

Annual Bond Investment Strategies for Pension Funds

Thursday 10 January 2019
at Le Meridien Piccadilly, London

Sponsored by:

Capital Group
CQS
Kames Capital
Muzinich & Co.
Newton Investment Management
TwentyFour Asset Management



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CPD = 6.5 hours



08.45 **Registration and coffee**

09.15 **Welcome and Opening Remarks**

TREVOR COOK, MANAGING DIRECTOR, SPECIALIST
PENSION SERVICES

09.25 **Setting the Scene**

MODERATOR: GILES PAYNE, PROFESSIONAL TRUSTEE,
CAPITAL CRANFIELD

**Rising dispersion in credit markets:
capturing opportunities in Multi Asset
Credit**

We believe portfolios should be structured and positioned to reflect the growing levels of dispersion which have been a key recent theme in financial markets. The forces driving this are evident in leading macroeconomic indicators across a variety of geographies, as well as at the micro level, where more idiosyncratic economic cycles are at play. Diverging monetary and fiscal policies will exaggerate this dispersion and introduce new technical risks, such as capital flows, which need to be anticipated and managed, as do systematic risks from the reduction in the trading balance sheet of banks and the rise of daily liquidity funds. We believe this dispersion and volatility presents an opportunity for long-term investors as well as a risk.

DARREN TONER, PORTFOLIO MANAGER, CQS

**Opportunities in European Asset Backed
Securities**

Income is hard to come by these days. Ultra-low interest rates have meant that previous sources of income have become increasingly elusive. That is why asset backed securities (ABS) – once shunned in the wake of the financial crisis – are now back in favour. They are one of the few types of bonds which are able to deliver an attractive return today. This session will cover an overview of the Euro ABS market, fundamentals and technicals driving the market and how ABS can fit into a fixed income portfolio.

BEN HAYWARD, PARTNER, PORTFOLIO MANAGER
TWENTYFOUR ASSET MANAGEMENT

10.40 **Coffee / Tea**

11.10 **Income and Liquidity**

MODERATOR: BOB HYMAS, TRUSTEE EXECUTIVE,
BESTRUSTEES

Beating the Freeze in Illiquid Bond Markets

Compared to a decade ago there is significantly less liquidity in global bond markets. What are the reasons for the decline in market liquidity? Why this is likely to persist and what are the implications for pension schemes and asset managers? The session will examine what this means for investor expectations, pricing, capacity management, and the prospects for active investment strategies such as absolute return bond funds.

RORY SANDILANDS, INVESTMENT MANAGER, FIXED
INCOME, KAMES CAPITAL

**The Power of Income: The role of higher
yielding, liquid fixed income in a derisking
portfolio**

As pension funds move cashflow negative and derisk, they need to consider income and liquidity alongside the traditional metrics of risk and return. Liquid, higher yielding fixed income – in particular Corporate high yield and Emerging market debt – can have an interesting role to play in this context. Given the turbulence in those markets, why do we think they should be a strategic allocation in a portfolio?

JEREMY CUNNINGHAM, INVESTMENT SPECIALIST,
CAPITAL GROUP

12.25 **Drinks and Lunch**

13.35 **ESG and Late Cycle Investing**

MODERATOR: GEORG INDERST, INDEPENDENT
CONSULTANT

The Fixed Income Clock

The period of extremely loose monetary policy is coming to an end and bond yields are on the rise once more. The investment cycle over the next couple of years may continue to be challenging for bond investors, so using historical data as our framework, we will attempt to guide investors. We will also reveal the important role that themes play in our investment process, and how we use them to enhance our fixed income investments. A growing area of influence is the integration of Environmental, Social and Governance (ESG) analysis into our bond-selection process, which we believe can have a significant positive impact. The importance of adding ESG considerations to the fixed-income investment process will, in our view, become increasingly apparent over the coming years and we will aim to demonstrate how a sustainable approach to bond investing can add value.

PAUL BRAIN, INVESTMENT LEADER, FIXED INCOME
TEAM, NEWTON INVESTMENT MANAGEMENT

Late Cycle Credit Investing

One of biggest questions pension funds face when investing in Credit is how can they plan to have the right exposure at the right time to maximise their return potential, minimise risk and dampen volatility? Investors need to be tactically nimble to take account of what Global corporate credit can offer, with a range of risk/return profiles dependent on a number of political and economic variations. So how can you tactically allocate across broad investment opportunities, reduce risk, but still generate attractive returns with less volatility even late in the credit cycle?

ERICK MÜLLER, HEAD OF PRODUCT AND INVESTMENT
STRATEGY, MUZINICH & Co.

14.50 **Coffee / Tea**

15.10 **Practical Issues**

MODERATOR: PETER MARTIN, INVESTMENT OFFICER,
MEDICAL DEFENCE UNION

Putting it all together

With such a lot going on in the economy and so many investment opportunities apparently available at the moment, how do pension fund trustees choose? Today's presentations demonstrate the extent of the opportunities in fixed income alone but how should trustees choose which are the most appropriate opportunities for their fund and how can you best combine opportunities to enhance return and reduce risk?

