award for Best Auto-enrolment Implementation which went to The People's Pension for its true understanding of auto-enrolment and focus at all times on the member. The Pension Fund Administration Award was given to Essex Pension Fund for a submission that showcased distinctive examples of good practice and service to members, while the Best Investment Strategy Award went to Trafalgar House Pension Trust for its active approach and impressive risk and reward management.

Finally the Pension Scheme Innovation Award was given to West Yorkshire Pension Fund for its achievement in the areas of pensions administration and communication.

Next up were the provider awards, with the Pensions Consultancy of the Year the first to be announced. This coveted accolade went to P-Solve, part of River and Mercantile Group, for its proactive approach in a competitive marketplace. Scottish Widows went home crowned Pensions Provider of the Year for its focus on member engagement, its investment skills and excellent service, while the Fiduciary Management Firm of the Year was Aon Hewitt for its client focus, bespoke solutions and passion for achieving results.

The Pensions Technology Firm of the Year award was given to PwC for its innovation and drive in the pensions technology space, while the At-retirement Solutions Provider of the Year was announced as LV= for standing out against its peers in understanding what the at-retirement market really needs. Capita Employee Benefits was also highly commended in this category.

The Independent Trustee Firm of the Year was announced as Capital Cranfield Trustees in recognition of its passion for delivering the best it can to the market. Pensions Law Firm of the Year was Stephenson Harwood LLP for its work on some of the most unusual cases in the current pensions sphere; and the Pensions Accountancy Firm of the Year was presented to RSM for its innovative tools and commitment to pensions.

Next up came the investment categories. Legal & General Investment Management was the first to walk away with an investment trophy, receiving the title of Passive Manager of the Year for its consistent performance and new investment options. Artisan Partners was announced as Active Manager of the Year for its strong focus on delivering outperformance and excellence; and Equities Manager of the Year went to Eaton Vance for its solid performance in a competitive marketplace.

The category of Fixed Income Manager of the Year went to M&G Investments for its unrivalled passion for this asset class and top class approach, and the Alternatives Manager of the Year was won by BlackRock for its professional and disciplined approach. CQS and Hermes were also awarded highly commended in this competitive category.

The Emerging Markets Manager of the Year went to Martin Currie for its diverse and engaging approach to working in the EM space; Property Manager of the Year went to LaSalle Investment Management for its strong performance, transparency and commitment to clients and the LDI Manager of the Year went to Insight Investment for its strong performance, innovation and client service.

Hedge Fund Manager of the Year was next with Man FRM taking home the trophy for its commitment to developing new offerings; Infrastructure Manager of the Year was pronounced as Pantheon for its deep understanding and passion for this exciting asset class; and Multi-asset manager/provider of the Year was awarded to Gatemore Capital Management for its understanding of how multi-asset can assist even the smaller pension funds today.

Index Provider of the Year was announced as FTSE Russell, a strong committed player which is never short on innovation, Risk Management Provider of the Year went to Pension Insurance Corporation for its wide range of major achievements backed up a strong emphasis on customer service; and the Pensions Communications Award went to Aviva UK Life for understanding the importance communication plays in today's pension arena.

The highly contested Innovation Award went to Unigestion (UK) for its pioneering work in the pensions investment sphere at a hugely challenging time for pension funds; Administration Provider of the Year was Barnett Waddingham for understanding the importance of the link between admin and the member experience; Master Trust Offering of the Year went to NEST for its impressive investment design and exceptional service, and last but not least, the Pensions Personality of the Year Award was given to Chris Parrott, Head of Pensions at Heathrow Airport Holdings Limited for his strong commitment to the pensions space.

Congratulations to all the winners and many thanks to everyone who helped make the event such a success, including our overall sponsor ITM, our gold sponsors CQS, Aviva Friends Life and Rothesay Life, and all our expert judges who worked hard to pick the winners from so many high quality entries this year. We look forward to seeing you all again in 2018!

PENSIONS Age AWARDS 2017

Pensions Age Awards Winners 2017

DC Pension Scheme of the Year
WINNER: Bank of Ireland (UK) Staff Retirement Savings Plan

DB Pension Scheme of the Year
WINNER: Merchant Navy Officers Pension Fund

Pension Scheme Communication Award
WINNER: Aviva
Highly commended: BNP Paribas

Best Auto-enrolment Implementation Award
WINNER: The People's Pension

Pensions Administration Award
WINNER: Essex Pension Fund

Best Investment Strategy Award
WINNER: Trafalgar House Pension Trust

Pension Scheme Innovation Award
WINNER: West Yorkshire Pension Fund

Pensions Consultancy of the Year
WINNER: P-Solve, part of River and Mercantile Group

Pensions Provider of the Year
WINNER: Scottish Widows

Fiduciary Management Firm of the Year
WINNER: Aon Hewitt

Pensions Technology Firm of the Year
WINNER: PwC

At-retirement Solutions Provider of the Year
WINNER: LV=
Highly commended: Capita Employee Benefits

Independent Trustee Firm of the Year
WINNER: Capital Cranfield Trustees

Pensions Law Firm of the Year
WINNER: Stephenson Harwood LLP

Pensions Accountancy Firm of the Year
WINNER: RSM

Passive Manager of the Year
WINNER: Legal & General Investment Management

Active Manager of the Year
WINNER: Artisan Partners

Equities Manager of the Year
WINNER: Eaton Vance

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

Alternatives Manager of the Year
WINNER: BlackRock
Highly commended: CQS
Highly commended: Hermes GPE LLP

Emerging Markets Manager of the Year
WINNER: Martin Currie

Property Manager of the Year
WINNER: LaSalle Investment Management

LDI Manager of the Year
WINNER: Insight Investment

Hedge Fund Manager of the Year
WINNER: Man FRM

Infrastructure Manager of the Year
WINNER: Pantheon

Multi-asset Manager/Provider of the Year
WINNER: Gatemore Capital Management

Index Provider of the Year
WINNER: FTSE Russell

Risk Management Provider of the Year
WINNER: Pension Insurance Corporation

Pensions Communications Award
WINNER: Aviva UK Life

Innovation Award
WINNER: Unigestion (UK) Ltd

Administration Provider of the Year
WINNER: Barnett Waddingham

Master Trust Offering of the Year
WINNER: NEST

Personality of the Year
WINNER: Chris Parrott, Head of Pensions at Heathrow Airport Holdings Limited

The judging panel

Andy Boorman,
Trustee Executive,
BESTrustees

Robert Branagh,
Chair, Armed Forces
Pension Scheme (AFPS)

Mirko Cardinale,
Head of Multi-Asset
Allocation (MAA), USSIM

Guy Freeman,
Business Development,
Rothesay Life

Phil Rixon,
Senior Reward Manager,
Ladbrokes

Craig Scordellis,
Head of Global Loans,
CQS

Alan Stone,
Pension Manager,
Bechtel Limited

Maurice Titley,
Director,
ITM

James Walsh,
Policy Lead: EU and
International, Pensions and
Lifetime Savings Association

PERSONALITY OF THE YEAR: CHRIS PARROTT

Chris is head of pensions for Heathrow Airport Holdings Limited (formerly the British Airports Authority). After a period working in the (then) Superannuation Department of the Foreign and Commonwealth Office, Chris moved on to senior roles managing pension schemes in the private sector. That included working for a privately owned global business, a series of retailers, a global media business and latterly, since 2010, managing the pension arrangements for what was the British Airport Authority ('BAA').

His appointment with BAA was with a very clear brief: participate in the pension aspects of a further sale of at least two airports (Edinburgh and Stansted); act for the Corporate in negotiating the first DB scheme valuation which would show a funding deficit; input into the next five year regulatory pricing review; lead the review of the future of the DB scheme; assist in the outsourcing of a number of pension functions from an in-house team; and generally raise the awareness and importance of pension provision amongst the employee population. Chris extends his role with Heathrow to an involvement with a range of other pension organisations. In addition to his involvement with AIMSE Europe, he was elected in 2013 to the Council of the Pension Management Institute and since 2014 has been a member of the Pension Committee of the Hundred Group. He is also a judge for a number of pension awards, primarily the European Pension Awards which he has been involved in since their inception in 2008 and has been Chair of Judges since the 2010 event.

Commenting on being presented the Personality Award, Chris said that it was completely unexpected. "To have people from your peer group taking the time to nominate you for this, particularly for something as prestigious as the Pensions Age Awards, is incredibly humbling. Thank you."

the people's pension

Best Auto-enrolment Implementation Award

The People's Pension

The Best Auto-enrolment Implementation Award went to The People's Pension. Receiving the award was Darren Philp, director of policy and market engagement, The People's Pension (centre). Presenting the award were awards judge James Walsh, policy lead: EU and international, PLSA (left) and awards host Alun Cochrane (right).

After years of debate, auto-enrolment is now almost five years into its application. The Pensions Age Best Auto-enrolment Implementation Award awards those pension schemes that have embraced auto-enrolment and implemented an auto-enrolment proposition which can act as a flagship for others to follow suit.

The winner of this year's Best Auto-enrolment Implementation Award is The People's Pension. The scheme has played a big part in helping employers of all sizes from all sectors get to grips with auto-enrolment.

Over 46,000 employers have used The People's Pension to sign up more than 2.3 million members of staff, with an increase of 39 per cent in the last 12 months. Furthermore, the scheme takes care of £1.4 billion of assets under management, the largest of any auto-enrolment master trust.

For its members, The People's Pension has implemented a low and easy to understand 0.5 per cent annual management charge and it prioritised access to small pots from day one of the pension freedoms, paying out on small pension lump sums to 25,000 members since April 2015.

Leading on from this, the scheme didn't want its members with small pots to fall into the advice gap, so it partnered up with LV= to offer members an online solution through the Retirement Wizard service. The People's Pension is the only scheme in the space offering it and it costs just £49.

In October, the scheme's provider B&CE was awarded the top placing, for Best Overall Customer Service, in the Top 50 Companies for Customer Service list. It also finished top of the tree in the Best Insurance and Financial and Best Medium Call Centre categories, benchmarked against firms like Royal Bank of Scotland, The Met Office, Nationwide and AXA, to name but a few.

In research carried out by the Pension Playpen into workplace pension schemes, The People's Pension scored highest on market sentiment and for the support provided, beating the rest of the major players in the auto-enrolment market.

