

**IPFOS**

**Bestuurders  
Conferentie**

**2016**



**Welkom  
Christiaan Tromp, CEO IPFOS**

**Leiden, 8 september 2016**



**Alleen voor professioneel gebruik**

**IPFOS**

**Bestuurders  
Conferentie**

**2016**



**Inleiding door de dagvoorzitter:  
Jacco Heemskerk, Uitvoerend bestuurder RBS Pensioenfonds**

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# Benchmark

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**Benchmark** is een begrip uit de wereld van de kwaliteitsbewaking. De Engelse term *benchmark* betekent eigenlijk meetspijker, een referentiepunt voor landmeters.

Het leenwoord **benchmark**, vertaalbaar als 'referentiekader' of 'ijkingskader', is een testprocedure om de prestaties van apparaten, systemen of organisaties met elkaar te kunnen vergelijken. Benchmarking is een manier voor organisaties om van elkaar te leren, verantwoording af te leggen en toezicht te vergemakkelijken. *Benchmark* of *benchmarking*, de begrippen worden door elkaar gebruikt naargelang van de omgeving: in de computerwereld *benchmark*, in het management *benchmarking*.

In de literatuur worden verschillende definities van benchmarking gehanteerd. Een veel gebruikte definitie is die van Camp (1989): "*Benchmarking* is systematisch onderzoek naar de prestaties en de onderliggende processen en methoden van een of meer leidende referentie-organisaties op een bepaald gebied, en de vergelijking van de eigen prestaties en werkmethoden met deze "best practice", met het doel om de eigen prestaties te plaatsen en te verbeteren.

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# Agenda

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Inleiding door de dagvoorzitter

Jacco Heemskerk, Uitvoerend bestuurder  
Royal Bank of Schotland Pensioenfonds

De geschiedenis van de 'Index'

Martyn Hole, Senior Vice President Capital Group

Het proces van benchmarking en diversificatie

Christopher Palazzolo, Principal AQR Capital Management

Monitoring en Benchmarking in Private Markets

Niels Bodenheimer, Director Private Markets bfinance

Pauze

Benchmarking van de prestaties van een  
fiduciair manager

Fons Lute, Client Portfolio Manager Russell Investments

Aandachtspunten bij de pensioenadministratie

Onno de Baan, Partner Westerbrink

Benchmarking van pensioenfondsen

Reinoud van den Broek, Founder Exelerator

Het vergelijken van vleesproducten

Daan van der Zon, CEO Slagerij Van der Zon

Wrap-up, Sluiting en Barbecue

Jacco Heemskerk en Christiaan Tromp

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**2016**



**CAPITAL  
GROUP<sup>SM</sup>**

**De geschiedenis van de 'Index'  
Martyn Hole, Senior Vice President Capital Group**





**Martyn Hole**  
Investment Director

**History of the MSCI  
Global Index and a  
review of  
benchmarking**

8 September 2016

For professional investors only  
Not for use with the public



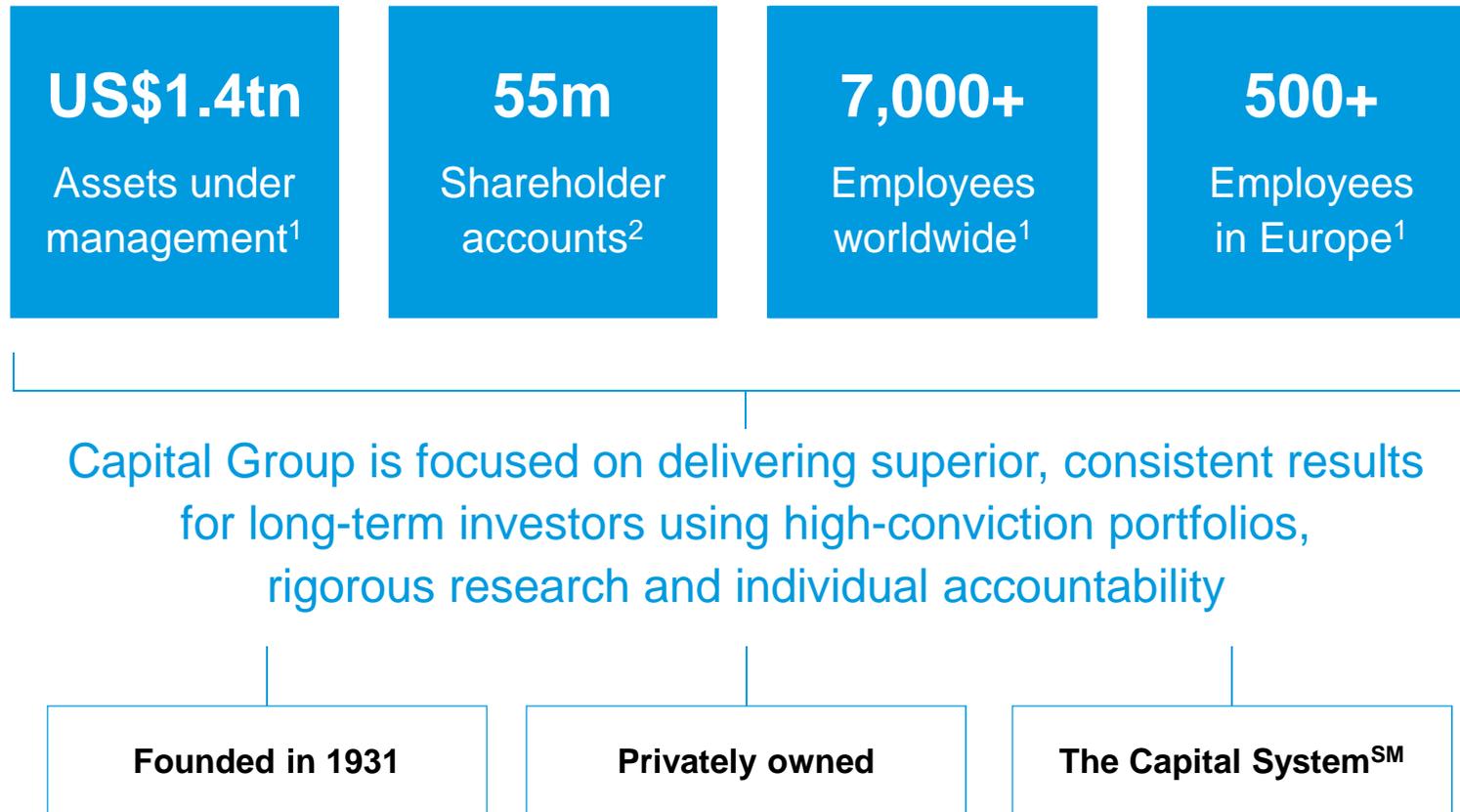
**CAPITAL  
GROUP**<sup>SM</sup>

**History of the MSCI  
Global Index and a  
review of  
benchmarking**

Multiple Perspectives. One Approach.<sup>SM</sup>

# A privately held company with a long-term focus

Investment management is our only business



The Capital Group companies manage equities through three investment divisions that make investment and proxy voting decisions independently. Fixed-income investment professionals provide fixed-income research and investment management across the Capital organisation; however, for securities with equity characteristics, they act solely on behalf of one of the three equity investment groups.

1. Data as at 31 March 2016. Source: Capital Group

2. Data as at 31 December 2015. Source: American Funds (part of Capital Group) Business Information

# Benchmarks: Definition

“ A standard or point of reference against which things may be compared.”

- Oxford English Dictionary

# A History of Stock Market Indices

- **1884** – Charles Dow published first stock average (9 railroads and 2 industrial companies)
- **1896** - Charles Dow published the Industrial Average, a price-weighted index
- **1923** – Standard & Poor’s composite index is launched
- **1926** – S&P Composite index expanded to 90 stocks
- **1935** – Financial Times 30 first published, the ‘FT30’ – a geometric-weighted index
- **1953** – Commerzbank Index first published
- **1957** – S&P Composite index expanded to 500 stocks
- **1962** – FT Actuaries All-Share Index first published
- **1968** – Capital International introduced a Europe, Japan and Australia index series
- **1969** – Tokyo Stock Price Index (TOPIX) is launched

# History of the MSCI Global Indices

## Who put the 'CI' in MSCI?



- **1962** - Capital International opened its first European office in Geneva  
- Nilly Sikorsky (pictured left) joins Capital International
- **1963** - “Mutual Fund Management Fee Rates” first published, House Report No. 2274, 87<sup>th</sup> Congress
- **1965** - Developed international indices that become the MSCI Indices
- **1968** - Capital International Europe, Japan and Australia indices first published
- **1974** - US and Canadian securities added as constituents
- **1982** - Finland and New Zealand added to indices
- **1988** - Greece and Portugal added  
- Capital International index business is sold to Morgan Stanley
- **2007** – Initial Public Offering of MSCI Inc.
- **2000** – Free-float adjustments and greater coverage are introduced
- **2011** – Investable Market Indices (IMI) series launched

