



Stress testing your pension scheme for the unexpected...

Thursday 22nd February 2018

Integrated risk management has been on Trustees' agenda for the last couple of years but there is invariably room for improvement to achieve a truly integrated approach to risk.

Events such as Brexit, which always tend to be unforeseen, have the potential to impact the sponsor, a scheme's liability profile and its investment portfolio all at once. Helping Trustees to understand this and determine how to mitigate such risks is an essential element to future-proofing your investment planning.

We might not have the detail of Brexit but the impact, both positive and negative, is already being seen, depending upon the industry and asset sector.

Roger Cooper, as a Trustee, will be sharing the challenges of developing a common set of metrics with the scheme sponsor. He will be joined by Kerrin Rosenberg, CEO of Cardano in the UK. Cardano has pioneered the use of innovative investment concepts that are now commonplace today. Together they will look at how Trustees can:

- **Move on from the limitation of stochastic modelling**
- **Use scenario testing to stress test pension schemes economic changes**
- **Understand and mitigate the same events from adversely impacting the scheme sponsor and the investment portfolio**
- **Identify the total risk budget of the scheme sponsor and how this can directly affect their investment decision making process.**

Seminar details:

- 1¼ hours of PMI CPD may be recorded for Pi seminars, based on your assessment of the seminar's value to you
- Venue: The UK Chamber of Shipping,
30 Park Street, London,
SE1 9EQ
- Timings: 8.45 a.m. arrival and breakfast
9.15 a.m. - 10.20 a.m. seminar
10.30 a.m. finish and refreshments

We look forward to seeing you and would be grateful if you could advise your availability by telephoning Angie Shepherd on **020 8879 6500** or by e-mailing us at events@piconsulting.co.uk

Please do share this invitation with any colleagues you feel would benefit from attending.



Amanda Burden
Pi Partnership Group



Stress testing your pension scheme for the unexpected...

Thursday 22nd February 2018

0845 Arrival, registration and breakfast

0915 Chairman's introduction *Amanda Burden, Pi Partnership Group*

0920 Understanding, budgeting for and mitigating risk
Roger Cooper, Pi Partnership Group
Kerrin Rosenberg, CEO, Cardano

1015 Open forum

1030 Finish and refreshments

Venue:

**UK Chamber of
Shipping
30 Park Street
London
SE1 9EQ**

Pi Partnership Group

2 Allington Close
Wimbledon Village
London SW19 5AP

Tel: 020 8879 6500
Fax: 020 8879 6501

events@piconsulting.co.uk
www.piconsulting.co.uk





Pi Partnership Group

“Stress testing your pension scheme for the unexpected”



**Thursday, 22
February 2018**



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09:20 Understanding, budgeting for and mitigating risk

10:15 Open forum

10:30 Finish and refreshments

The nature of the unexpected?