The judges applauded the scheme for its true understanding of this essential market and its focus at all times on the member. It is a great example of a scheme bringing its 'A' game to the pensions auto-enrolment sector.

Congratulations to a leading scheme which sits head and shoulders above the rest.

P-Solve

Pensions Consultancy of the Year:

P-Solve

The Pensions Consultancy of the Year award went to P-Solve. Receiving the award was Lara Edmonstone-West, director, P-Solve (centre). Presenters of the award were awards sponsor Russell Welsh, director of workplace distribution, Friends Life UK (left) and awards host Alun Cochrane (right).

As clients' investment needs continually increase in a challenging pensions environment, the role of the pensions consultant has never been of such importance.

The Pensions Age Awards 2017 Pensions Consultancy of the Year award recognises those pensions/investment/ actuarial consultancy firms that have shown a true dedication to serving its UK pension scheme clients, displaying a true understanding of their needs, and one that continues to move with the times.

This year, the firm clearly incorporating these elements is P-Solve, part of River and Mercantile Group. Praised by the judges "for its proactive approach in a challenging and competitive marketplace", P-Solve is the deserved leader in this category.

Working with over 160 institutional clients ranging in size from sub £25 million to £5 billion, the firm's integrated and flexible approach has given pension funds of all sizes access to bespoke investment solutions that are tailored to their needs at a price they can afford. P-Solve has developed ways to make it feasible for small- and medium-sized pension schemes to access investment techniques that would normally only be affordable, and governable, by large schemes. These include segregated liability hedges, structured equity strategies and alternatives.

This year the firm excelled in its swaptions strategies. P-Solve developed a strategy that allowed one of its clients, which wanted to increase its interest rate hedge but was concerned about the regret risk of locking into a low interest rate, to earn cash in exchange for increasing its hedging – so, if the rates did rise, at least it would have benefited from the cash it had earned.

The firm achieved this by selling swaptions at the same time as it entered into swaps. This increased its hedging and earned it more cash.

Overall the client collected a premium equivalent to 1.4 per cent of its asset, which it invested into its growth portfolio to generate returns. This is a clear example of P-Solve understanding market conditions and also client needs.

On the stressed bonds front, the firm took this asset class to its clients in early 2016 and over the eight months to 31 August 2016 its preferred manager returned 30.1 per cent versus its benchmark of 26.7 per cent.

It is all these factors that make P-Solve the clear winner of the Pensions Consultancy Firm of the Year award in the eyes of the judges.

Congratulations to a standout firm which has clearly excelled in this area of pensions and one that acts as an example to others in the industry.

P-Solve helps trustees make sense of opportunities

Investment ideas such as swaptions need to be communicated in the most effective way possible to trustees. P-Solve associate director William Hutchings explains how this process is at the heart of all that the firm does

Should consultants avoid telling trustees about an interesting investment idea, just because they'll find it unfamiliar?

Of course not – but merely informing them will not suffice. Trustees need to understand everything that goes into their pension scheme's investment portfolio, well enough to govern it and make decisions concerning it. Since it's our job to help them do that, it's not enough for us to just find a good investment idea. We have to help the trustees get to grips with that idea, too. At P-Solve, this is central to our thinking.

Of course, not every idea will be suitable for every client. If a pension scheme has no need to adjust its liability hedging, or is not permitted to use derivatives, then "selling swaptions" won't appear as an item on its agenda.

But if such an item does appear – as it recently has with some of our clients, because we put it there – we're going to have to explain what it's all about. And merely stating that a swaption is an option on a swap, and that it will have an impact on the scheme's liability hedging, won't illuminate much. We have to explain more.

Liability hedging can be made to sound terribly complicated. I find it helpful to think of the regular payments that a pension scheme makes to its members, to the pensioners, as payments of interest. If the scheme also receives interest at the same, fixed rate, then those payments will be matched. That's the basic idea behind liability hedging, or at least one way to describe it.

One way to receive a fixed rate of interest is to own a UK government bond, a gilt. This is how most pension schemes begin to hedge the risk in their liabilities.

But a pension scheme can also arrange to receive a fixed rate of interest by entering into a simple derivative, a swap. It enters into the swap as the "receiver", literally the party receiving the fixed rate – the other party, usually a bank, is the "payer". This has become a well-established means for pension schemes to increase their liability hedging.

And to "buy a swaption" is yet another way to receive a fixed rate of interest. The scheme can buy the right to enter a swap, as the receiver, if rates rise to an agreed level. By doing so it will increase its liability hedging.

The really interesting part is this. A scheme does not have to restrict itself to buying swaptions. It can sell them, too. In effect, the scheme gets paid for committing to adjust its liability hedging.

A pension scheme that sells a swaption will earn a premium, in cash. Because there's a market for swaptions, the size of that premium is subject to the law of supply and demand. And what we've seen is that, since the unexpected result of the UK's EU referendum and all the uncertainty that's entailed, this premium has reached some real highs. A pension scheme that has decided to increase its liability hedge only if rates rise could potentially earn a lot.

This is why we put "selling swaptions" on the agenda of those clients for whom it was suitable – and prepared explanatory materials, and devoted time to training sessions, to make sure those clients were thoroughly comfortable with the concept, the risks and the practicalities involved. This is a key part of our work as our clients' investment consultant, giving the trustees the assistance they need to govern their investment portfolio and make decisions about it.

The ability to translate complicated investment ideas into plain English, and communicate them effectively to lay trustees, is a skill that lies at the heart of our work as an investment consultant. It's a skill our clients have told us they appreciate. This was a theme that emerged from our most recent client satisfaction survey, which an independent research firm completed for us in January.

With 95 per cent of respondents telling us they were at least satisfied with their relationship with us, our clients said it was not just our leading edge investment ideas that they like, nor the speed with which we act. Every bit as important is the effort we invariably make to render the complex comprehensible.

P-Solve

SCOTTISH WIDOWS

Pensions Provider of the Year: **Scottish Widows**

The Pensions Provider of the Year award went to Scottish Widows. Receiving the award was Gordon Egan, Head of Corporate Pensions Distribution, Scottish Widows (centre). Presenters of the award were Natalie Tuck, news editor, Pensions Age (left) and awards host Alun Cochrane (right).

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 moved with the times and have displayed excellence in the area of pension provision, be that in the DB or DC space.

The winner of the Pensions Provider of the Year award 2017 is Scottish Widows. The judges were particularly impressed with the firm's focus on member engagement, its investment skills and excellent service.

Scottish Widows delivers customer-centred pension proposition based on the 'five drivers of value'. The first value is engagement. Scottish Widows works together with employers with whom its values align to engage customers through a range of media, empowering them to make their own informed retirement decisions, tailored to their own needs.

The firm's dedicated worksite presentation team visits employers across the country to engage employees directly, and its marketing consultancy creates bespoke digital engagement materials for individual workplaces, running campaigns both for scheme members and the general public.

The second value is investment. Scottish Widows customers, whose savings have been placed in the default fund, enjoyed returns at 2016 year end of 24.50 per cent, 22.28 per cent and 21.01 per cent across the adventurous, balanced and cautious risk profile options respectively.

The firm also prides itself on service. It has extensively developed a purposefully simple retirement planning website in 2016, containing a wide range of tools and calculators, and information relevant to members at each stage of life. The firm also has a retirement hub which is a telephony and administration team of over 40 colleagues, providing a 'one-stop shop' for all customers to discuss their retirement options with experts. During 2016 overall, 82 per cent of telephone enquiries got through within 30 seconds, and were dealt with to the customer's satisfaction within one call.

Scottish Widows champions transparent pricing. Its scheme charges are highly competitive, and are priced well below the 0.75 per cent almost without exception. On the governance side, the firm has created a series of IGC films, to give employers access to IGC members as well as a greater understanding of the expertise and views of individual members.

Congratulations to a worthy winner.

Fiduciary Management Firm of the Year

Aon Hewitt

The Fiduciary Management Firm of the Year award went to Aon Hewitt. Receiving the award was Sion Cole, senior partner and head of European distribution, delegated consulting services, Aon Hewitt (centre). Presenters of the award were Matt Ritchie, Perspective Publishing (left) and awards host Alun Cochrane (right).

Fiduciary management has become a core offering in the UK pensions space as more and more pension schemes see the added value that a fiduciary manager can offer in these ever increasingly challenging times.

As such, the UK's fiduciary management space has become highly competitive, making the Pensions Age Fiduciary Management Firm of the Year Award one of the most sought-after accolades of the night.

Aon Hewitt approaches fiduciary management seriously and prides itself on providing a transparent, flexible and independent fiduciary offering. It stood out from the other submissions in this category for its clear focus on clients, not only in terms of the strong returns it has achieved on their behalf (100 per cent of its full fiduciary clients outpeformed their bespoke liability benchmark, net of all fees), but also in relation to the innovative solutions it has developed for schemes of all sizes, coupled with its excellence in client service.

Innovation in particular is something that the Pensions Age judges look for when deciding which providers stand out from the rest, and they were particularly impressed with Aon Hewitt's use of client-driven innovation, in recognition of the fact that every client is unique and quite often in need of a bespoke solution to meet their individual requirements.

Other examples of innovation include the fact that in 2016, Aon Hewitt launched a simple yet flexible full fiduciary solution designed for smaller clients. It is also the first and only provider in the market to offer implemented annuities, which means a complete end-to-end investment solution for those schemes that require it. It also continues to take on clients in the DC space, with its innovative DC Delegated Service offering.

Finally, Aon Hewitt's focus on providing excellent client service helped set it apart from the rest. Regular client meetings, quarterly reports, full transparency on all underlying investments, bespoke client training, white papers, research and videos are all evidence that this provider is doing its very best to help clients understand everything that is happening as well as keep them informed every step of the way. It has also expanded its fiduciary management team and invested heavily in technology to help it better achieve the desired results.

The testimonials provided in the awards submission provided further evidence that Aon Hewitt is really listening to its client base and working hard to develop innovative and market-leading solutions in order to meet pension schemes' individual needs. All in all, an impressive entry. Congratulations Aon Hewitt, a leading light in the fiduciary management space.

Now offering made to measure...

Sion Cole, senior partner in Aon's fiduciary business, outlines how fiduciary management solutions have evolved over the past few years and how schemes of all sizes can now benefit from this approach

Having been around in the UK for over a decade, fiduciary management is now an established investment and governance solution for pension schemes. The proven results and benefits of this approach have meant that it remains one of the fastest growing areas of the defined benefit (DB) pensions industry.