# Investable world in 1970

Market capitalisation

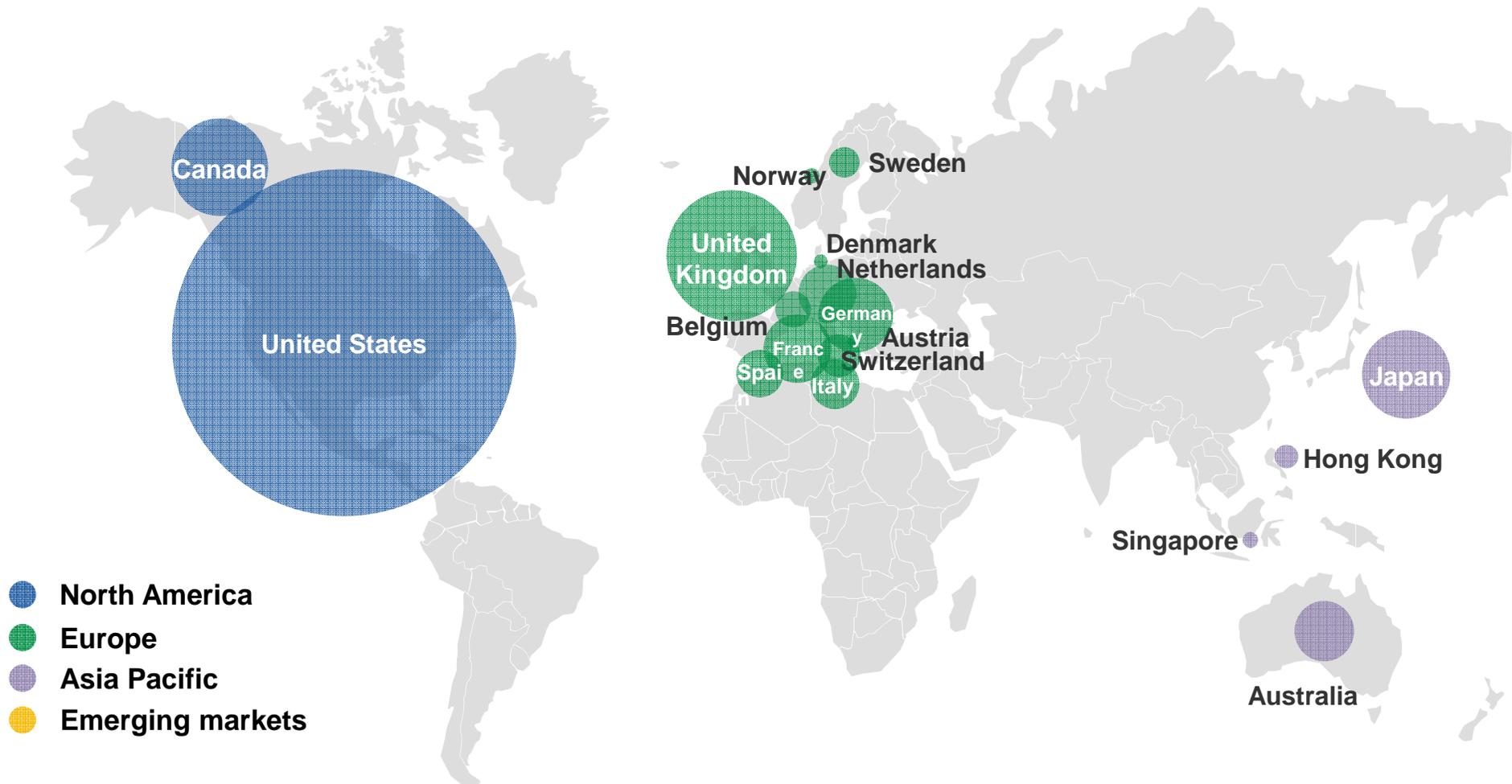
**\$512 billion**

Number of countries available for investment

**18**

Share of total market cap in five largest countries

**88%**



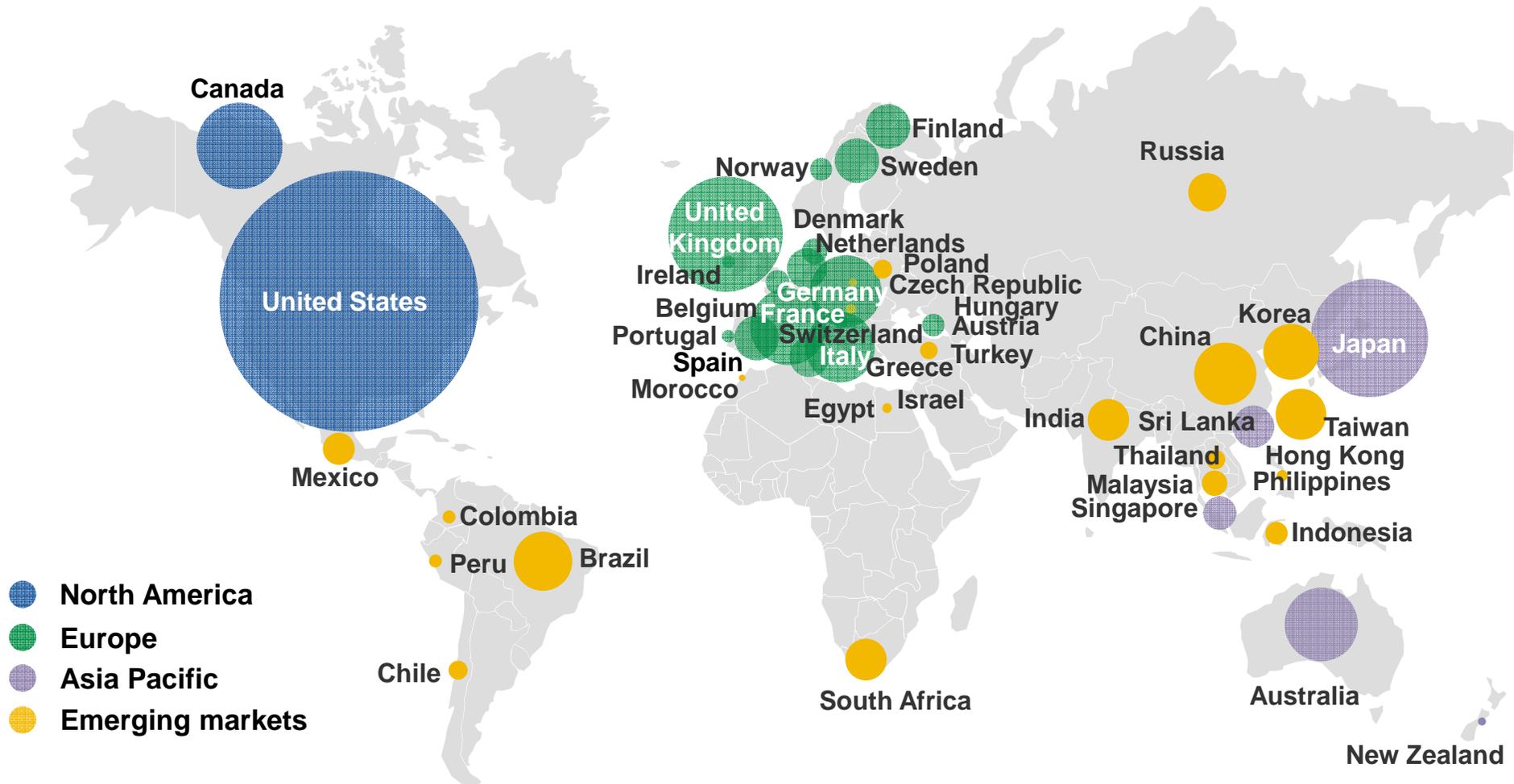
For illustration purposes only. Source: MSCI World

# Investable world in 2015

Market capitalisation **\$35,723 billion**

Number of countries available for investment **46**

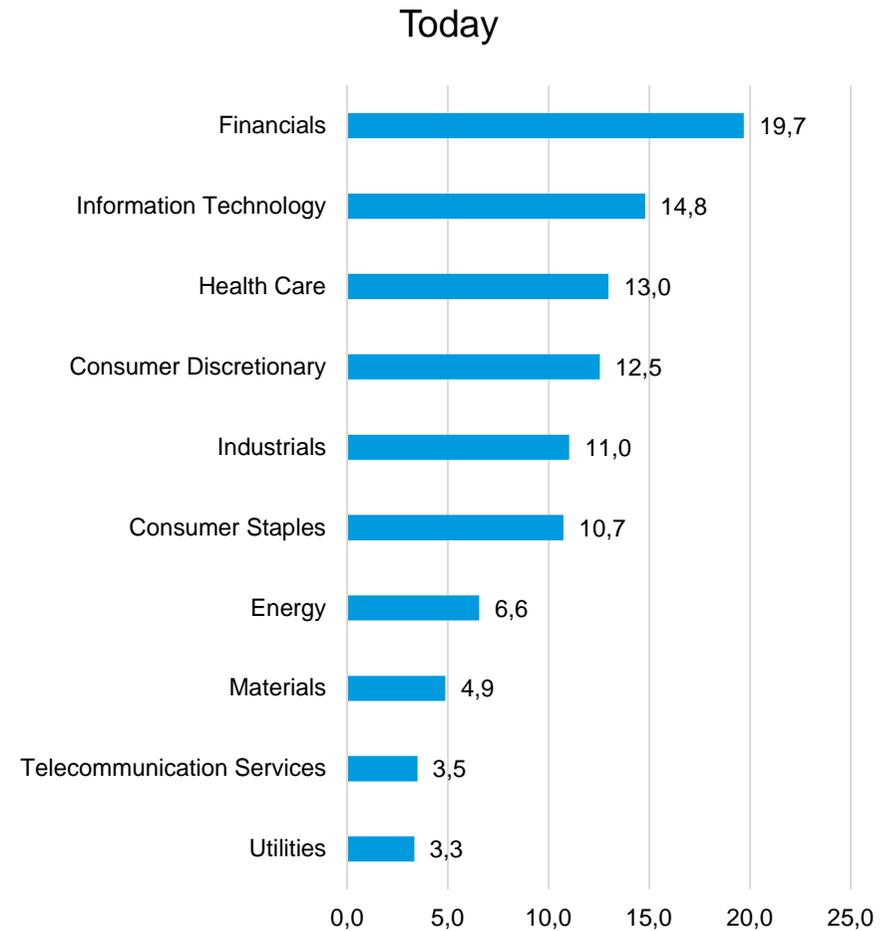
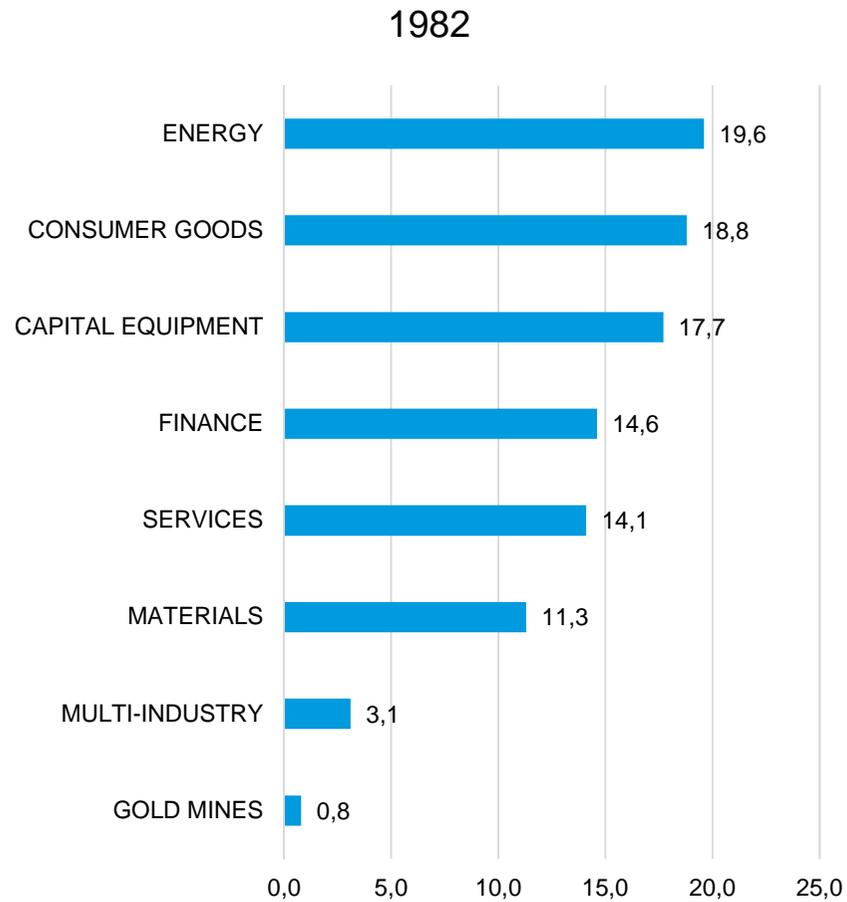
Share of total market cap in five largest countries **74%**