Legislative

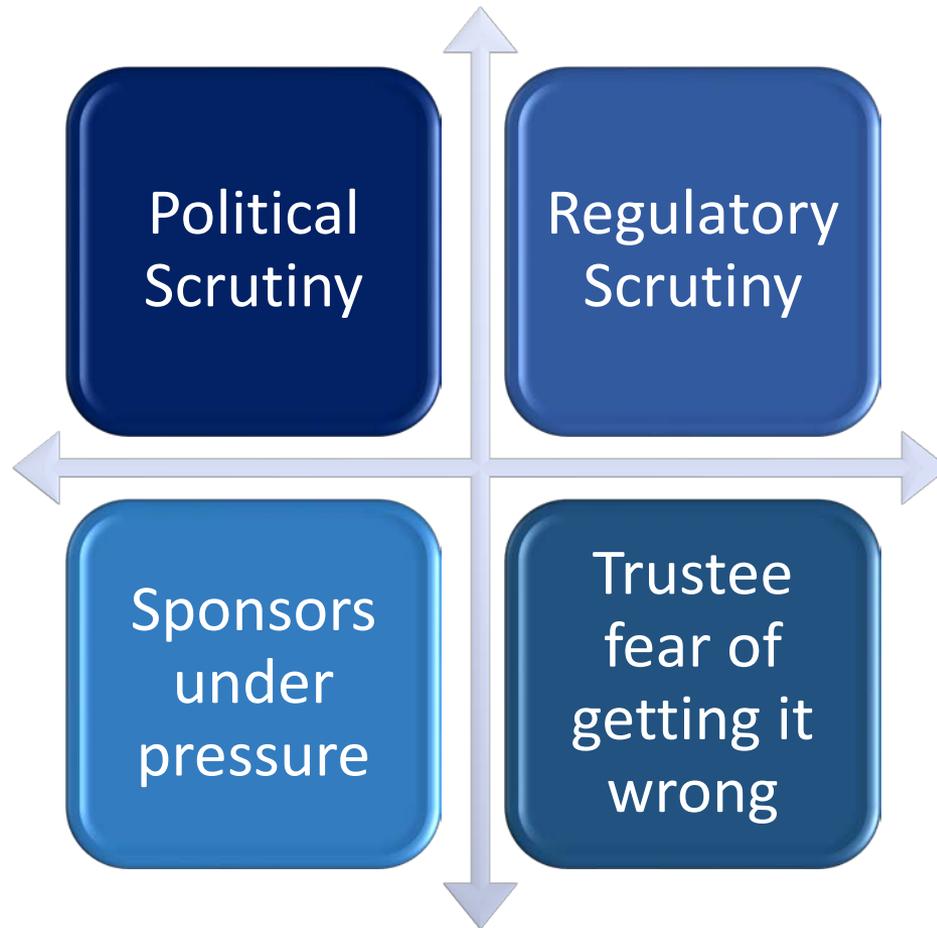
Investment

Business

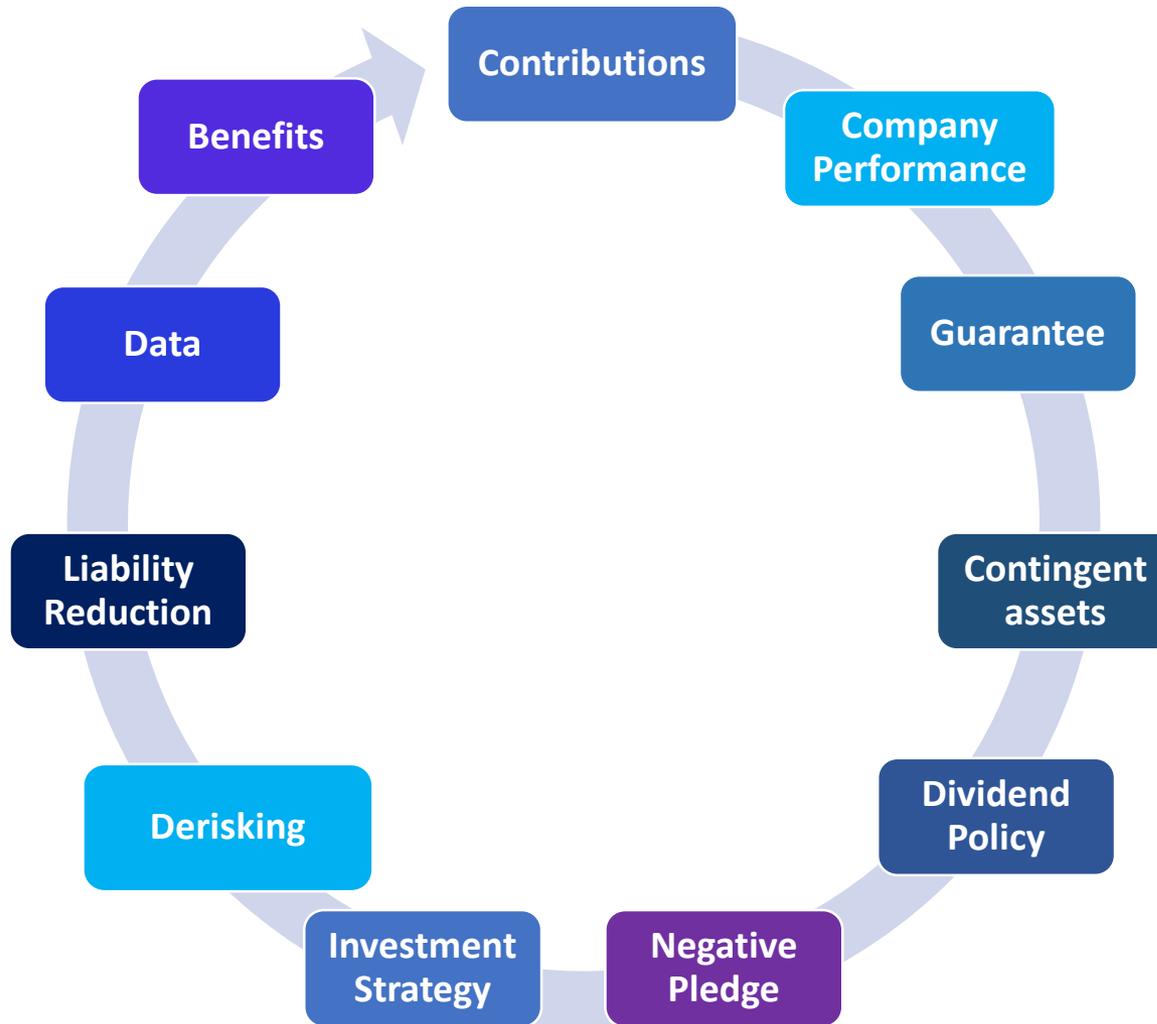
Political

If history repeats
itself, and the
unexpected always
happens, how
incapable must Man
be of learning from
experience.