What has changed in this time, though, is the range of fiduciary solutions and the increased flexibility and tailoring of approaches to specific client needs. What originally began as a 'bag of sweets' now looks more like a sweet factory with innovative twists on flavour combinations! Schemes from £5 million to over £2 billion in assets can now benefit from this approach.

A 'bag of sweets'

When fiduciary management first came to the UK in the late 2000s, it could be described as a bag of sweets. By this I mean, if you buy a bag of mixed sweets in a shop there are always some sweets you don't want or don't like. It was the same initially with fiduciary management; it came as a package and there were some components that not all trustees wanted or needed. But they either bought the full package or not at all.

The solutions available were typically best suited to pension schemes of around £150 million to £300 million in assets.

Then came 'pick & mix'

Fiduciary solutions began to evolve based on demand and clients' needs. It became more like a 'pick & mix' approach whereby trustees could pick components of solutions that better matched their needs. And so, fiduciary solutions became more tailored to each pension scheme.

Partial fiduciary management also emerged. This way trustees could delegate, say, the hedge fund or equity allocation within their growth portfolio. Trustees began selecting parts of the fiduciary proposition that were most relevant to their problems and asking the fiduciary manager to solve those issues.

Create your own

Fiduciary solutions nowadays have evolved even further and now are much different to what they were over ten years ago. They could now be described as 'create your own sweets'. For example, trustees are asking to adopt part of the infrastructure and operational set-up of fiduciary managers to help improve their own investment decision making and speed of implementation.

We are also seeing some really interesting conversations from larger pension schemes who want to be involved in all the decisions but want to utilise a fiduciary manager's expertise in manager research or idea generation. The list of possibilities really is endless. Whether it is by delegating part or all of the assets or by degree of delegation, solutions can now truly be designed to each client's specific needs.

Size really does not matter

Not only has this 'create your own' type solution enabled the largest UK DB pension schemes to benefit from fiduciary management on their terms, but further recent innovations have opened things up even further. For example, we have heard schemes under £20 million in assets say, "I already appoint you for a number of different services and it would be great if I can have fiduciary management now too".

So while the majority of full fiduciary mandates are for schemes under £250 million, this means that whether you are a £5 million scheme or a £2 billion plus scheme, your size doesn't matter when it comes to being able to benefit in some way from fiduciary management.

The range of solutions available and the significantly increased flexibility mean that fiduciary management is a potential governance and investment solution for any DB pension scheme. Where there is limited resource or time, there are even greater governance benefits from this approach.

AON
Empower Results®

Written by Sion Cole, senior partner in Aon's fiduciary business

Pensions Technology Firm of the Year

PwC

The Pensions Technology Firm of the Year award went to PwC. Receiving the award was PwC director Saye Mkangama, director Leo Ring, marketing manager Gabrielle Coggins and Skyval manager Emily Nga Kit Chan (centre left to right). Presenting the award was awards sponsor Matt Dodds, senior consultant and client manager, ITM (left) and awards host Alun Cochrane (right).

Effective and reliable pensions technology and data management are essential for the successful running of any pension scheme. For this reason, the award recognises a firm that is a leader in the field of technology.

In particular, this year's award went to a company that the judges commended for its innovation and drive in the challenging pensions technology space. Congratulations go to PwC, winner of this year's Pensions Technology Firm of the Year.

As one of the big four accountancy firms PwC has been rated by Kennedy Consulting and Research as the strongest pension consulting practice in the world. It comes as no surprise that PwC has created an analytics platform that has revolutionised the way trustees and sponsors operate.

Now famed within the pensions industry, Skyval, since its launch in 2013, has welcomed more than £350 billion of defined benefit pension schemes across more than 140 schemes including big names such as BAE Systems and Amey.

This efficient pensions technology allows users and advisers to access common investment, funding and risk data held on the system, but, they can also independently change the underlying assumptions and data scenarios, as required, to meet their own modelling and reporting requirements. It is this innovative technology that helps trustees and sponsors navigate through increasingly complex pensions challenges.

Within this platform, PwC has been able to make key industry innovations to meet industry needs. For example, Skyval Insure provides secure open access to all seven active insurers so that they can directly log-in and provide schemes with prompt and accurate initial pricing that increases the chance of a deal being done. As the most efficient buy-out pricing tracker in the market, it has helped trustees identify, facilitate and accelerate buy-outs.

Skyval Choice allows companies and trustees to assess in detail the financial impact of introducing new member options interactively on screen. The module also uses PwC's socio-economic modelling technology, In-Sight, to assess which options members are more likely to take, in order to better tailor offer communications and reduce implementation costs.

Skyval Consolidate consolidates worldwide pension schemes for financial reporting, quickly and efficiently. The data collected onto Skyval as part of the global consolidation process can be used to identify key areas of risk, helping companies drive their decision making on a global basis and generate consolidated accounting disclosures at the click of a button.

Furthermore, as a solution to the lack of tailored solutions to DC member needs, PwC offers the Savings Lab, which gives trustees and sponsors access to powerful, interactive analytics that provides unique insight to member behaviours and trends in their DC schemes. That is why PwC are this year's winners. A job well done!

How PenTech will transform our lives

New tools and technologies will completely change the way people engage with their pensions, argues Jeremy May of PwC

It will be exactly 10 years in June since Apple launched the iPhone, disrupting and transforming the mobile device marketplace almost overnight. Innovation that makes such an impact on so broad a scale is exceptionally rare, but the example of the iPhone should inspire all of us to think about what is possible in our own industries and marketplaces.

Pensions technology –or PenTech – is in its infancy, but we believe it has the potential to change the way we work, how we make choices, and help us achieve our long-term goals and objectives – whether as pension scheme members, trustees, sponsors, advisers or even regulators and policymakers. Just as technology is transforming other industries, so PenTech can turn pensions on its head, with better decision making, closer collaboration and common platforms, advanced analytics, and smarter use of resources for all parties in the pensions landscape.

PenTech also has the potential to change the way people think about their retirement planning and to enable pension providers to reimagine the way they operate too. Some of that potential is already being fulfilled, through innovations in areas ranging from process automation to big data.

At PwC, we're already using tools such as interactive web-based analytics platforms that are securing value for clients. But other new ideas are only just beginning to emerge; blockchain technologies, for example, have exciting applications in the pensions industry, while new digital tools promise much for the member experience.

The key to exploiting what PenTech has to offer will lie in seeing the bigger picture – a strategic vision of how pension schemes and their advisers can put new technologies to work in order to deliver the outcomes members require in the most cost-effective and efficient ways possible. It's easy to get carried away when new toys hit the shops, but the big PenTech prizes will be modernisation and transformation that meet the needs of members as they strive to achieve their goals and objectives. We've already seen the benefits of innovation for clients, but we're excited about how much more lies ahead.

Emerging PenTech trends

What will that big picture look like? We see a number of key PenTech trends now building momentum. In the short to medium term, these will be the themes that dominate, demanding a response from schemes, sponsors and their advisers.

One good example is the shift towards personalisation that powerful new data analytics tools are now starting to enable. As schemes employ new tools to build a much more detailed understanding of their members, right down to an individual level, they will acquire the ability to offer benefits and communications that are customised according to the needs of those individuals, rather than built on aggregated models. Pension schemes are collective endeavours, but that does not mean applying a one-size-fits-all approach to members, now that the insight is becoming available to shape a more tailored offer.

Similarly, the pension freedom reforms introduced two years ago for members of defined contribution schemes have encouraged many more people to take greater control of their retirement planning and to embrace the greater flexibility now available. PenTech applications that enable schemes to build more detailed member profiles and to offer more personalised solutions can build on this improved engagement, extending the opportunities for scheme members to take advantage of the freedoms now available. In many cases, it will be possible to offer those flexibilities to defined benefit scheme members as well as their DC counterparts.

We are also beginning to see the pensions industry learn from the innovations of other markets and industries. The stand-out example right now is blockchain technologies that deliver a digital, distributed and secure ledger. These may soon enable scheme members to take greater control of their pension investment strategies, and provide schemes with a radical new option for streamlining their back offices and reducing their dependency on third-party intermediaries.

Indeed, efficiency and digitisation can deliver a step change in standards of pension scheme administration and support. Shared technology platforms that enable a more collaborative operating model and automate process can drive out cost, reduce exceptions and manual interventions, and drive strategic advantage as schemes seek to deliver member benefits.

At the same time, pension schemes and their advisers must be mindful of the risks that emerging technologies may bring. Above all, cyber security must now become a top priority; too few pension schemes have yet confronted the threat posed by sophisticated cyber criminals with sufficient seriousness. An industry that manages £3 trillion worth of assets in the UK as well as a treasure trove of data represents a hugely tempting target for hackers, fraudsters and other criminals operating online. The window of opportunity for seeking to mitigate this risk is closing fast; a serious breach is inevitable if pension schemes do not act.

Grasping the nettle in each and all of these areas will not necessarily be straightforward. Trustees and sponsors will need to focus determinedly on their strategic vision of what technology could achieve if they are to overcome inevitable natural resistance, not least from vested interest groups with a stake in the status quo. New tools will very often require new models of collaborative working, just as the team approach has always been a crucial ingredient for success in the pensions industry, but schemes will nonetheless need to work hard to keep an eye on the prize.

What the future holds

Part of the challenge will be to remain imaginative and open-minded. While some of the possibilities of PenTech are already becoming clear, other new ideas are only just beginning to come into view, and still more are as yet unimagined. Schemes, sponsors and their advisers must be prepared to weigh up each new opportunity as it emerges, and to prioritise those tools and technologies that have the most to offer their members.

The possibilities are endless. For example, the UK's pension industry has been slow to exploit mobile channels – certainly slower than both other areas of people's personal finances and pensions industries in other countries. Just as sophisticated banking apps offering transactional functionality as well as account information are now ubiquitous in the UK, so pension providers in countries such as Australia offer mobile phone apps that enable savers to manage their retirement funds.

Gamification is another area of increasing interest to other sectors of the financial services industry – and beyond - and could have much to offer in the pensions world. The idea is to give people a much more visual and engaging experience as they consider retirement planning, using techniques from conventional game-playing to encourage them to take the initiative. The forthcoming pension dashboard provides just one possible source of data and information around which pension providers might build gamification applications.