For illustration purposes only. Source: MSCI World

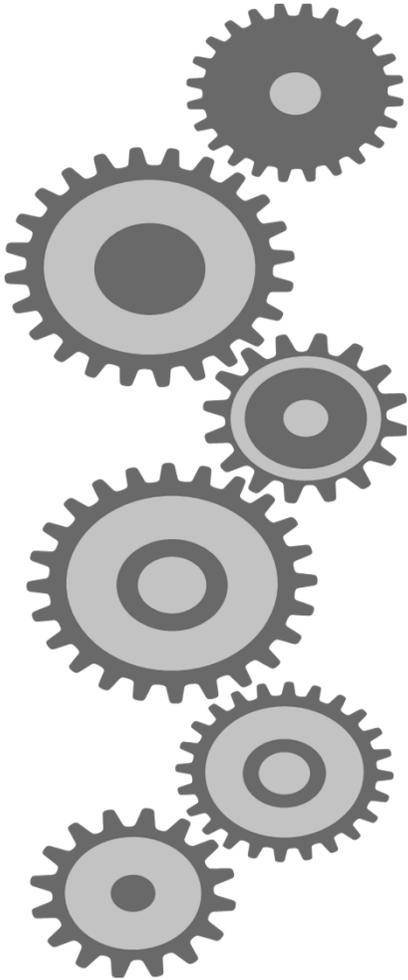
# Sectors have changed considerably

## Sector weightings, 1982 vs. Today



Left hand side chart is Capital International World Index, as at 31 March 1982. Right hand chart is MSCI World as at 31 July 2016.

# The features of a good benchmark



- **Investable** — ability to buy securities in the benchmark
- **Unambiguous and transparent** — names and weights of securities that constitute the benchmark should be clearly defined
- **Measurable** — return should be calculated regularly
- **Appropriate** — relevant to the investment strategy
- **Independent**
- **Stable** — methodology and constituents should not be constantly changing

# Benchmarks in fund management

- **Investors use benchmarks to:**
  - describe the investment opportunity set
  - monitor relative returns
  
- **Also to:**
  - set asset allocation strategies and model asset class returns
  - monitor risk
  - construct passive management strategies

# Today there are many types

- **Market cap indexes**
- **Strategy indexes**
  - Equal weight
  - Hedged
- **Factor indexes**
  - Value, high dividend, low volatility etc.
- **Thematic indexes**
  - Economic exposure
  - Cyclical and defensives
- **ESG indexes**
- **Peer Groups**

# The trend towards investing in an index

Passively managed assets have been gaining share

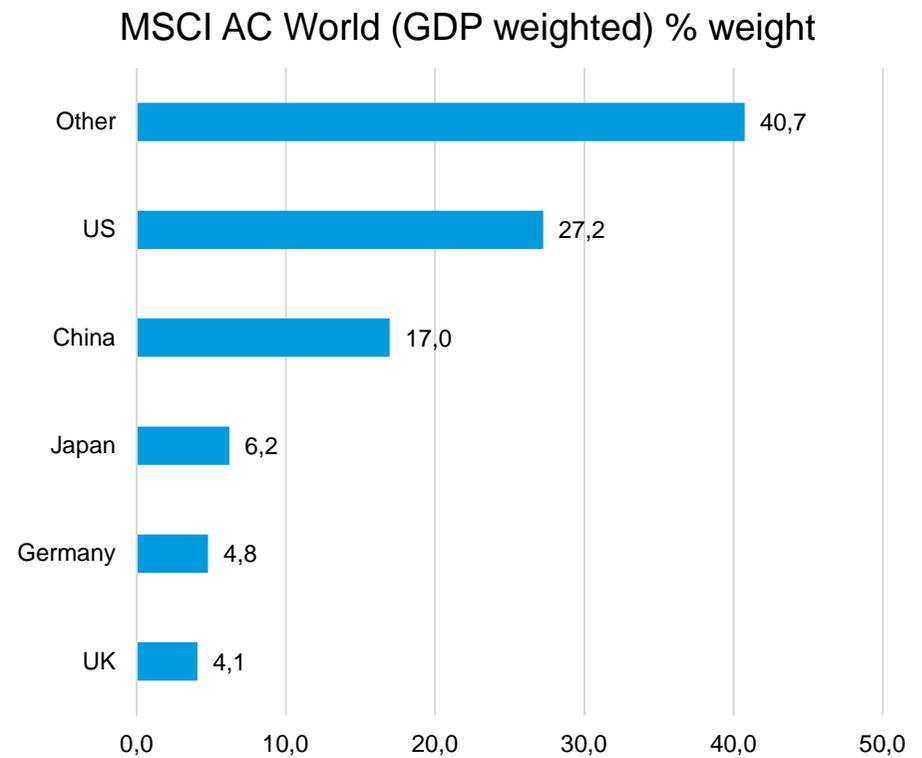
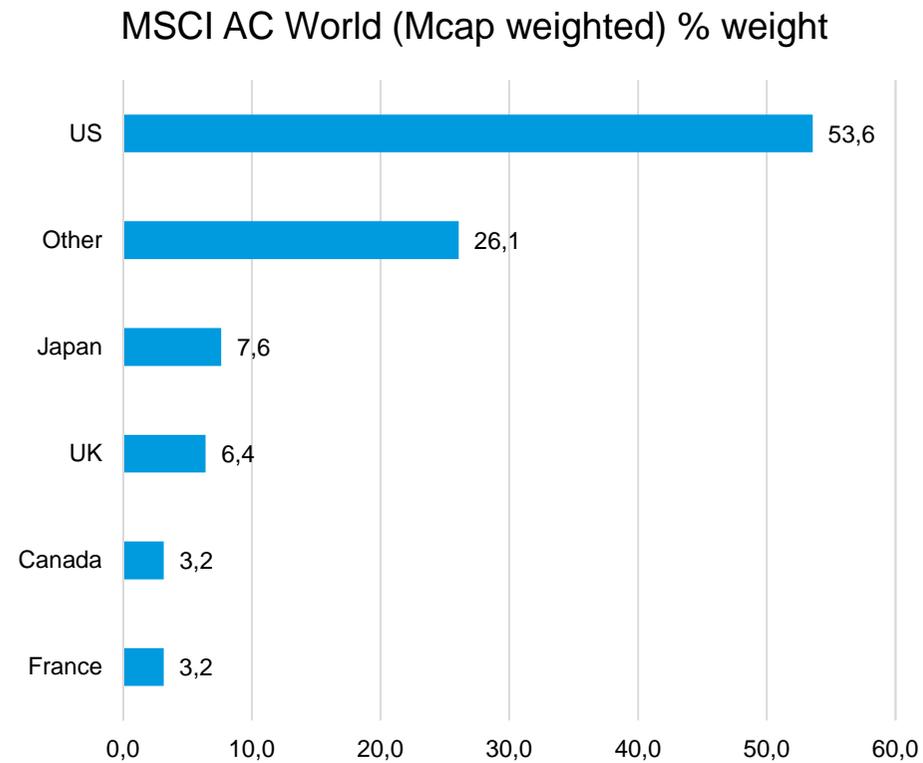