**George Bernard
Shaw**



Funding package checklist



Tips



Be forward thinking



Have a contingency
plan

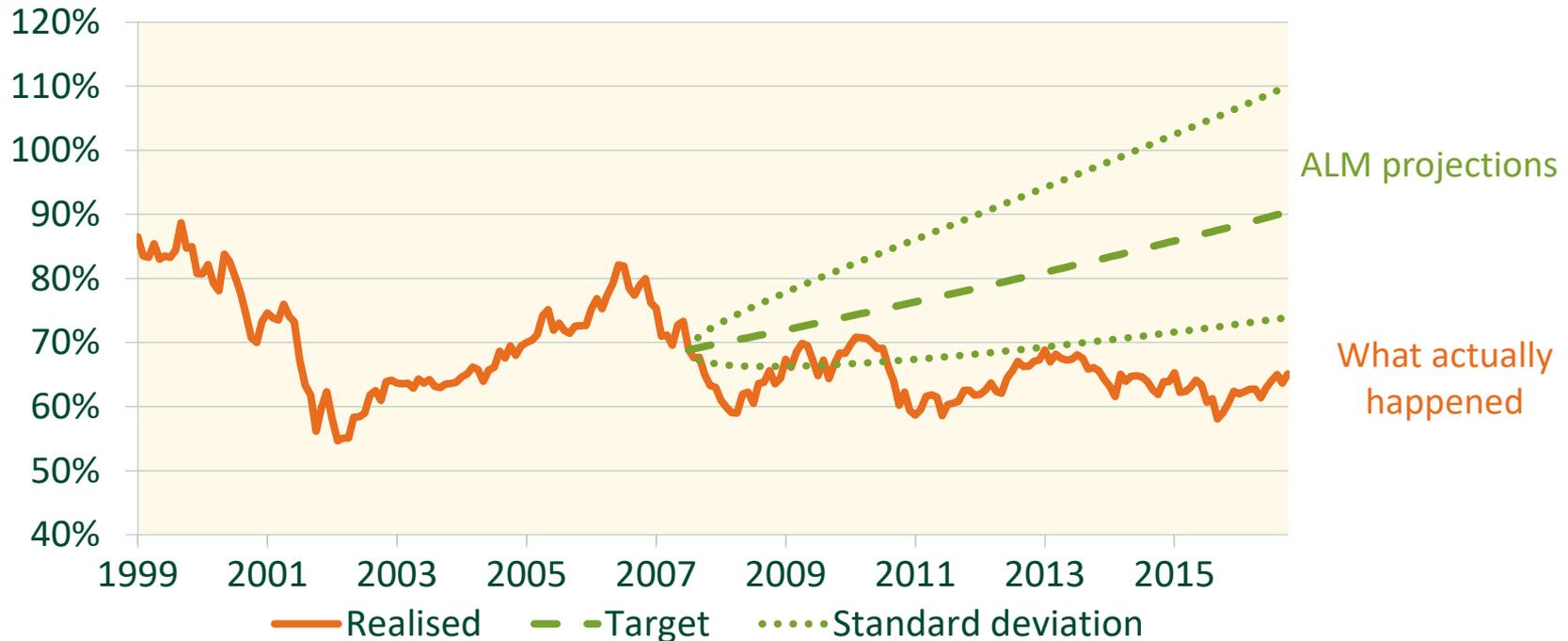
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Understanding, budgeting and mitigating risk