Then there's the robo-advice movement, where the pensions industry is just beginning to weigh up the potential for artificial intelligence-powered tools to help close the advice gap, while also fretting about the risks of mis-advice and regulatory non-compliance. New tools driven by powerful machine learning technologies will undoubtedly have much to offer future generations of pension savers once we resolve the issues of today.

Imagine too the potential for a technology such as augmented reality, currently best known for its application in the Pokemon Go game downloaded 100 million times last year. Augmented reality offers users of mobiles and tablets a way to enhance the real-life environment around them with virtual elements – some technology providers are already investigating how this idea might be used to transform pensions communications, perhaps as a way to deliver rich new educational content. It could be the key to engaging with whole generations of savers who are currently doing little or nothing to take control of their pension planning.

All of these ideas remain largely unproven for now. Some will inevitably fall by the wayside while others will become mainstream more quickly than we can imagine. Still more ideas will emerge that aren't yet even on the radar; a decade ago, after all, the iPhone was still under lock and key in Apple's innovation labs.

Make no mistake, however. PenTech will transform the way people interact with their pensions over the years to come; and those of us on the other side, employed in a broad variety of ways to deliver those pensions, will also find our working lives utterly changed. It's an exciting prospect: PenTech represents our future.

Written by Jeremy May,
UK head of pensions, PwC

pwc

At-retirement Solutions Provider of the Year

LV= Corporate Solutions

The At-retirement Solutions Provider of the Year award went to LV=. Receiving the award was Mary Stewart, corporate solutions business head, LV= (centre). Presenters of the award were Matleena Lilja, Perspective Publishing (left) and awards host Alun Cochrane (right).

An area that was often rejected for many years, this category awards firms that have shown innovation and dedication to improving the retirement experience of their clients.

This year's winner went to a firm that stood out against its peers in understanding what the at-retirement market really needs. With customer satisfaction reaching 9 out of 10, it is no surprise that the judges awarded LV= Corporate Solutions as this year's winner.

The launch of the freedom and choice reforms in April 2015 brought about huge change to the way people can access their pensions. However, for many pension savers the reforms were an extra-added dose of confusion, leaving providers with a huge job. LV=, however, has excelled in addressing this confusion with its innovative solutions.

It undertook extensive research to gauge how those affected by the reforms really felt, this included members, employee benefit consultants (EBCs), trustees and scheme sponsors. From this, it found that 45 per cent of members approaching retirement find the reforms too difficult to understand. It also realised that its corporate partners want to help their members make the right decision at retirement and therefore affordable at-retirement advice accessible to the mass market was imperative.

In response, LV= developed one of the sector's most innovative, holistic and cost-effective at-retirement advice propositions. Its two digital solutions, LV= Retirement Wizard for defined contribution members and LV= Pension Compass for DB members, provide viable alternatives to face-to-face advice for those customers who want to receive online guidance and advice.

However, LV= knows that to succeed continual engagement, education and advice is vital; they understand that it is not just about providing the technology and walking away. The firm's retirement advice solutions are tailored around clear 'safety-first' customer centric advice principles, meaning it advises first to need and preference second, ensuring good outcomes for members. Its member communications programme, which LV= has worked with EBCs, sponsors and trustees to develop, encourages members to use online advice services and/or seek advice from its telephone advisers. It offers an off the shelf or bespoke solution depending on a scheme's need.

Furthermore, to maintain quality, LV= has developed a specific risk governance framework to underpin the quality and assurance of the advice generated, and to ensure the consistency of outcomes across its platforms. In doing this LV= has created a sector-first, mass-market, multi-channel at-retirement proposition for employees, designed specifically to address the confusion surrounding the freedom and choice in pensions' regulations. A superb result.

STEPHENSON HARWOOD

Pensions Law Firm of the Year

Stephenson Harwood LLP

The Pensions Law Firm of the Year went to Stephenson Harwood LLP. Receiving the award was Mark Catchpole, head of employment and pensions (centre right) and Philip Goodchild, co-head of pensions litigation (far left), Stephenson Harwood LLP. Presenting the award were awards sponsor Dan Cradock, implementations, Rothesay Life and awards host Alun Cochrane (right).

New regulation has added to the maze that is pensions law, which is why this award seeks out those law firms that not only serve the pensions space, but do so with the highest of standards, vigour and a true dedication to meeting the needs of its clients.

This year's winner was awarded for its work on some of the most challenging and unusual cases in the current pensions sphere. Providing specialist advice across the entire UK pensions spectrum, for schemes with assets ranging from £5 million to more than £2 billion, as well as the Pension Protection Fund, it is clear to see why Stephenson Harwood LLP are the winners.

They have advised the pension schemes of household names such as Barnardo's, British Land, Condé Nast, University College London, Harvey Nichols and Bank of China, to name a few.

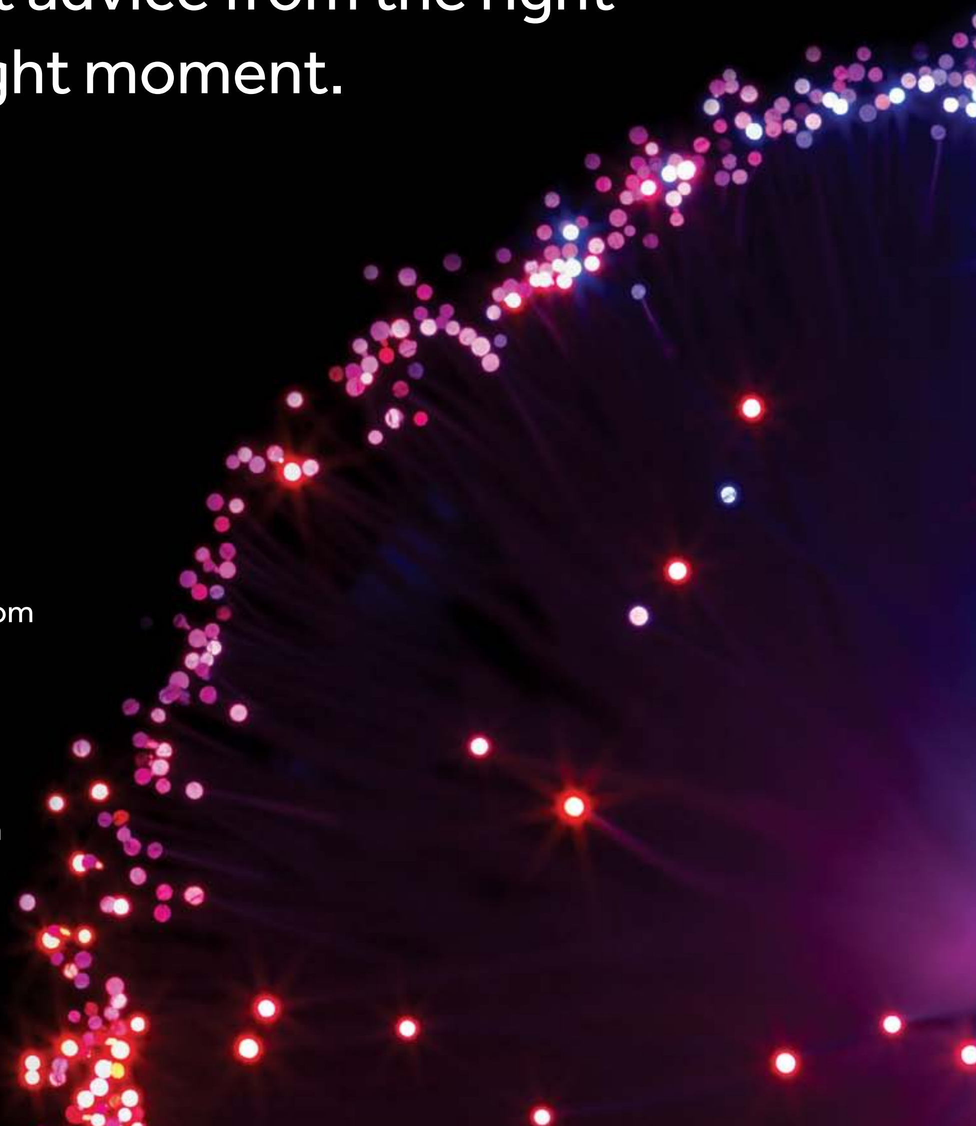
A testament to their excellence, in September 2016, The Legal 500 guide to the legal profession promoted Stephenson Harwood's pension litigation team to Tier 1, reporting that it's "star has seriously risen in the world of contentious pensions".

Throughout 2015/16, the firm has advised on a number of significant cases for the pensions industry, having reached the Court of Appeal and the European Court of Justice in a number of cases.

For example, Stephenson Harwood represented the trustees of the Barnardo's Staff Pension Scheme, both in the High Court and the Court of Appeal, seeking judgment on the interpretation of the definition of the Retail Prices Index in the scheme rules. It has also advised the board of the PPF on the legal issues in relation to one of the biggest changes to the way it calculates the PPF levy to date; its move from using Dun & Bradstreet failure scores to assess insolvency risk to using a PPF specific model created with its new partner, Experian.

For Stephenson Harwood, however, it is about more than just the cases. They see the bigger picture and are actively involved within pensions industry organisations such as the Pensions and Lifetime Savings Association, Pensions Management Institute and Employee Benefits Lawyers Association.

They also offer excellent customer service, such as updating clients on legal developments that will impact them. In addition, having faith in value for money Stephenson Harwood uses unique key performance indicators as a benchmark and method for determining what they bill a number of their clients for the service they have received. All of this makes Stephenson Harwood a worthy winner.



RSM

Pensions Accountancy Firm of the Year

RSM

The Pensions Accountancy Firm of the Year award went to RSM. Receiving the award were RSM's Greg Craig Waller (centre left), Ian Bell (centre) and Helen Ford (centre right). Presenters of the award were awards judge Robert Branagh, chair, Armed Forces Pension Scheme (left) and awards host Alun Cochrane (right).

At a time when pension schemes are contending with an array of new regulations and varying levels of financial risk, the role of the accountancy firm within the pensions industry is integral.

The Pensions Age Accountancy Firm of the Year award celebrates the pension scheme accountants that recognise the needs of the pensions market and have tailored their services accordingly, with a focus on excellence. Standing head and shoulders above the rest in this category is RSM.