Source: Financial Times Online, Morningstar. Data as at 30 June 2016

# Benchmarks: Issues to be mindful of

# Different types of index

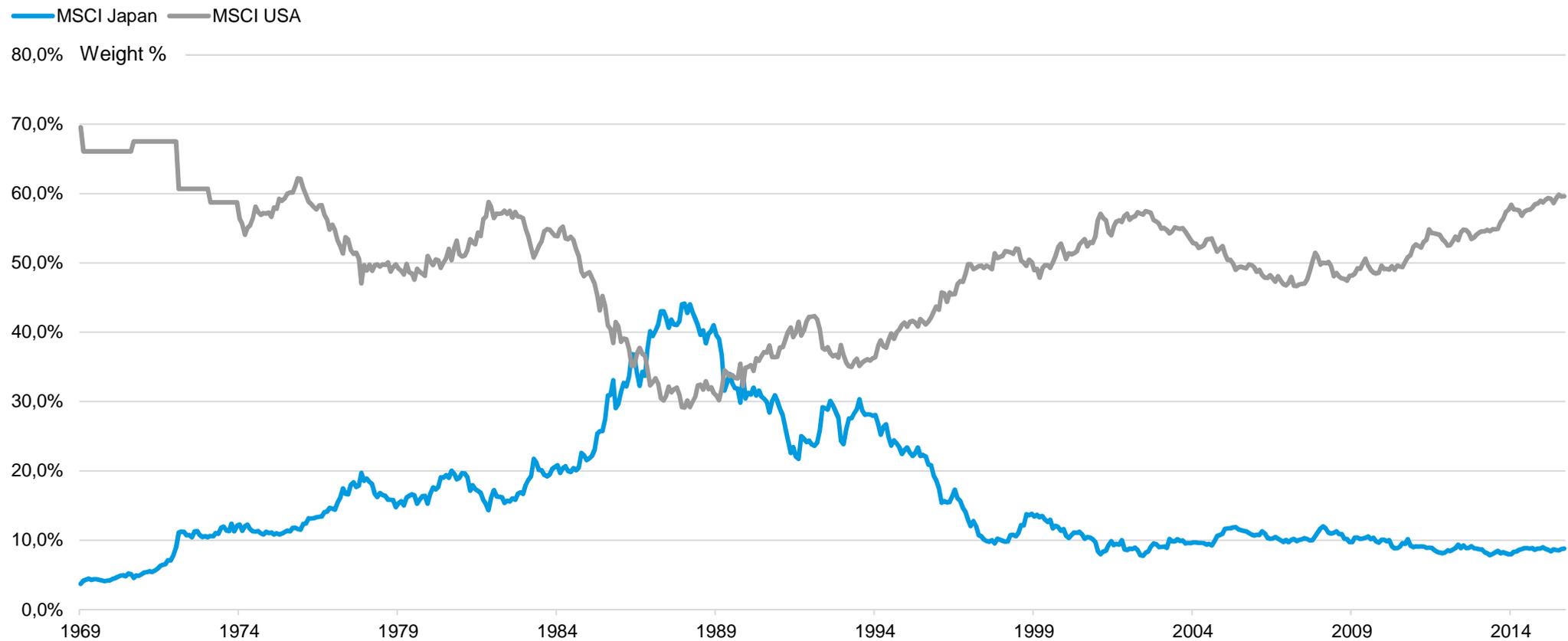
## Market capitalization weighted vs. GDP weighted example



**Over time, GDP data tends to have more stability than equity market prices.**

# Country weights can become inflated in speculative markets

## Japan and US equity weight in the MSCI World over time

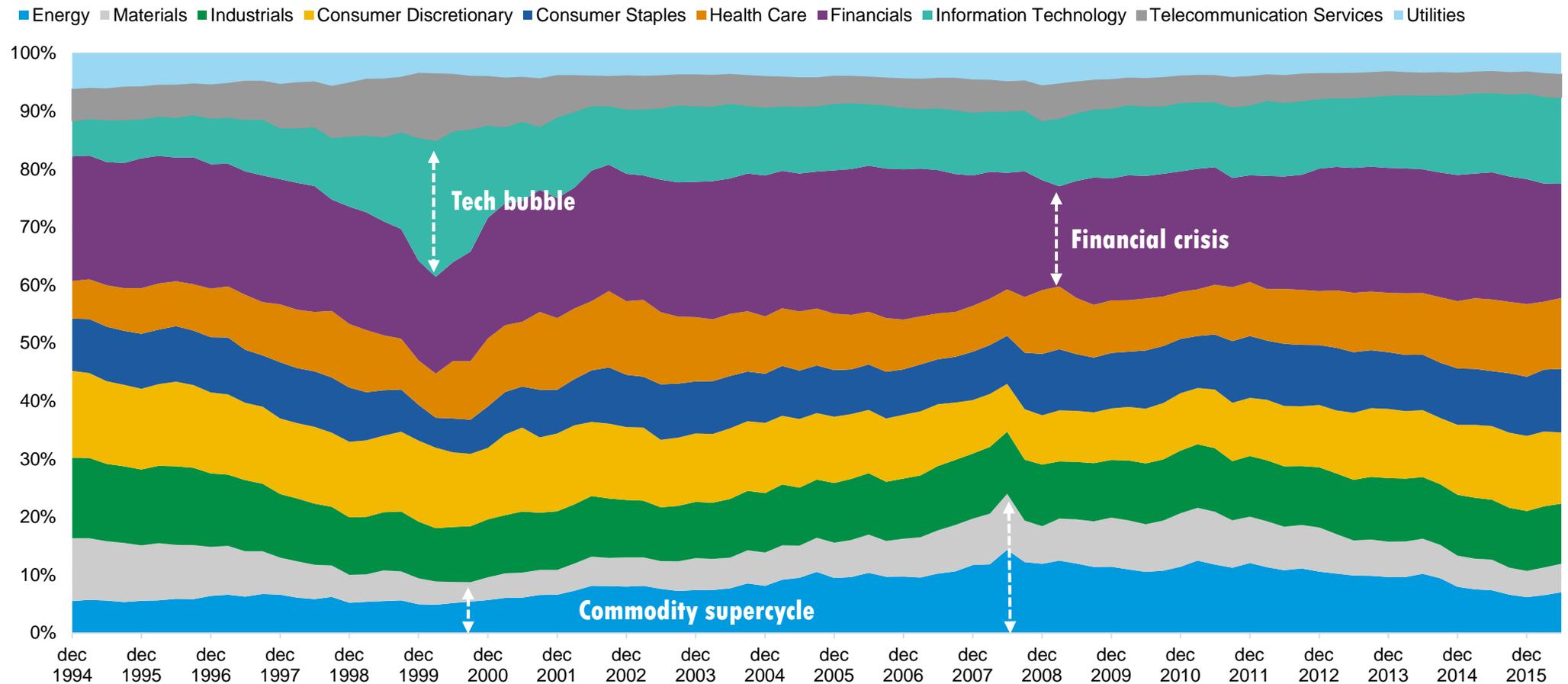


Revenue data as at 31 July 2016. Source: Datastream

This information has been provided solely for informational purposes and is not an offer, or solicitation of an offer, or a recommendation to buy or sell any security or instrument listed herein.