22 February 2018

The issue with ALM - a control fallacy

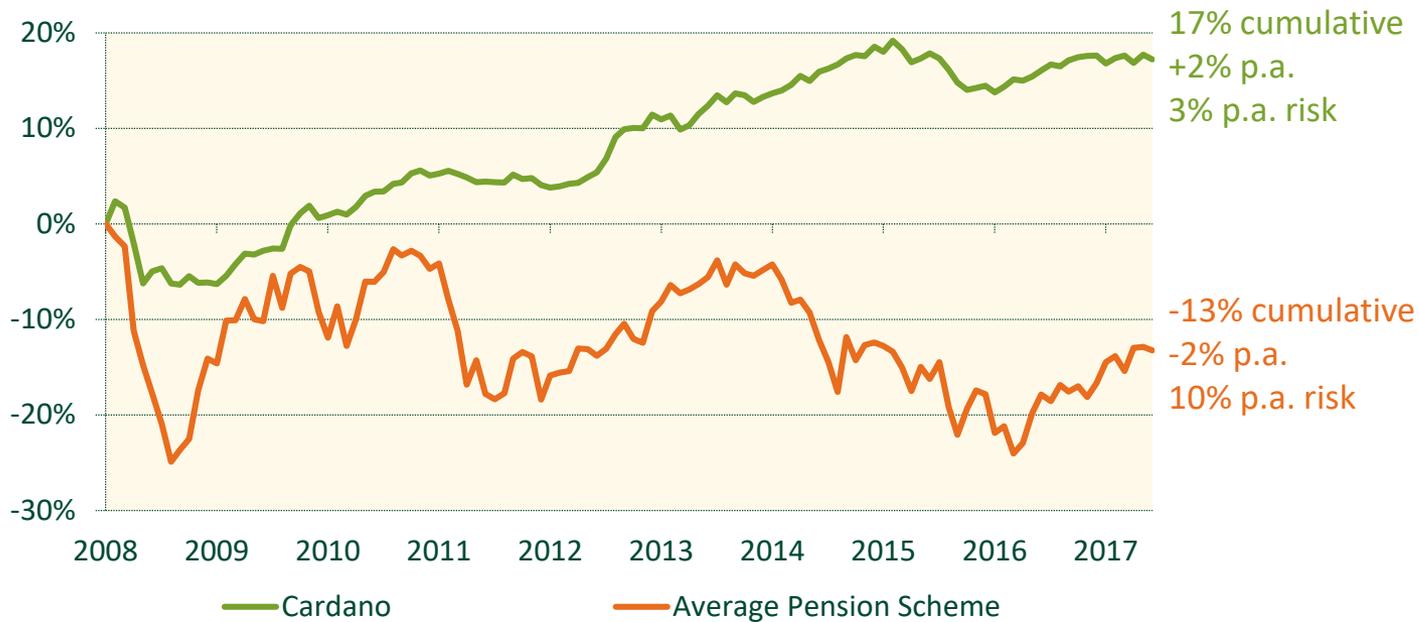
Funding ratio of average UK scheme (self sufficiency basis)



Source: UBS, Bloomberg and Cardano. Performance based on average pension scheme asset allocation from UBS Pension Fund Indicators 2017 and index returns from Bloomberg. Additional assumptions made by Cardano in the treatment of pension scheme liability returns and the average starting funding level. No allowance has been made for Deficit Repair Contributions. ALM projections are illustrative and created by Cardano

There is a better way...