The team advises over 500 pension funds across the UK, 19 schemes with assets over £1 billion and 10 master trusts.

To assist its clients RSM has introduced a complimentary benchmarking tool as part of their annual audit service, providing feedback on how they are performing in comparison to a peer group of similar sized schemes. This sets the firm apart from other firms because it enables trustees to develop their processes across a wide variety of areas – not just those linked to the annual financial statements.

There are multiple examples of trustees improving their procedures as a result of seeing the summary provided in the benchmarking tool.

For one of its clients with a hybrid scheme with different administrators for the defined benefit and defined contribution sections, the benchmarking tool highlighted that the active member records for the defined contribution section were not reconciled to the records of the employer on a regular basis.

For another client with a defined benefit scheme, RSM's benchmarking tool highlighted that the investments held at the year-end were not in line with the Statement of Investment Principles. RSM recommended that the use of ranges for each investment type would make this easier to monitor and manage moving forward.

Another client with a defined benefit scheme said the benchmarking tool highlighted that the risk register was not being reviewed on a regular basis and the mitigating controls were also not being tested to ensure that they were fit for purpose.

The firm has also been recognised for the research it has undertaken, the most recent example being its work concerning the risk of fraud in the pensions industry, in particular the growing risk of cyber security.

It is no wonder that the judges were particularly impressed with RSM's innovative tools and commitment to pensions.

Congratulations to a richly deserved winner who has shone in a highly competitive category, and risen to industry challenges.

Experience the power of being understood

RSM head of pensions Ian Bell explains some of the key issues rising up pension scheme agendas

Pension scheme trustees have been bombarded in recent years with new financial and compliance obligations, and having the right support from professional advisers has never been more important.

At RSM, we believe it is our strong, collaborative approach that differentiates us. We build strong relationships based on a deep understanding of what matters most to our clients, empowering them to move forward with confidence.

We are recognised across the industry for the research that we undertake and the contribution we make to topical issues, such as the constant challenge for scheme trustees in achieving the right level of scheme governance to meet members needs. We have also taken a leading role in helping to raise key issues to the top of the Board agenda.

Fraud

One growing area of risk to pension schemes is fraud. In an already difficult operating environment, ever-more sophisticated fraud events present trustees with yet more challenges. Since RSM published its first fraud risk report five years ago, the frequency and scope of fraud has increased significantly with no signs of abating in the near future. Despite this growing threat, there continues to be a worrying degree of complacency across the sector.

Trustee boards that have pro-actively addressed the issue of fraud risk suggest:

- a thorough review of high risk areas including investment mandates, data manipulation controls, IT system security and fictitious payment prevention controls;
- putting fraud on the trustee agenda and providing essential regular training as fraud activity becomes more complex;
- updating the risk register and ensure the controls are tested regularly; and
- defining a fraud risk policy and response plan with clear whistle-blowing opportunities in place for all trustees and advisers.

Cyber security

Cyber security should also be high on the agenda,with additional pressure from the General Data Protection Regulation (GDPR) rules due to come into force in 2018. Under the planned changes, those responsible for data breaches could incur fines of up to €20 million. Whether fines are levied on schemes, trustees or third party administrators will depend on individual scheme arrangements and the assurances in place, but the new rules clearly demonstrate that data protection is being taken far more seriously.

In a digital world, data has become a commodity to be bought, sold and traded online. As personal information becomes more valuable, hackers are increasingly exploiting vulnerabilities in organisations' IT infrastructure. Cybercrime has grown from a rare phenomenon just a few years ago to one of the biggest threats facing the modern world. Administrators hold a wealth of information that can facilitate identity thefts or be used to divert pension payments. Bank account details, addresses, dates of birth and National Insurance numbers are hugely valuable to cyber criminals.

Today, the tools needed to identify weaknesses in an IT system are readily accessible, allowing hackers to breach systems with relative ease. Across the pensions sector, however, few have the proper controls to effectively assess and manage cyber risks. Without these assurances, it is likely that many breaches will have already gone undetected. Against this backdrop, schemes should also enhance their identity checks on members to ensure that they are dealing with, and paying benefits to the correct claimant.

The right level of assurance

It is more important than ever for pension funds to get the right level of assurance in these critical areas, and that is where RSM can help. We work as an integrated team, meaning that you have access to the skills, experience and insight of our pensions assurance teams throughout the UK. Whether this is for your statutory audit, for covenant assessment services, IT assurance or operational risk assessments, our experts are available to support you in facing these challenges.

Written by Ian Bell, head of pensions, RSM

RSM

ARTISAN PARTNERS

Active Manager of the Year

Artisan Partners

The Active Manager of the Year award went to Artisan Partners. Receiving the award was Andrew Marks, head of EMEA distribution, managing director, Artisan Partners (centre). Presenting the award was awards judge Mirko Cardinale, head of multi-asset allocation, USSIM (left) and awards host Alun Cochrane (right).

The active versus passive debate continues to be top of the agenda at pension trustee board meetings across the UK, with pension schemes no longer prepared to pay active fees for passive performance. This is why only a truly active manager, one that is focussed on what it does and does it well, will survive going forward in the current environment.

Artisan Partners, winner of the Pensions Age Award for Active Manager of the Year, is a prime example of a firm that does exactly that. While still innovative, it remains focused on who it is – a high value-added investment management firm whose strategies have high levels of active share (many in excess of 90 per cent) and one that boasts strong performance, with a number of its strategies ranked in the top percentiles of their respective eVestment equity universes, This global investment firm boasts $96.8 billion of assets under management (as of December 2016) for clients globally, $9.8 billion of which is for UK clients alone, but what impressed the judges even more than these substantial numbers was the innovative business model that the company has developed. Designed to optimise the time and focus of the firm's investment professionals, it is structured as a hybrid of a boutique with its autonomous team structure, and a fully integrated firm with its dedicated business management team.

Its dedication to institutional investors was another factor that made Artisan Partners a frontrunner for the Pensions Age award, with over 60% of the firm's assets coming from its institutional channel. Even more pertinent, said the judges, was the firm's commitment to UK pension funds specifically, with its tailored range of actively-managed investment strategies available to UK investors. Artisan Partners in fact saw a 22% increase in AUM for UK clients between December 2015 and 2016.

This commitment to the UK pensions market also shone through in the range of educational and thought-leadership offerings it makes available to investors. This past year, for example, it has hosted a number of webcasts aimed at educating end users on macro issues and investment themes, while publishing numerous whitepapers and PM commentaries to keep investors informed and updated.

All in all, said the judges, this is an active manager that is not only focused on what it wants to achieve and one that does it well, but one that really understands the changing needs of the UK pensions market. Congratulations – a well-deserved win.

Growth Team

Global Equity Team

U.S. Value Team

Global Value Team

Emerging Markets Team

Credit Team

Developing World Team

Thematic Team

High Value-Added Investment Firm

Artisan Partners is a global investment management firm that provides a broad range of high value-added investment strategies to sophisticated clients around the world.

Autonomous Investment Teams

We have a strong philosophical belief in the autonomy of our investment teams. We believe autonomy promotes original research and amplifies the creative perspectives that are likely to lead to value creation.

Global Business Leaders

We manage relationships with a focus on investments, yet cater to the specific operational needs of our diverse client base.

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Investments will rise and fall with market fluctuations and investor capital is at risk.

Artisan Partners is an independent investment management firm focused on providing high value-added, active investment strategies to sophisticated clients globally. Artisan Partners Limited Partnership (APLP) is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Artisan Partners UK LLP (APUK) is authorised and regulated by the Financial Conduct Authority and is a registered investment adviser with the SEC. APLP and APUK are collectively, with their parent company and affiliates, referred to as Artisan Partners herein.

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EatonVance Investment Managers

Equities Manager of the Year

Eaton Vance

The Equities Manager of the Year award went to Eaton Vance. Receiving the award was David Morley, UK business development director, Eaton Vance (centre). Presenters of the award were Natalie Tuck, news editor, Pensions Age (left) and awards host Alun Cochrane (right).

Equities play a reduced role in many pension fund portfolios across the UK and it is more important than ever to maximise risk-adjusted returns on the remaining allocation.

The Equities Manager of the Year award category aims to celebrate those firms that have proved themselves as leaders in the equities space, both in terms of performance numbers and recognising the needs of their pension clients.

This year, the firm exemplifying outstanding equities management is Eaton Vance and the judges praised the firm for its solid performance in a competitive marketplace. With $354 billion (as of 31/12/16) in assets under management, the firm is a true leader in the equities space.

Eaton Vance and its affiliates offer investment approaches that are well-suited to more challenging markets and its offerings are structured so that the investment processes of the affiliates, like Hexavest and Parametric, complement the long-standing fundamental, bottom-up research approach that has been an Eaton Vance hallmark for over 90 years.

Hexavest offers investors a distinct top-down investment approach. It uses proprietary fundamental analysis that focuses on three primary vectors: macroeconomic environment, valuation and investor sentiment; top-down decisions account for around 80 per cent of the process and bottom-up stock selection, based on fundamental and quantitative analysis account for 20 per cent. Portfolio construction is supported and validated by proprietary quantitative tools.

Hexavest's Global Equity strategy has outperformed the MSCI World Index in every down year since 1999, its inception date. Furthermore, Hexavest is one of the few global equity large cap core managers in the eVestment database to have outperformed the Index in both 2008 – the year most affected by the financial crisis - and in 2009, with its huge rebound. On an annualised basis, the strategy has outperformed the index by 3.6 per cent.

UK pension schemes can also look to Parametric for unique innovative solutions to managing equity risk and the firm's Global Defensive Equity strategy is an excellent example. GDE creates implicit downside protection through a core asset allocation that is split between equity and risk-free assets. Equity index call and put options are then sold against these core positions. In addition it has a broad suite of Systematic Alpha strategies, including global and emerging equities.

In addition, the global investment team is building high "active share" portfolios, where high-conviction ideas are readily translated into potential alpha generation, employing fundamental, bottom-up research. Strategies are focused on global equity, global income and global small cap.

The performance of this firm shines out above the rest in this category

Congratulations to a worthy winner.