# Sector weights can become inflated in speculative markets

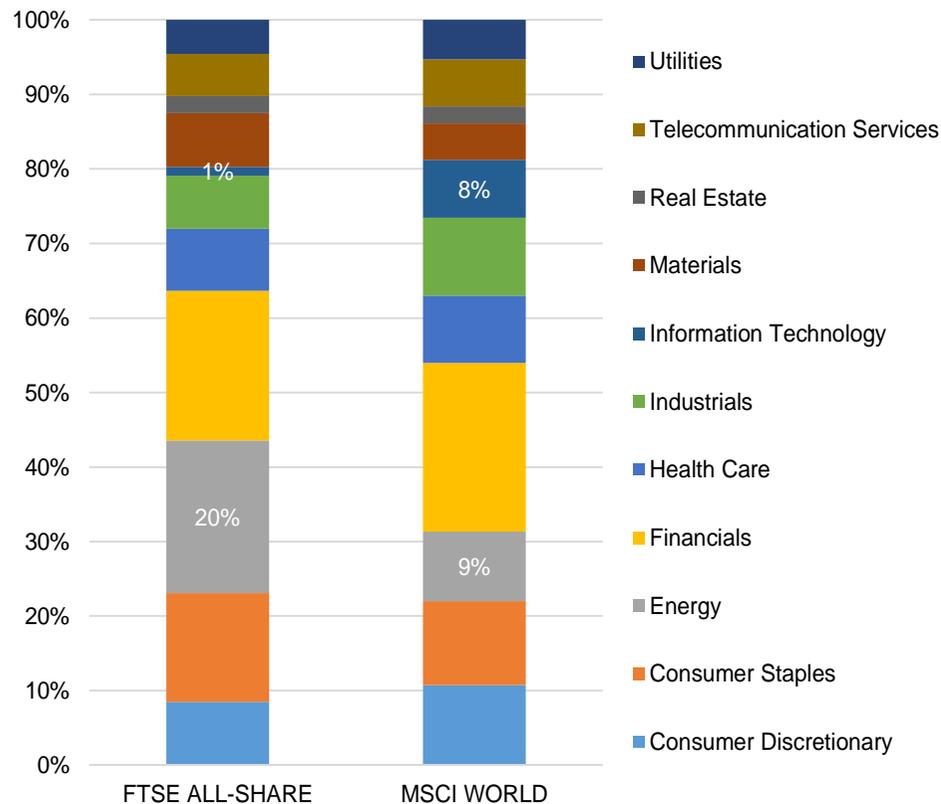
## MSCI ACWI by sector over time



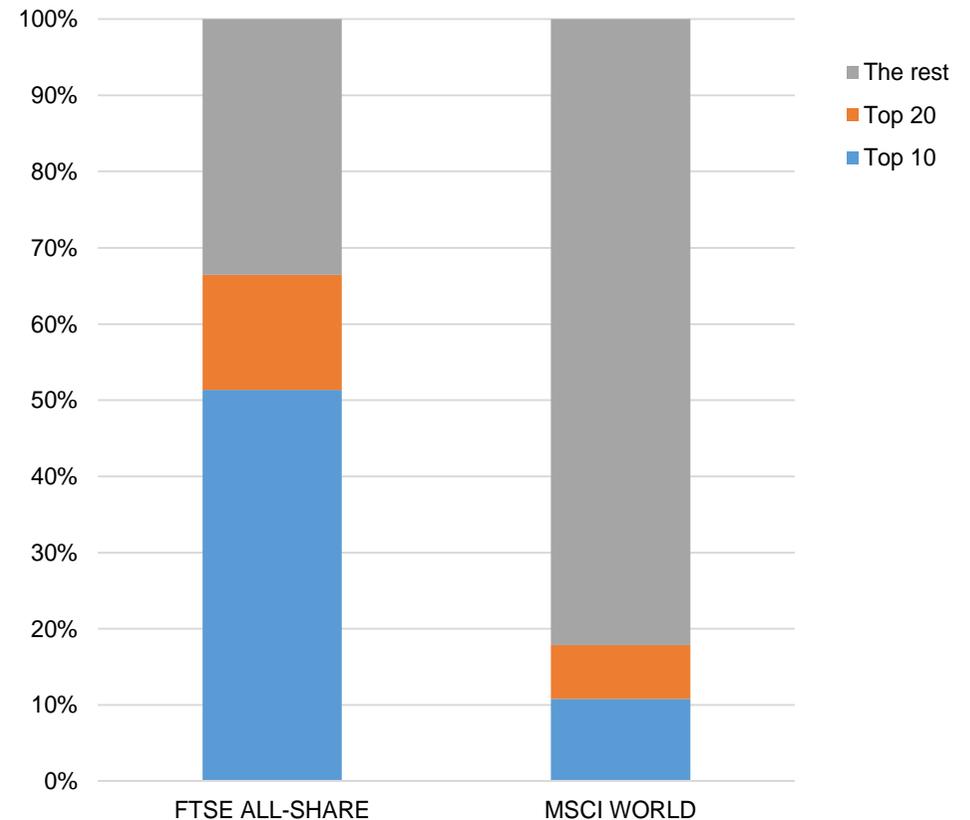
Data as at 30 June 2016  
Source: MSCI, Factset

# The problem with a narrow benchmark: income concentration

## Dividends paid by sector<sup>1</sup>



## Dividends concentrations<sup>1</sup>



Three companies; Shell, HSBC and BP account for approximately a third of dividends paid by UK companies<sup>2</sup>

1. Dividends shown are trailing 12 months

2. Royal Dutch Shell (15.6%), HSBC (9.7%) and BP (7.1%) account for a total of 32.4% of the total dividends paid in the last trailing 12 months for the FTSE All-Share

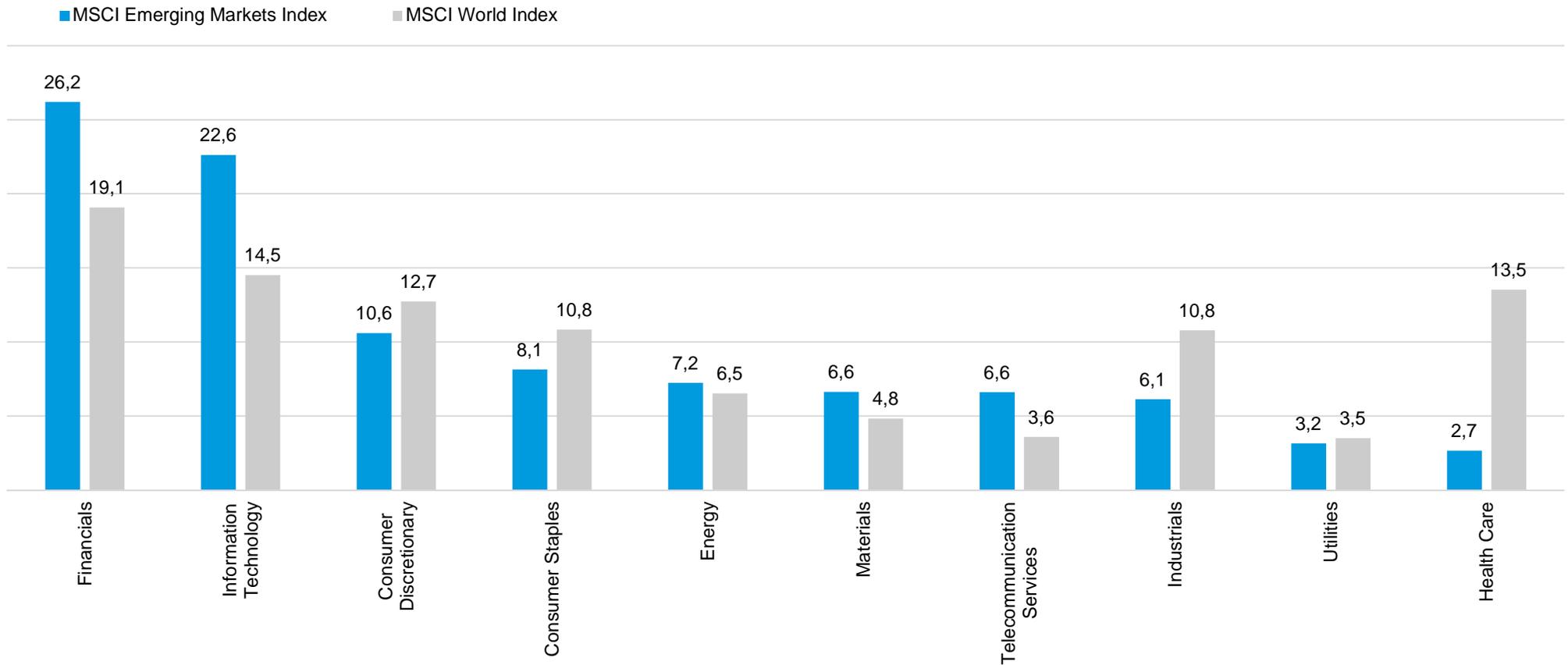
Data as at 31 August 2016

Source: FactSet, MSCI & Capital Group

# The problem with a narrow benchmark: sector concentration

The Emerging Markets Universe Is Concentrated

## Market capitalization by sector



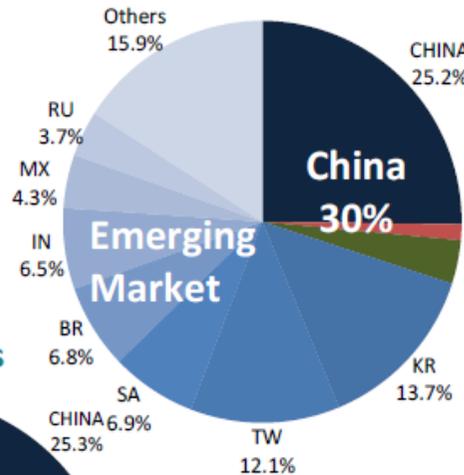
Data as at 31 July 2016

Source: Factset

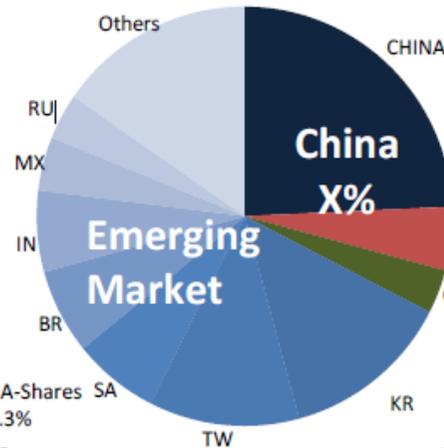
# The problem with a narrow benchmark: country concentration

A 5% inclusion of China A-Shares will translate into 1.3% of index weight in the MSCI EM

Potential Initial Step: Partial Inclusion (5%\*)



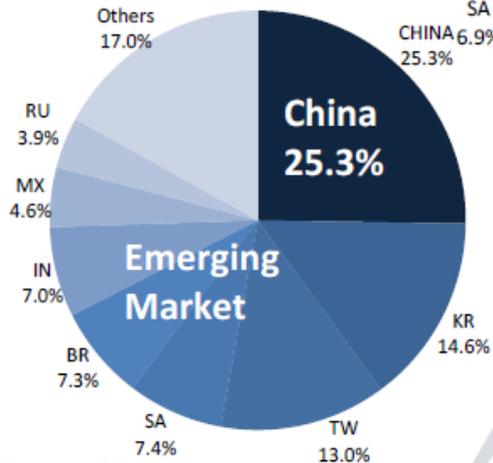
Potential Additional Steps: Partial Inclusion (>5%\*)



Potential Full Inclusion (100%\*)



Current Status



- Further improvements in quota allocation mechanism and size of overall quota
- Further relaxation on capital mobility and other market accessibility constraints

- Abolishment of the quota system
- Full liberalization of capital mobility restrictions
- Alignment of International accessibility standards