Change in funding ratio



Source: Cardano, 30/06/2008 to 30/11/2017. Performance is for our clients following our fiduciary management approach with full liability benchmark and net of Cardano's and underlying managers' fees. Due to lack of published information, average pension scheme performance is estimated using information in the Purple Book published by The Pensions Regulator and the Pensions Protected Fund using market index returns and implied hedge ratios based on the bond allocation only. No allowance for deficit repair contributions have been made. Liability benchmarks in the calculation of relative returns are taken from composite of Cardano clients. Past performance is not a guide to future returns.

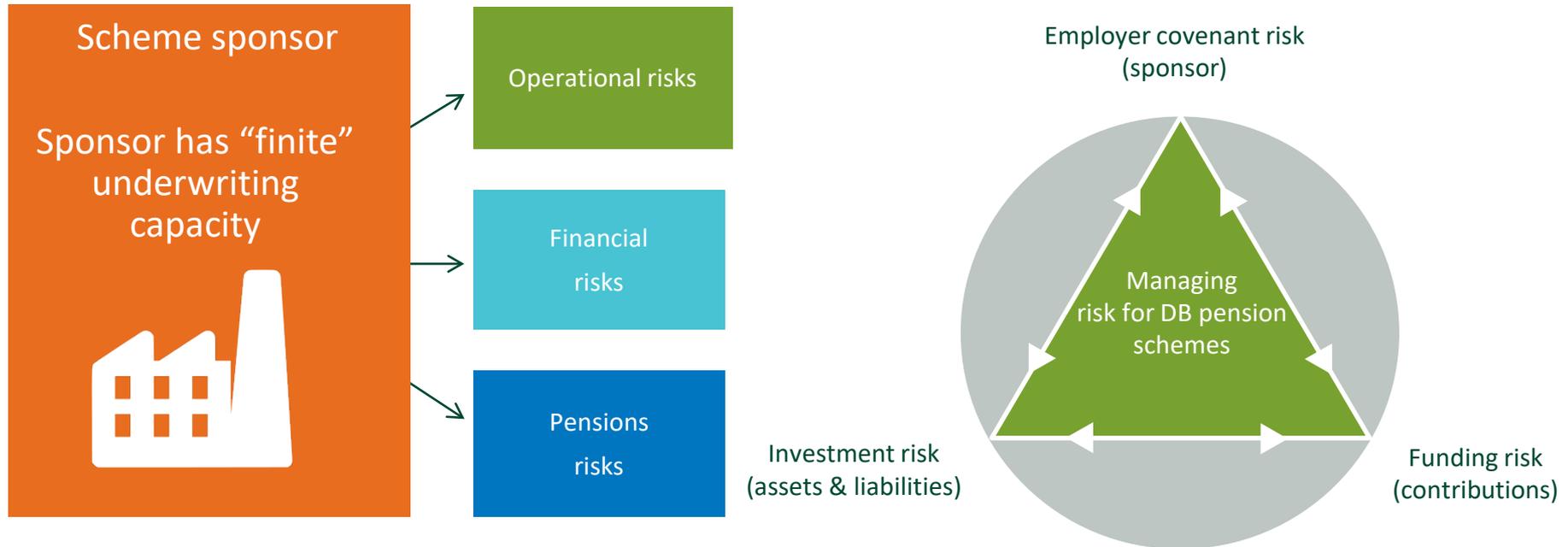
Covenant risk can be measured and managed



Investment risk capacity

Level of covenant support

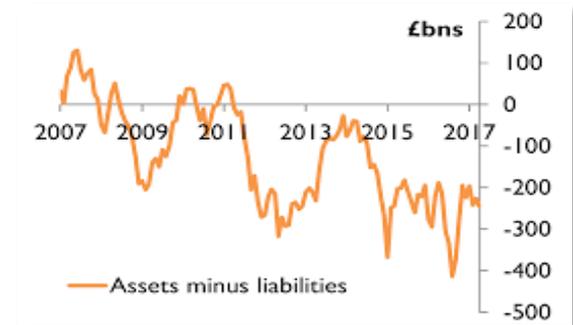
Concept of risk capacity



Risks impact sponsor and scheme at the same time



Covenant deteriorates



Funding deteriorates



Open Forum

Future seminar dates for your diary

Thursday 10 May 2018

If you have any feedback or suggestions for future seminar topics, please email us at: feedback@piconsulting.co.uk or via the seminar page, on our website www.piconsulting.co.uk.