MARTIN CURRIE
A Legg Mason Company

Emerging Markets Manager of the Year

Martin Currie

The Emerging Markets Manager of the Year went to Martin Currie. Receiving the award was David Townsend, head of EMEA and global consultant relations , Martin Currie (centre). Presenters of the award were Matleena Lilja, Perspective Publishing (left) and awards host Alun Cochrane (right).

Identifying potential investments in the emerging markets space is a challenge at which only the best can succeed. The Emerging Markets Manager of the Year award, therefore, recognises those managers that have shown dedication to the emerging markets sector, with a view to achieving performance often in areas where information flow is in short supply.

This year the judges were proud to present the award to Martin Currie, “for its diverse and engaging approach to working in this challenging space”.

Martin Currie is an active equity specialist driven by investment expertise and is focused on managing money for a wide range of global clients. It has displayed a strong capability to evolve its proposition to ensure investors can understand and realise the potential of emerging markets as a long-term growth stream. And Martin Currie’s methods have enabled the experienced emerging markets manager to deliver strong performance over the judging period.

A sustainable approach to investing in emerging markets is key, and this an area of real strength for Martin Currie. The firm has been awarded with the highest possible A+ rating by the PRI (Principles for Responsible Investment) and has shown continuous improvement in this area year on year. Members of the emerging markets investment team have been involved in various PRI collaborative engagements, some of which are ongoing, including: fracking disclosure, water risks in the agricultural supply chain and employee relations.

Martin Currie displays its commitment to transparency and providing emerging markets insight and education to its institutional investors through a number of platforms. This includes the provision of quarterly governance and sustainability commentary as part of client reports, emerging markets insights papers, interactive emerging market webinars and new emerging markets videos, among other initiatives.

While the company acknowledges that no portfolio manager can always get it right in this challenging space, Martin Currie has gone above and beyond to develop a learning culture, which encourages an environment of continuous improvement.

As a result of its strong performance, commitment to transparency and education initiatives, the firm has helped its clients to navigate market challenges successfully and with great confidence.

Congratulations to a worthy winner.

HOW SUSTAINABLE IS YOUR EMERGING MARKETS PORTFOLIO?

MARTIN CURRIE
A Legg Mason Company

EMERGING MARKETS AND ESG ANALYSIS

We are active, engaged stewards of our clients' funds, aiming to provide attractive long-term investment outcomes. This underpins all aspects of our service offering, from the solutions we offer, to the way we invest. As investors we engage actively with the companies in which we invest and vote responsibly to seek improved outcomes for all stakeholders.

We therefore believe environmental, social and governance (ESG) considerations need to sit alongside traditional financial analysis when assessing the prospects for companies. What's more, they should feature prominently in company engagement. This conclusion is derived from the observation that these factors clearly correlate with business performance in the long term.

ESG, and the concept of sustainability, have become firmly part of the investor agenda for good reasons. Numerous studies, not to mention recent high-profile corporate failings, have demonstrated the impact that these, often qualitative, factors can have on the long-term business performance and risk-adjusted returns to investors. And given the potential for higher levels of both risk and return present in emerging market investment, governance and sustainability analysis becomes even more pertinent.

SUSTAINABLE PORTFOLIOS THROUGH ACTIVE MANAGEMENT

While there has been an increase in the number of passive strategies that have adopted ESG 'screens', these suffer from a number of fundamental weaknesses. Critical among these is the fact that a rules-based strategy is wholly dependent on the quality and consistency of the data used to construct a portfolio. This may be perceived by some to be less of a problem in developed markets, but is a serious stumbling block in the emerging world, where disclosure of ESG information remains patchy.

While a rule-based approach sends a signal as to best practice from capital providers to companies, it is arguably a poor substitute for the active ownership that a discretionary manager can engage in.

By contrast, a forward-looking, pragmatic approach that actively incorporates an assessment of a company's governance and sustainability credentials enhances fundamental research, and can help identify those business models that are most likely to sustain high returns and resist competitive pressures. This, however, involves dynamic analysis and ongoing company engagement; an approach only possible with active management.

ESG ANALYSIS FULLY INTEGRATED

Our sustainability and governance-related work is fully embedded in our investment process. This means all stock research must consider material and relevant ESG factors using in-house research, supplemented by specialist industry research. Engagement is also fundamental to our understanding of all the companies we invest in.
This extends as far as company stakeholder engagement including regulators, customers, suppliers, investors, communities and employees.

We believe incorporating governance and sustainability considerations alongside conventional financial analysis can therefore provide invaluable insight into the companies we invest in. In our opinion, this gives us a better understanding of those companies capable of sustaining high returns that can resist competitive pressures, and ultimately, are more likely to be successful, long-term investments.

To read more about sustainability and emerging markets visit: martincurrie.com/gems

David Sheasby
Head of Governance and Sustainability

Kim Catechis
Head of Global Emerging Markets

Signatory of:
PRI Principles for Responsible Investment
Since 2009

PENSIONS Age AWARDS 2017 WINNER
EMERGING MARKETS MANAGER OF THE YEAR

LaSalle INVESTMENT MANAGEMENT

Property Manager of the Year

LaSalle Investment Management

The Property Manager of the Year award went to LaSalle Investment Management. Receiving the award was Tim Frost, national director, LaSalle Investment Management (centre). Presenters of the award were awards judge, Robert Branagh, chair, Armed Forces Pension Scheme (left) and awards host Alun Cochrane (right).

The Property Manager of the Year Award recognises those firms that have shown a true understanding and expertise of the UK, European and global property markets and have been able to translate this into risk-adjusted returns for the benefit of their pension clients. The winner for this category is LaSalle Investment Management ("LaSalle"). The firm manages $30 billion/ 50 per cent of total AUM on behalf of UK pension funds. The judges put the firm at the top of the pile for its strong performance, innovation and client service.

LaSalle operates across the private equity, debt and publicly-listed securities markets with $58 billion of assets under management globally. The firm offers a range of investment products including separate accounts, open and closed-ended funds which meet clients' various risk-return requirements.

In the UK, LaSalle's portfolios, which are benchmarked against the IPD UK property indices, outperformed the IPD Pension Funds' Universe over one, three, five, ten and twenty years to 31 December 2015. During the same period, the LaSalle UK 'Real Return Portfolios' managed on behalf of UK pension funds, with performance targets relative to UK inflation, also performed strongly; they also showed consistent outpermance over one, three, five, ten and twenty years. Impressive double-digit returns have also been achieved from debt investments.

LaSalle has pursued a number of initiatives to ensure that their portfolios under management can take advantage of the shifting property landscape. As a result, it has encouraged its pension fund clients to target index-linked leases, alternative property sectors and debt investing in order to provide a secure higher income-stream with attractive risk-adjusted returns. Furthermore, the firm has been successfully working with several institutional clients to meet their investment objectives by splitting their existing real estate portfolios into two parts: index-linked (low risk income) and alpha seeking (growth/higher/absolute return).

LaSalle is fully committed to ESG; it believes that by investing responsibly it can protect and indeed enhance investment performance. An example of this is the firm's Energy Reduction Programmem, which now includes over 60 assets and has achieved a reduction in energy consumption over the last year of 29,109,045kWh, 38,318 tonnes reduction in carbon dioxide emissions and £1,896,893 in energy savings costs.

Congratulations to a fantastic business, one which has delivered outstanding returns in the property space and one which has developed its startegies in line with the changing market environments to deliver continued outperformance.


LaSalle
INVESTMENT MANAGEMENT®

Index Provider of the Year

FTSE Russell

The Index Provider of the Year award went to FTSE Russell. Receiving the award was Henry Odogwu, managing director, asset owner group, FTSE Russell (centre). Presenters of the award were Laura Blows, editor, Pensions Age (left) and awards host Alun Cochrane (right).

Given the increasingly important role indices play in pension provision today, the Pensions Age Index Provider of the Year Award aims to recognise those index providers that have displayed innovation in their product design as well as an understanding of what the UK pensions market really needs. FTSE Russell does all of this and more.

Created from the businesses of FTSE and Russell Indexes, FTSE Russell is now one of the most dominant index providers globally – it boasts commercial relationships with 48 of the top 50 plan sponsors and European Fund managers, and calculates approximately 700,000 benchmarks daily that measure and benchmark markets and asset classes in over 80 countries. Given its size, therefore, it would be easy for this firm to rest on its laurels, however this is clearly a provider that refuses to stand still which is what impressed the Pensions Age judges most of all.

Innovation shone throughout FTSE Russell's submission, primarily in the area of 'sustainable investing', or as FTSE Russell refers to it 'Smart Sustainability', which it recognises as being of increased importance in the institutional investment arena today. Already regarded as a pioneer in ESG - its FTSE4Good index having celebrated its 15th anniversary this year – this provider took its ESG involvement into new territory in 2016 with the launch of its new FTSE Green Revenues Index Series.

This group of indexes, based on its pioneering Green Revenues (LCE) data model, was clear evidence that this index player continues to further develop its offerings with a focus on bringing to market products that the industry really wants, rather than innovating for innovation's sake.

In 2016, FTSE Russell also launched the revolutionary FTSE All World Ex-CW Climate Balanced Factor Index which the judges deemed as 'groundbreaking' in that it not only incorporates climate change considerations, but also responds to investors' demands for achieving outperformance but with less drawdown risk, by applying a smart beta approach. The index has been welcomed in the market and is being used by LGIM as a basis for its passive 'Future World Fund', which HSBC Bank UK Pension Scheme has selected for its equity default option in its DC scheme.

All in all, an impressive submission which, agreed the judges, highlights that FTSE Russell is not only a strong committed player in this space, but one which is never short on innovation and is an established thought-leader in the index space. Congratulations FTSE Russell.


A
NEW ERA
IN
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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. Receiving the award was Jay Shah Chief Origination Officer, Pension Insurance Corporation (centre). Presenters of the award were Matthew Ritchie, Perspective Publishing, (left) and awards host Alun Cochrane (right).

Consistent risk management holds paramount importance when operating in a market characterised by fluctuations and volatility. Increased unpredictability within the economic landscape in the last few years has meant risk management is considerably high up on the agenda for pension schemes.

The Risk Management Provider of the Year award rewards the firm that has applied innovative and effective risk management solutions and risk controls to truly assist pension schemes in managing or removing their risks at a time when the necessity for risk management is higher than ever. Proving to be top of its class in this category, the winner of this award is Pension Insurance Corporation (PIC).