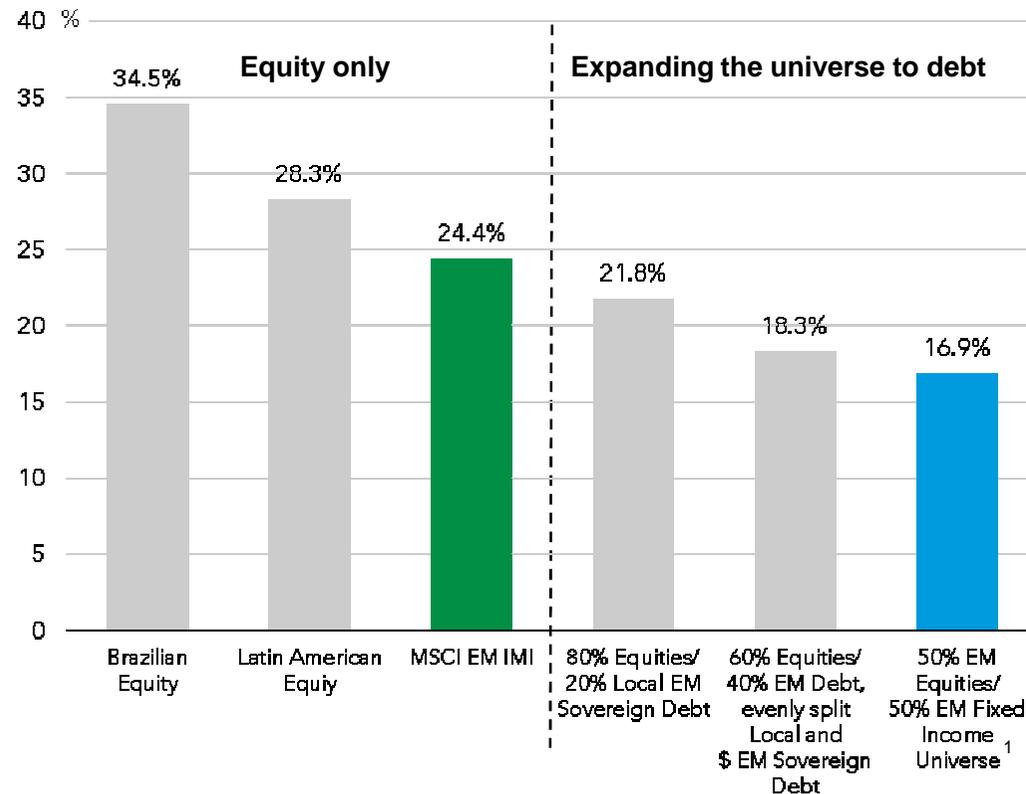
\* The percentage number refers to the Inclusion Factor applied to the free float-adjusted market capitalization of China A share constituents in the pro forma MSCI China Index. China A-share securities are subject to a foreign ownership limit of 30%

# Overseas listed China companies are will be included in Nov 2015 to May 2016 as announced earlier this year

# The problem with a narrow benchmark: volatility

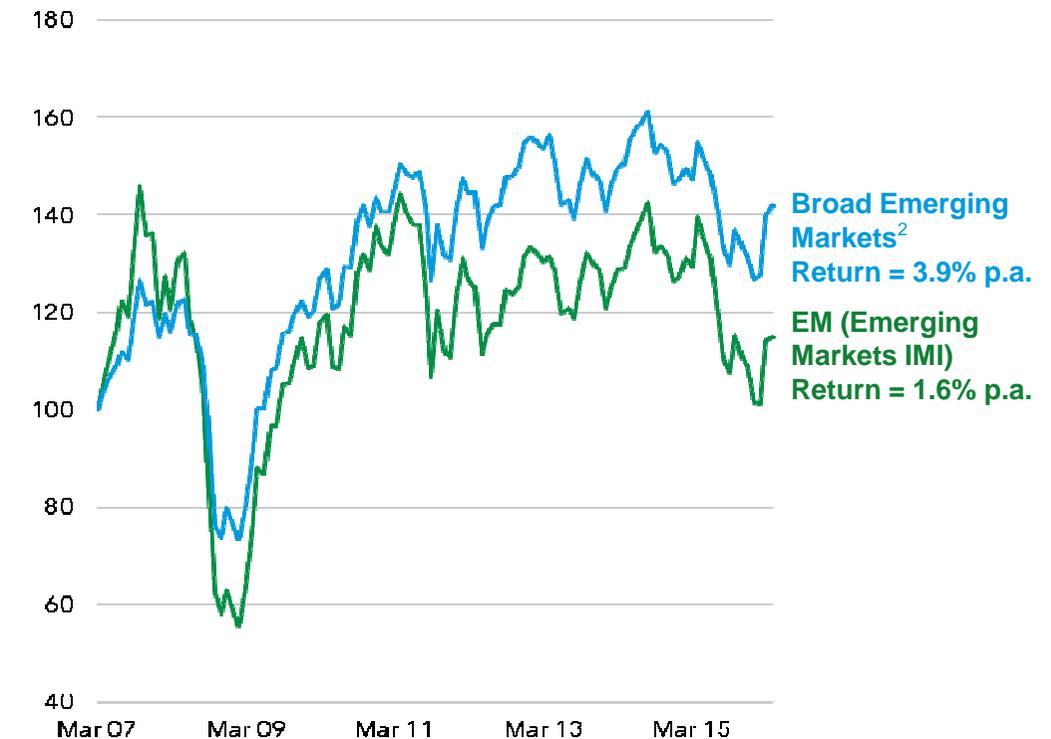
## Realised volatility: annualised standard deviation of monthly returns (US\$)

31 March 2007 – 30 April 2016



## Cumulative returns (US\$)

31 March 2007 – 30 April 2016



Past results are not a guarantee of future results. As at 30 April 2016. Index returns rebased to 31 March 2007. 'Brazilian Equity' reflects MSCI Brazil Index (net dividends reinvested). 'Latin American EQ' reflects MSCI EM Latin America Index (net dividends reinvested). MSCI EM Index / Equities reflect MSCI EM IMI (net dividends reinvested). 'Local EM Sovereign Debt' reflects JPMorgan GBI-EM Global Index. \$ EM Sovereign Debt reflects JPMorgan EMBI Global Index.

1. 'EM Fixed Income Universe' reflects 20% Local EM Sovereign Debt, 20% \$ EM Sovereign Debt, 5% \$ EM Corporate Debt ('\$ EM Corporate Debt' reflects JPMorgan CEMBI Broad Diversified Index), 5% EM FI Linkers ('EM FI Linkers' reflects Barclays EMTIL).

2. 'Broad Emerging Markets' reflects 50% Equities / 50% EM Fixed Income Universe, monthly rebalanced.

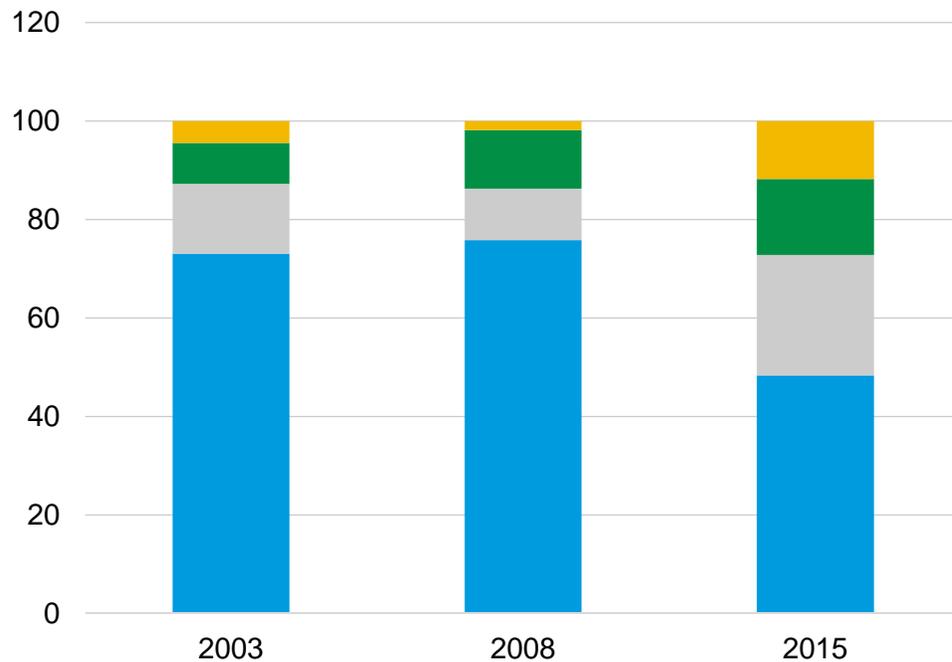
Sources: MSCI, JPMorgan, Barclays, RIMES, Capital Group

# Let's focus on revenues not domicile

## Geographical revenue breakdown of Heineken

% revenue

■ Europe ■ The Americas ■ Africa and the Middle East ■ Asia Pacific



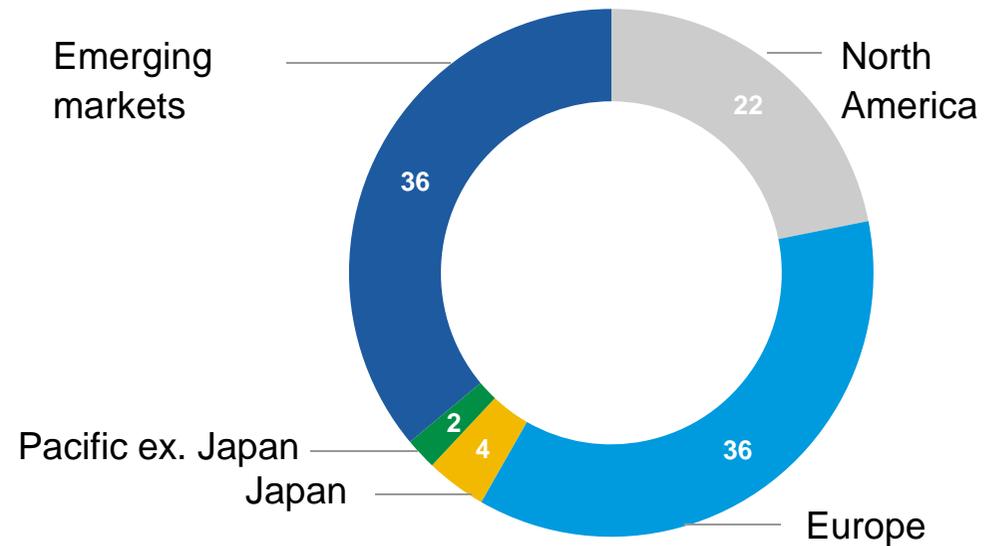
Past results are not a guarantee of future results

This information has been provided solely for informational purposes and is not an offer, or a solicitation of an offer, or a recommendation to buy or sell any security or instrument listed herein.