MATT BUCHANAN, SENIOR INVESTMENT CONSULTANT,
HYMANS ROBERTSON

Investor Perspective

A panel will talk about their fixed income investment strategies and experiences. Panellists:

IAN MAYBURY, CHAIR OF TRUSTEES, RNIB

NICOLAS J. FIRZLI, CDIRECTOR-GENERAL, HEAD OF
RESEARCH, WORLD PENSIONS COUNCIL (WPC)

MATT BUCHANAN, SENIOR INVESTMENT CONSULTANT,
HYMANS ROBERTSON

16.15 **Drinks reception followed by Close of
Conference**

Speaker bios



Paul Brain is Investment Leader of the Fixed Income team. He joined Newton in 2004, and manages a range of global bond portfolios. He is also the lead manager of Newton Global Dynamic Bond strategy. Paul is chairman of the bond/ FX strategy group, and a member of the global strategy group and the investment committee. Paul has held a number of senior fixed income positions within the industry at MSG & Partners, Investec and Credit Suisse.



Jeremy J.W. Cunningham is an Investment Specialist at **Capital Group**. He has 31 years of industry experience and has been with Capital Group for two years. Prior to joining Capital, Jeremy worked as head of EMEA fixed income business development at Alliance Bernstein. Before that he was head of product management at Schroders. Earlier in his career he was a fixed income portfolio manager at INVESCO, J.P. Morgan Fleming and Merrill Lynch. He holds the Chartered Financial Analyst® designation. Jeremy is based in London.



Ben Hayward is one of the founding partners of **TwentyFour** and a Portfolio Manager. He is a member of the firm's Executive Committee which has the overall responsibility for the day to day running of the business. Ben's main responsibility is managing the ABS business, having launched the Monument Bond Fund, TwentyFour Income Fund, UK Mortgages Ltd and more recently Monument European ABS, as well as managing a number of institutional mandates. He is a member of the Investment, Risk and Product Committees. Ben has 20 years fixed income portfolio management experience, having spent 9 years at Citigroup Alternative Investments where he was responsible for managing four vehicles that invested \$100bn across asset-backed securities and credit.



Ian Maybury serves as a Trustee for Universities Superannuation Scheme (USS), Citigroup, Mineworkers' and **RNIB** as well as sitting on the DC Committee for Unilever. Additionally he provides advice to the Investment Committees at Relx and BA. Formerly co-head of Asset Liability Management and Investment Strategy at Redington as well as roles at Royal London, Citi and Schroders, Ian has 30 years' experience as an actuary in the financial services and insurance sector.



Erick Müller joined **Muzinich & Co** as a Head of Product and Investment Strategy in 2015. Erick has extensive knowledge of fixed income investment solutions and macroeconomics built over 25 years' experience. Based in London, he provides wholesale and institutional clients with strategy insights into their portfolios. Before joining Muzinich, Erick worked as a Lead Client Portfolio Manager for Public Institutions at JPMorgan Asset Management. Prior to this, Erick worked at Fidelity Worldwide Investors as Head of Product Fixed Income Product Management. Erick started his career in 1987 and worked previously at S.G.Warburg, HSBC, UBS and Credit Agricole Investment Bank in various roles such as Strategist and Head of Research Teams. Erick studied Economics and Econometrics at Université Panthéon Assas in Paris and has an MBA from Paris ESLSA Business School.



Rory Sandilands is an investment manager within the Fixed Income team at **Kames Capital**. He co-manages an absolute return bond fund and sterling corporate bond fund. Previously, Rory was a vice president in credit sales at Goldman Sachs. In addition, he has also worked in credit sales for Morgan Stanley and in fixed income sales for Merrill Lynch. He has extensive experience working with both cash bonds and derivative products across the full ratings spectrum. Rory holds an honours degree in Law with Accountancy from the University of Edinburgh. He has 19 years' industry experience.



Darren Toner is a Portfolio Manager. He is responsible for managing Global Long-Only High Yield & Financial portfolios and is assistant Portfolio Manager for the **CQS** Credit Multi Asset Fund. Prior to joining CQS in 2010, Darren has worked at GE Capital in London, where he joined the graduate scheme in 2005. His career has been focused on Leveraged Finance execution, distressed debt and restructuring / workout. Darren holds a BSc (1st Hons) in Economics and Finance from University College Dublin.

Conference Notes

Purpose: This conference aims to examine a range of the more important and pertinent issues, challenges and opportunities facing pension funds in managing their bond investments in the current environment. We will look to include consideration of the prospects for bond markets and to take into account practical implementation issues whilst also assessing the various options for improving returns and managing volatility and other risks.

Date: Thursday 10 January 2019 **Venue:** Le Meridien, 21 Piccadilly, London, W1J 0BH. Tel: 020 7734 8000

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Queries: please contact: Ms Sue Golton at Specialist Pension Services Limited. Telephone +44 (0)1438 712345 Telefax +44 (0)1438 718883 Email: sue@spsconferences.com

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Free guest places are offered to genuine pension and institutional investor attendees. Please contact us to confirm you qualify. A limited number of provider places at a cost of £1650 + VAT may be available. Please enquire to Sue Golton sue@spsconferences.com.

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