The judges emphasised that PIC is truly deserving of this award "for its wide range of major achievements backed up a strong emphasis on customer service".

PIC's buyout transaction with Philips for the £2.4 billion of the Philips Pension Fund was the largest ever full buyout covering the benefits of around 26,000 members. The transaction incorporated an "all risks" structure and a simultaneous reinsurance of longevity risk.

Following its two previous buy-ins with the Aon Minet Pension Scheme, PIC successfully concluded another buy-in with the Aon Retirement Plan for a premium of around £900 million, covering pensioner liabilities across two sections of the segregated plan. This was the first sizeable pension insurance transaction under Solvency II.

In addition to these transactions, PIC has maintained outstanding operational excellence, engaging with several agencies to provide a layered approach to tracing missing policy holders. In the year from 2015 to 2016, PIC has reunited over 2,000 policyholders and their dependents with pension benefits.

The company was has been selected as one of 19 UK insurance companies to have been granted Solvency II Internal Model status in the first round and was accredited with the Institute of Customer Service's ServiceMark for outstanding customer service in 2015. PIC is the only company in the bulk annuity sector to have received this distinction and has been rated as first among its competitors for professionalism and customer care.

Further, the results of the firm's regular customer satisfaction surveys have been extremely encouraging with 99 per cent of policyholders expressing overall satisfaction with the service and 86 per cent awarding PIC the maximum score.

On top of this, PIC raised £250 million of new equity capital in June 2016.

Congratulations to a thoroughly deserving winner in a highly competitive category.

The de-risking landscape

Market Overview

The de-risking sector remained resilient through a politically tumultuous 2016, even witnessing an increase in business in the second half of the year. As the shock outcome of the Brexit referendum and US election produced market volatility, those schemes able to move quickly could take advantage of favourable pricing opportunities. At PIC, we saw a notable uptake in interest in buy-ins from trustees as pricing, at one point, reached the best levels for five years.

In addition to the unpredictable economic and political landscape, the pensions industry also saw the introduction of the Solvency II regime at the beginning of 2016. PIC, having been one of the few UK insurers to have had its Solvency II Internal Model approved by the PRA in the first round, was also the first company to complete a sizeable transaction under the new regime with a c.£900 million buy-in for the Aon Retirement Plan completed in March.

PIC's ability to respond to changing conditions by creating flexible transaction structures and sourcing innovative infrastructure investments have enabled transacting schemes to take advantage of the opportunities created in a turbulent year. 2017 looks set to continue in the same vein and pension scheme demand, especially for buy-ins remains strong.

Innovation Transactions

Trustees are increasingly looking for innovative solutions from their de-risking provider when structuring buy-in/buyout transactions. PIC has demonstrated its flexibility to overcome individual issues with schemes, including with the full buyout transaction they conducted with the Philips Pension Fund. An innovative "all risks" structure was employed for the deal, whereby PIC assumed all risks, including future data corrections on signing of the contract.

The transaction also included a simultaneous reinsurance of the longevity risk by PIC.

PIC Service

Post-transaction customer care is an important element for trustees to consider when they are looking at which insurer to choose for a buy-in or buyout. Customer service remains a central value for PIC.

A recent win at the UK Customer Satisfaction Awards for "Quality Service Provider of the Year" and the endorsement of the Institute of Customer Service (ICS) ServiceMark demonstrates the company's focus on the policyholder.

Members of pension schemes where PIC has conducted a buyout become our policyholders and are invited to attend our dedicated policyholder events. The annual events, run throughout the country provide an opportunity for policyholders to meet and question PIC's senior management as well as enjoy a day out.

Financial Performance

PIC has a strong track record in sourcing and investing directly in infrastructure debt, including £100 million for the Thames Tideway project, £100 million in a rare CPI-linked transaction for a biomass plan and £75 million for a portfolio of landing slots at Heathrow. PIC has also invested more than £500 million in social housing through bilateral deals, supporting vital infrastructure and the wider social benefits which housing associations bring to their local communities.

Conclusion

As schemes increasingly look for de-risking solutions to secure member benefits, insurers are improving their product offerings to become more flexible. In 2017, PIC seeks to maintain its position as market-leader and continue to be at the forefront of innovative transactions, quality customer care and beneficial investments.

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PENSION INSURANCE CORPORATION

AVIVA

Pensions Communications Award

Aviva UK Life

The Pensions Communications Award went to Aviva UK Life. Receiving the award were Russell Welsh and the Aviva team (centre). Presenters of the award were Matthew Ritchie, Perspective Publishing (left) and awards host Alun Cochrane (right).

Effective, clear and transparent communication is vital in the daily mechanics of a pension scheme. Members need to be communicated with in the best manner possible as regulatory changes, accounting amendments and investment changes could potentially affect their returns.

The Pensions Communications Award rewards those providers who have used innovation and excellence to help their clients improve engagement among their members. It is no surprise that Aviva UK Life is the winner of this prestigious accolade for 2017.

At Aviva delivering good outcomes for customers is paramount. It does that by continuously reviewing product propositions, but also by engaging with government and regulatory bodies to ensure customers get the best value possible. The firm's focus has been on improving access to retirement income choices within existing pension schemes, supporting good governance and improving the long term support it can provide to customers through a major upgrade to a platform supporting over one million retirement savers.

Aviva has been actively involved in helping the Treasury and DWP arrive at the detail around the Lifetime ISA and Pensions Bill respectively. It has taken the lead within the ABI in promoting the Pensions Dashboard. After the scrapping of compulsory annuitisation, Aviva developed an interactive retirement tool, My Retirement Planner, to help employees better understand a complex issue and compare what's on offer. The firm is also offering additional access to financial advice.

Aviva's segmentation model uses a variety of internal tools and specifically commissioned research to provide a bespoke segmentation report, which can show an employer how best to engage staff at different stages of their life. A number of Career Stage Seminars are also put on, each designed to provide essential information relevant to employees at that stage, and empowering them to make the most of the workplace pension scheme.

All in all, Aviva is a firm that has made a name for itself in the communications space and the judges emphasised how it understands the importance communications plays in today's pension space.

Well done Aviva UK Life.

Nudging towards a better retirement

Dale Critchley looks at the need to save more than the minimum automatic enrolment contributions

A nudge to make a one off contribution could prove beneficial for employers as well as their employees. The DWP's Automatic Enrolment Evaluation Report was produced at the end of last year and showed employer and employee contribution % had increased as a result of automatic enrolment, something that came as a surprise to many.

Further examination of the numbers revealed that the analysis was based on all employers. Millions of employees, previously getting no contributions paid into their pension, are now getting a minimum 2 per cent of qualifying earnings, pushing up the average. It's a fair analysis although we all know that if we compared average contribution rates in defined contributions (DC) workplace pensions pre automatic enrolment with the average now the average contribution within the current (larger) population of schemes would be much lower (around 4 per cent as opposed to over 9 per cent in 2011).

Employers may be opting to pay the minimum for a number of reasons. It may reflect economic challenges, disengagement with the wider social purpose that lead employers to offer substantial pension benefits in the past, a change in the nature of employment or a lack of value placed on pension saving by employees. Employees too are paying what they are told to pay, and if that is 1 per cent the majority are paying that. The government appears to have created a powerful nudge that automatic enrolment minimum contributions are the right level to pay.

Of course many employers offer higher contribution rates and it's common for an employer matching structure to be implemented. This rewards employee engagement with a higher contribution, directing expenditure toward those employees who may value it the most. This can be a powerful nudge where it is effectively communicated, with evidence that almost two thirds of members will gravitate to the contribution level that provides the maximum employer match.

But what can be done where there is no employer nudge in the right direction? There appears to be no lack of appetite or ability to spend money in an economy currently bolstered by retail demand. We need to look at how we can divert some of that capability to saving for later life. Initiatives such as Save More Tomorrow are probable long term solutions but as we approach the end of the tax year simply reminding people that they can pay a single contribution could pay immediate dividends.

High earners can ensure they take advantage of the maximum government contribution to their pension scheme while it remains at current levels, while bonus sacrifice offers even greater attractions.

Bonus that is exchanged for an employer pension contribution is exempt from income tax and national insurance. The reward for individuals is obvious but effective communication of a bonus sacrifice scheme also yields a saving for employers of 13.8 per cent of every pound paid into the pension. If employers are paying an end of year bonus there is a real opportunity for them to nudge their employees toward doing the right thing for their future self. While the cost of communication to employees and payroll could be more than offset by a reduced National Insurance bill.

Large numbers of employees continue to feel that by saving into a pension, they have done enough -without ever reviewing their contributions or fund choices. The unpalatable truth, of course, is that saving into a pension at minimum contribution levels is highly unlikely to provide for the retirement employees are hoping for. And if employees can't afford to retire, they won't retire – which will ultimately cause major issues for succession planning and the makeup of workforces.

Written by Dale Critchley, technical reform manager, Aviva

UNIGESTION

Innovation Award of the Year:
Unigestion (UK) Ltd.

The Innovation Award of the Year went to Unigestion. Receiving the award was Ken Harvie, head of consultant relations (centre). Presenters of the award were awards judge Mirko Cardinale, head of multi-asset allocation, USSIM (left) and awards host Alun Cochrane (right).

Innovation has been rife in the UK pensions space, be that in the area of investment, product design, de-risking or any other area.

The Pensions Age Innovation of the Year award aims to reward those providers that have truly added value to the pensions space through originality and innovation. This year's standout firm is Unigestion.

In a highly competitive category, the judges said the firm stood out for its pioneering work in the pensions investment sphere at a hugely challenging time for pension funds.

Responsible for managing some US$23 billion in client assets across four areas of expertise: equity, multi asset investing, private equity and alternatives, Unigestion has shown it is at the forefront of innovation in investment management.

Innovation around Solvency II is just one example of the firm's forward-looking propositions. It has helped one of its clients optimise their solvency capital ratio, it provided systematic industry-standard reporting across asset classes and showed how the client could make the best use of the grandfathering options available to them to optimise the performance of their existing equity portfolios while reducing volatility and drawdowns.

Unigestion has also built a low-carbon footprint global equity portfolio with a carbon footprint 75 per cent lower than that of the MSCI World, launched two multi factor equity funds in close collaboration with Railpen and helped several clients access a portion of the return provided by hedge funds through the use of alternative risk premia. In Railpen's case, the strategies Unigestion created were a long-only factor fund combining four proven factors - value, momentum, size and quality - as well as a long-short, market-neutral factor fund. Railpen chose Unigestion to develop the strategies due to its desire for transparent and effective factor exposure, and its confidence in Unigestion's ability to carefully manage risk.