Source: Heineken annual reports, Heineken company website. Data as at 31 December 2014

## MSCI Netherlands revenue breakdown by region

% revenue



Past results are not a guarantee of future results

Data as at 31 December 2015

Source: MSCI.

# Dutch companies sources of revenue

5 largest Dutch companies	Domicile Revenue	1st	2nd	3rd
Royal Dutch Shell	 1.4%	 US (19.1%)	 China (13.4%)	 Germany (6.4%)
Unilever	 1.6%	 US (14.9%)	 China (14.6%)	 UK (6.2%)
ING Groep	 30.8%	 Belgium (17.3%)	 Germany (11.7%)	 US (9.4%)
ASML	 0.1%	 S. Korea (31.4%)	 Taiwan (24.7%)	 US (19.3%)
Unibail-Rodamco	 4.5%	 France (45.3%)	 Spain (9.7%)	 Austria (5.9%)

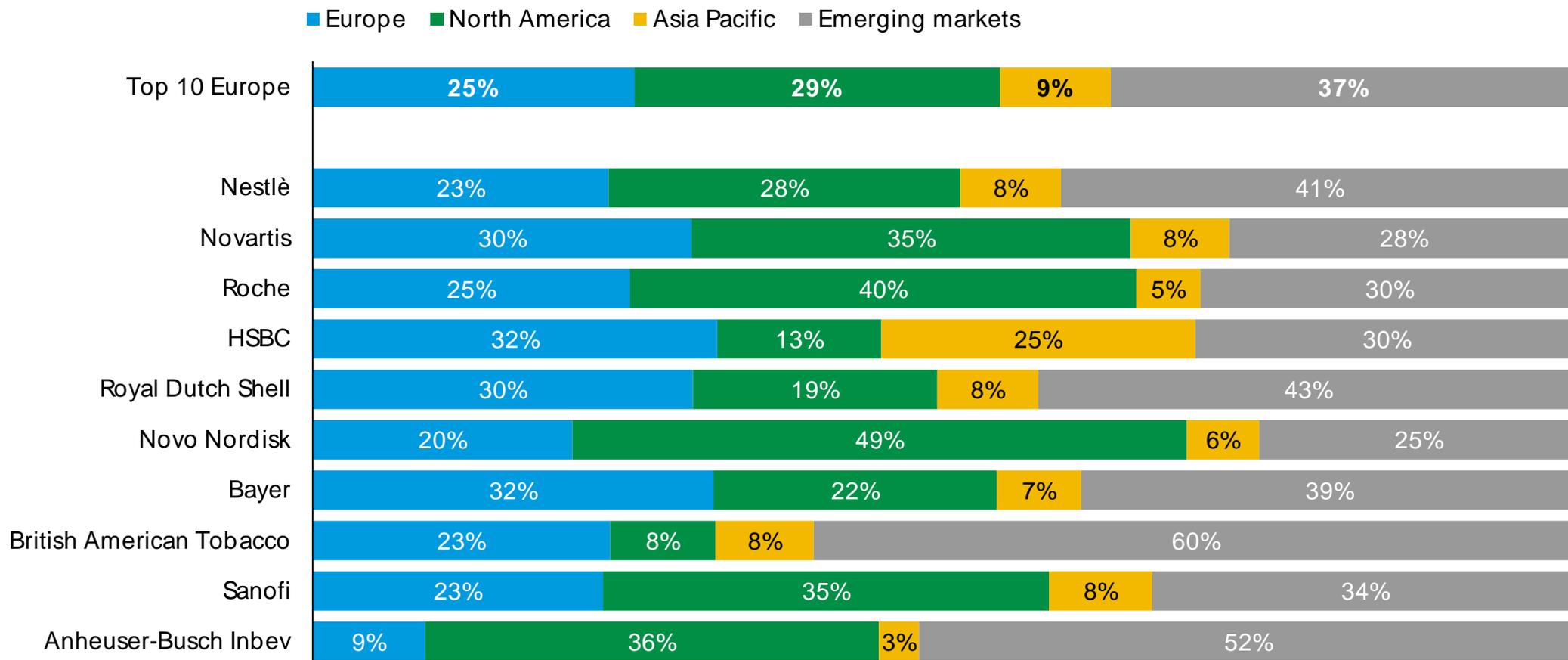
Latest data available. Data to 31 August 2016.

These companies are being used for illustration purposes only. The information has been provided solely for informational purposes and is not an offer, or a solicitation of an offer, or a recommendation to buy or sell any security or instrument listed herein. Revenue exposure using MSCI methodology.

Sources: FactSet, MSCI

# Investing in Europe means investing globally

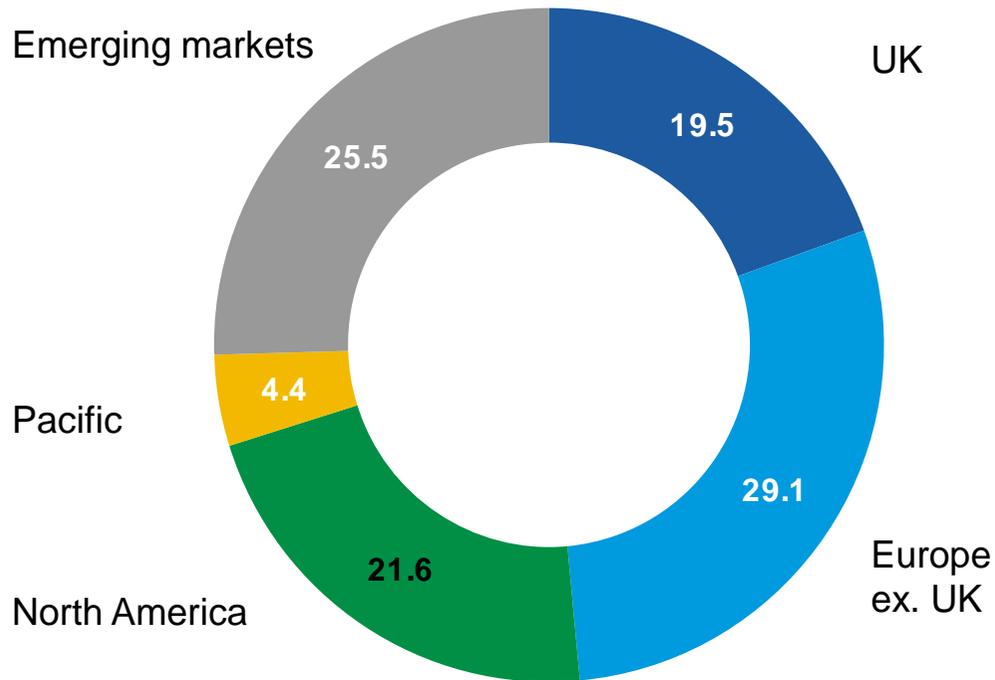
## Revenue exposure of top 10 companies in the MSCI Europe Index



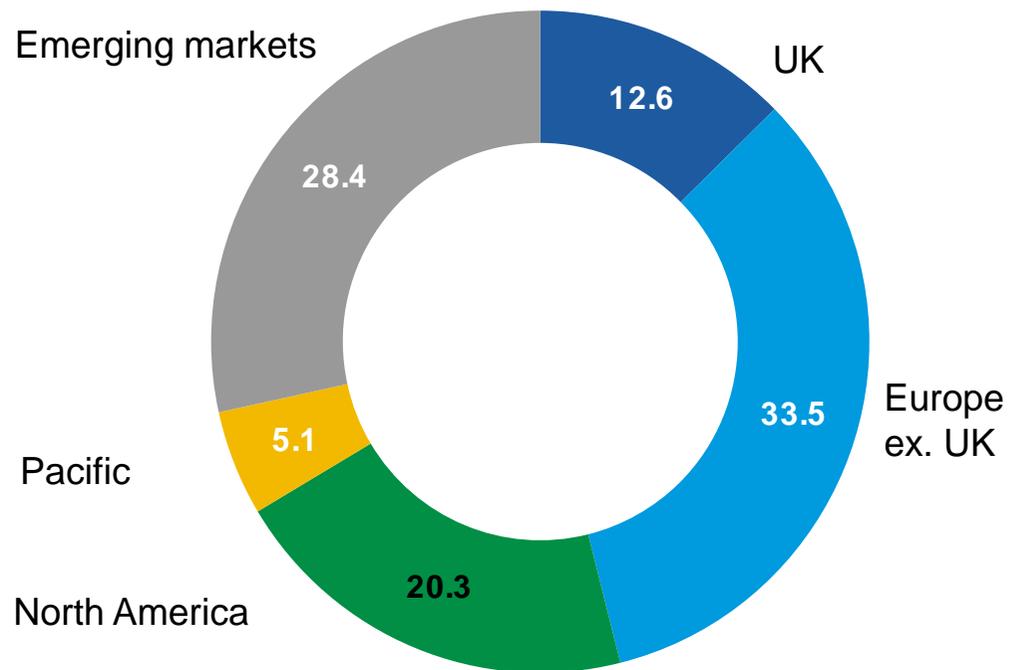
This information has been provided solely for informational purposes and is not an offer, or solicitation of an offer, or a recommendation to buy or sell any security or instrument listed herein. Revenue data as at 31 December 2015. Source: MSCI.