Practical ways to overcome the hedge fund fee challenge have also been developed within the business. As well as making use of lower-cost alternative risk premia where possible, Unigestion recommends a lower management fee combined with a higher performance fee – but with a higher hurdle rate at which managers receive that performance fee. This has helped to ease the growing unease among investors about the fees that some hedge funds charge in recent years.

Congratulations to all at the firm.

How asset managers can adapt in the face of technological change

The finance industry is responding to innovation, such as the growth of big data and the development of artificial intelligence. While some technological advances represent a threat to investment professionals, others may prove useful in reinventing the industry

Digital innovation has transformed many sectors in recent years. It is now the turn of asset management, where new technology is presenting opportunities as well as challenges.

Big data: a new opportunity

Financial research is one of the main tools that asset managers use. Previously, they only used limited sources of data, such as companies' annual reports, economic statistics and regulatory reports. There are now many more sources of information available, including social networks, satellite images, online videos and GPS signals. 'Big data' refers to the massive recent increase in the volume of data: 90 per cent of all data has been created in the past three years.

Asset managers must re-engineer their research to incorporate analysis of new data sources. The fact that this data is published in real time enables the development of much more advanced indicators than in the past. For example, messages on social networks can provide insights about investors' appetite for risk, and thus possible trends in the financial markets.

Working with fintech companies

But this greater volume of data also presents challenges for asset managers: quantity does not always mean quality. They need to develop expertise to sort through this mass of new information, analyse it and interpret it.

Various fintechs have sprung up to help asset managers analyse new sources of data. Ravenpack, for example, rates news based on its recentness, relevance and potential market impact. Such companies can help asset managers detect relevant, new and unexpected events – whether they concern a company, a macroeconomic indicator or a geopolitical event.

Artificial intelligence and investment

Artificial intelligence, which aims to mimic humans' cognitive functions, is another advance that will impact asset managers.

For example, while machines have long defeated humans at chess, it is only very recently that a computer has beaten top professional poker players.

Poker represented a considerable challenge for artificial intelligence as players only have partial information about the state of the game. This is similar to asset management, as investment decisions are also based on imperfect information. Could this herald the end of the asset manager, with investment decisions being taken over by robots?

This is unlikely at present because artificial intelligence is still limited. Each program specialises in one task but is unable to transfer learning acquired in one context to another. Likewise, it is difficult for these programs to deal with ambiguity: financial markets are complex environments in which decisions are interdependent and movements are directed by participants' emotions.

Artificial intelligence can be considered a potential extension of quantitative or algorithmic management. The difference is that while in quantitative management the manager teaches the machine how to analyse data, in artificial intelligence the machine should learn by itself.

Reworking our relationship with machines

Most artificial intelligence models in finance use 'machine learning', in which the machine is given inputs and outputs with the aim of determining, for example, which data most accurately predict future market movements. However, the problems with these programs are that, firstly, the reasoning obtained can become obsolete, and secondly, humans do not yet understand how machines produce their reasoning. The challenge for asset managers will be to rework their relationship with machines and constantly make advances to control artificial intelligence. Technology cannot be deterministic; humans must give it meaning.

Written by Fiona Frick, CEO, Unigestion

UNIGESTION

Barnett Waddingham
a true partnership approach

Administration Provider of the Year
Barnett Waddingham

The Administration Provider of the Year award went to Barnett Waddingham. Receiving the award was Paul Latimer, head of pension administration, Barnett Waddingham (centre). Presenting the award were Laura Blows, Editor, Pensions Age (left) and awards host Alun Cochrane (right).

The pensions industry has undergone a taxing few years as legislative modifications and the political climate has faced uncertain ground. The role of the pension administration provider, therefore, necessitates continuous daily upkeep as well as an ability to evolve.

The Administration Provider of the Year award recognises those administration firms that have gone above and beyond the minimum standards required to offer a truly value-added service to their clients.

In this densely populated category, the firm that has taken the top spot for 2017, showing its continued commitment to quality pension administration is Barnett Waddingham.

"This firm clearly understands the importance of the link between admin and the member experience," the Pensions Age judges said.

Despite the pensions climate being in an almost constant state of flux, Barnett Waddingham has stuck to its primary focus being the continued provision of a "personal, quality and tailored approach", which has in turn led to high levels of client retention.

The administration provider's success is further validated by its quickly developed technological advancements, education, engagement and customer care initiatives that it designed to support the introduction of the 2015 pension freedoms.

The company prides itself on its accuracy and excellence in action as well as its data quality where "no client is left behind".

Innovation is at the heart of all that the firm does, and there is significantly more to pension administration than capturing data for posterity. The firm has adapted in an exemplary manner following The Pensions Regulator's data challenge, the abolition of contracting out for defined contribution and defined benefit schemes, the pension freedoms and the ongoing revision of annual and lifetime allowance provisions.

As of 2016, Barnett Waddingham has routinely provided every administration client with up-to-date data quality analysis and ratings in every stewardship report, in every quarter and for no extra cost.

A recent client survey further highlighted Barnett Waddingham's client satisfaction across the board. 100 per cent of respondents rated its overall services as good or excellent and its member retirement survey resulted in 96 per cent of members awarding the firm the highest possible rating for its service.

As a result of its continued efforts to work in the best interests of members, Barnett Waddingham has been an example of true innovation and excellence in its field.

Congratulations to a well-deserved winner.

nest NATIONAL EMPLOYMENT SAVINGS TRUST

Master Trust Offering of the Year

NEST

The Master Trust Offering of the Year award went to NEST. Receiving the award on behalf of the organisation was Amber Wareing, Perspective Publishing (centre). Presenting the award were Francesca Fabrizi, editor-in-chief, Pensions Age (left) and awards host Alun Cochrane (right).

Master trusts have taken the UK market by storm, as pension funds continue to look for ways to control their costs without compromising on quality and governance.

The Master Trust Offering of the Year award looks at who is ahead of the game in this space, and this year's clear winner is NEST. The judges highlighted NEST's impressive investment design and exceptional service.

NEST's investment strategy is designed to grow members' money while addressing their obvious desire to keep it safe. It consists of a default approach of nearly 50 single year target date funds which offer tailored, age-specific risk management, a focused range of alternative fund choices, based on the needs of members and one low-charge structure.

Furthermore, its carefully governed target date fund structure in effect creates an internal market for the trading of assets between the funds. This allows the scheme to use its positive cash flow so NEST rarely has to sell any assets. This is one of the ways in which the master trust is able to keep transaction costs low.

A number of developments have been achieved with NEST. The master trust has reached £1 billion in assets under management and has continued to refine its approach to diversification by procuring an emerging market debt mandate among others.

Active ownership has been developed by gaining voting control for lines of stock it wants to vote on, in line with NEST's voting policy. It has also published its first responsible investment report describing how the master trust incorporates environmental, social and governance risk factors when looking after members' money.

NEST's latest innovation NEST web services for payroll integration went live in March 2016. The new functionality enables employers and intermediaries to set up and manage their NEST accounts seamlessly through their payroll software, providing a number of benefits. These include, speed: on-going management of auto-enrolment can be done at the click of a button, accuracy: by using existing payroll information the risk of human error is reduced and ease: using NEST web services payroll integration means they don't need to be an auto-enrolment expert.

Congratulations to NEST for an extremely successful year. It is a richly deserved success.

Think you know NEST? How our five-year record stacks up

Mark Fawcett speaks about NEST's successes, its track record and how confidence is growing around the scheme

NEST recently reached its fifth anniversary as an investor. When we first unveiled our investment approach, some said we were too low risk and we would not deliver. Others said our lower risk approach for younger savers flew in the face of investment logic.

So five years on, do these assumptions match up to our track record?

The right strategies for our members

Since 2011 we've heard a range of misunderstandings about our attitude to risk in devising the right strategy for our members. For the record, NEST's investment beliefs include: taking investment risk is usually rewarded in the long term, diversification is the key tool for managing risk and risk-based asset allocation is the biggest driver of long-term performance.

Our in-house team includes an economist, financial modellers, asset allocation and risk management specialists, plus responsible investment experts. We ensure that, while our approach for the NEST Retirement Date Funds is not low risk, we're not taking undue risk to make members money.

Over the years we've been growing the range and means by which to invest in a variety of diverse global assets. Today these include stand-alone mandates for: UK direct and global listed real estate, emerging market debt, emerging market equities and climate aware equities.

At NEST we strongly believe good quality master trusts take an active interest in where their members' money is invested. With a growing focus on responsible investment, schemes not yet incorporating ESG factors may find their current position increasingly challenged.

In February 2017, we took decisive action to respond to the investment challenges of climate change and the global transition to a low carbon economy.

We made an important change across our default strategy by investing in a new climate aware fund managed by UBS Asset Management and developed in partnership with the NEST in-house team.

The new UBS Life Climate Aware World Equity fund will be a key building block in NEST's 'fund of funds' structure and is designed to meet the specific needs of NEST's membership. This sends a strong message to companies NEST invests in that it expects to see measurable progress towards environmental sustainability.

NEST's foundation phase

For years the investment orthodoxy has been that when savers are far away from retirement, they ought to be taking the highest level of investment risk. This may have been appropriate for traditional pension savers. However, for the new generations introduced to saving by auto- enrolment, it was right to challenge this and consider their specific needs.

Our research found younger savers react very negatively to falls in the value of their savings. For this reason, members who join in their early 20s will typically spend up to five years in the Foundation phase.

Five year performance

In July 2016 we populated the 'five year performance' columns on our fund information charts. Our performance up to our five-year investing anniversary at the end of July 2016 was as follows:

- For a representative fund in the growth phase – NEST 2040 Retirement Fund: 5 year annualised total returns after deducting the annual management charge was 10.1per cent compared to benchmark return (CPI plus 3 per cent) of 4.6 per cent.
- For a representative fund in the foundation phase – NEST 2057 Retirement Fund: 5 year annualised total returns after deducting the annual management charge was 8.6 per cent compared to benchmark return (CPI) of 1.5 per cent.

Written by Mark Fawcett, chief investment officer, NEST

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