# New geography of investing

European Portfolio<sup>1</sup> revenue breakdown by region  
% revenue



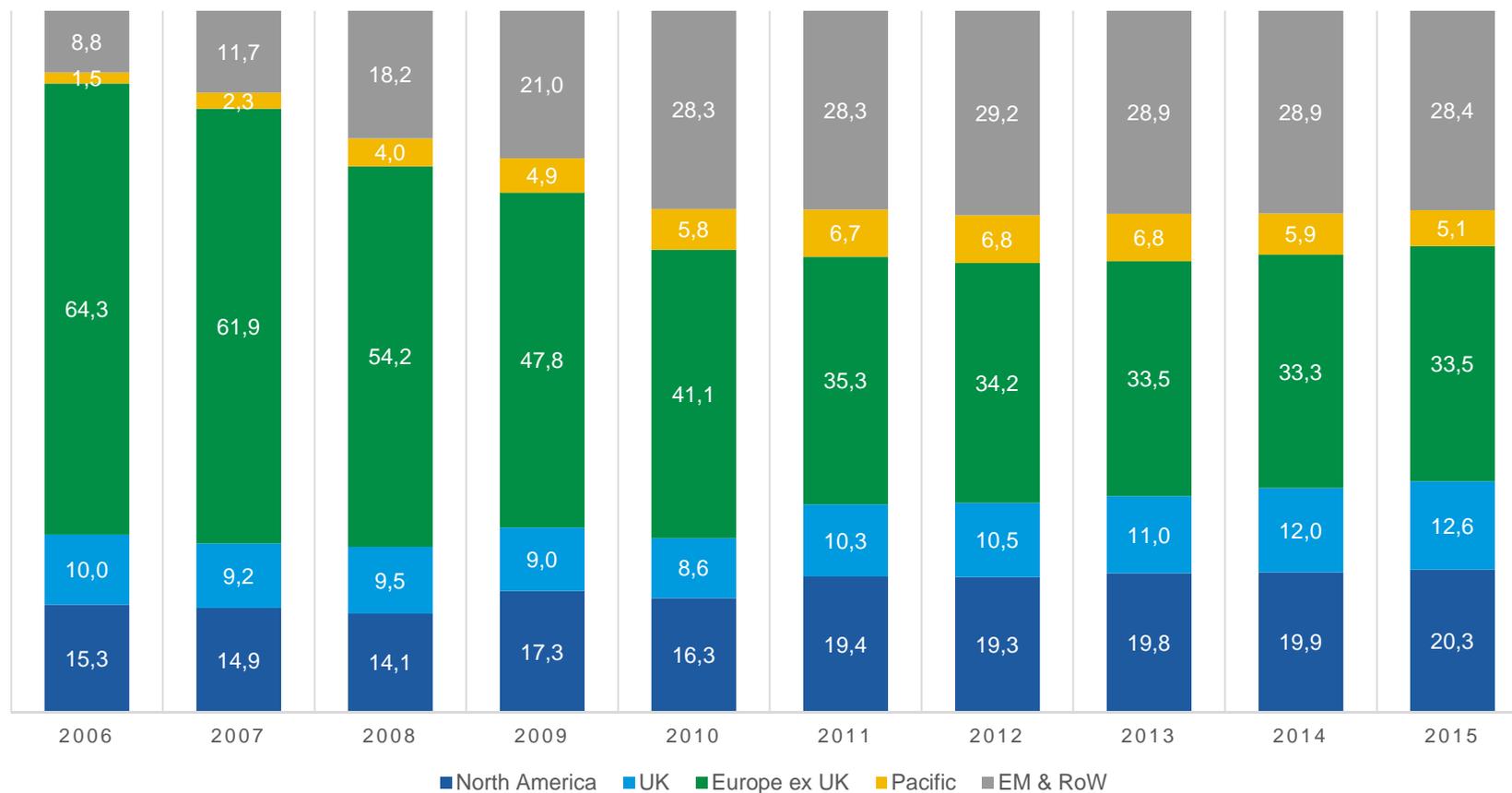
MSCI Europe Index revenue breakdown by region  
% revenue



1. Portfolio is the Capital Group European Growth and Income Fund (LUX) shown for representative purposes only. This information has been provided solely for informational purposes and is not an offer, or solicitation of an offer, or a recommendation to buy or sell any security or instrument listed herein. Revenues in US Dollar. Data as at 30 June 2016. Sources: MSCI, FactSet

# Implications of new geography

Focus on where a company generates its revenue, not where it is listed



Past results are not a guarantee of future results

Revenue data as at 31 December 2015. Source: MSCI

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# Conclusions

- **Good benchmarks have clear features;**
  - Investable
  - Transparent
  - Measurable
  - Independent
  - Stable
- **Benchmarks help to;**
  - Describe the opportunity set
  - Monitor investment results
- Geographic exposure defined by indices is less relevant

**We are increasingly focussing not on domicile but on revenues**

# Regulatory information

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1613098

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**2016**



De geschiedenis van de 'Index'  
Martyn Hole, Senior Vice President Capital Group

**Hartelijke dank voor uw aandacht**

A close-up photograph of several interlocking metal gears, rendered in shades of grey and blue, creating a sense of mechanical motion and industry.

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**2016**



**Het proces van benchmarking en diversificatie**  
**Christopher Palazzolo, Principal AQR Capital Management**





# Benchmarks, Tracking Error and Diversification in a Low Return World

**Christopher Palazzolo, CFA**  
Principal

September 2016

**AQR Capital Management, LLC**

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# Disclosures

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# Our Firm

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AQR is a global investment management firm built at the intersection of financial theory and practical application. We strive to deliver superior, long-term results for our clients by looking past market noise to identify and isolate what matters most, and by developing ideas that stand up to rigorous testing. Our focus on practical insights and analysis has made us leaders in alternative and traditional strategies since 1998.

## At a Glance

- AQR takes a systematic, research-driven approach to managing alternative and traditional strategies
- We apply quantitative tools to process fundamental information and manage risk
- Our clients include institutional investors, such as pension funds, insurance companies, endowments, foundations and sovereign wealth funds, as well as financial advisors
- The firm has 26 principals and 693 employees; nearly half of employees hold advanced degrees
- AQR is based in Greenwich, Connecticut, with offices in Boston, Chicago, Hong Kong, Los Angeles, London and Sydney
- Approximately \$159.2 billion in assets under management as of June 30, 2016\*



\* Approximate as of 6/30/2016, includes assets managed by CNH Partners, an affiliate of AQR.

# AQR in Europe

## AQR Europe at a Glance

- Dedicated staff of 24 professionals, including three Principals, with staff on the research side as well as a group of senior client relations professionals serving our growing client base
- Well diversified client base including pension funds, insurance companies, foundations, sovereign wealth funds and wealth managers
- ~\$21 billion in European assets under management as of June 30, 2016\*
- A range of European-friendly vehicles, including European-domiciled funds and a growing platform of UCITS funds\*\*
- Affiliated Managers Group (AMG) holds a non-controlling minority interest (less than 30%) in AQR. AQR and AMG collaborate in efforts to expand AQR's presence in foreign markets across Europe, the Middle East and Asia



European Thought Leaders



2013 & 2014 Asset Manager Winner  
Alternative Investments (overall)



Smart Beta Manager of the Year



\* Approximate as of 6/30/2016, includes assets managed by CNH Partners, an affiliate of AQR.

\*\*For more information on AQR's UCITS funds, please refer to our website at: [www.aqrucits.com](http://www.aqrucits.com)

For more information on our awards and the selection methodology, please visit <http://www.funds-europe.com/awards/awards-2013/business-awards> (Funds Europe), <http://www.ai-cio.com/cioevents/methodology.aspx?id=2147490643> (CIO), <https://www.eiseverywhere.com/ehome/awardspipa2014/176371/> (PIPA), <http://am.efnevents.com/shortlist/> (Financial News), <http://www.iieuropeawards.com/methodology.php> (Institutional Investor).

# Are We in a Low Return Environment?

It Depends on Your Perspective

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# Are We in a Low Return Environment?

It Depends on Your Perspective

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Are you concerned with what has occurred...



# Are We in a Low Return Environment?

It Depends on Your Perspective

---

Are you concerned with what has occurred...



...or what may occur in the future?



# Are We in a Low Return Environment?

It Depends on Your Perspective

---

Are you concerned with what has occurred...



...or what may occur in the future?



- Investment returns have been strong in recent years and decades

# Are We in a Low Return Environment?

It Depends on Your Perspective

---

Are you concerned with what has occurred...



- Investment returns have been strong in recent years and decades

...or what may occur in the future?



... but those windfall gains came with falling yields  
– we have “borrowed from future returns”

# Are We in a Low Return Environment?

## It Depends on Your Perspective

---

Are you concerned with what has occurred...



- Investment returns have been strong in recent years and decades
- Earnings have been better than expected...

...or what may occur in the future?



... but those windfall gains came with falling yields  
– we have “borrowed from future returns”

# Are We in a Low Return Environment?

## It Depends on Your Perspective

---

Are you concerned with what has occurred...



- Investment returns have been strong in recent years and decades
- Earnings have been better than expected...

...or what may occur in the future?



... but those windfall gains came with falling yields – we have “borrowed from future returns”

...expectations are muted; earnings have declined for five straight quarters



# Are We in a Low Return Environment?

## It Depends on Your Perspective

Are you concerned with what has occurred...



- Investment returns have been strong in recent years and decades
- Earnings have been better than expected...
- Inflation is low and appears stable....

...or what may occur in the future?



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- ...yields are even lower, monetary stimulus may have created heightened inflation risks
- ... evidence for illiquidity premium is mixed; such investments may have high sensitivity to rates
- ...people are living longer, cost of living may be increasing

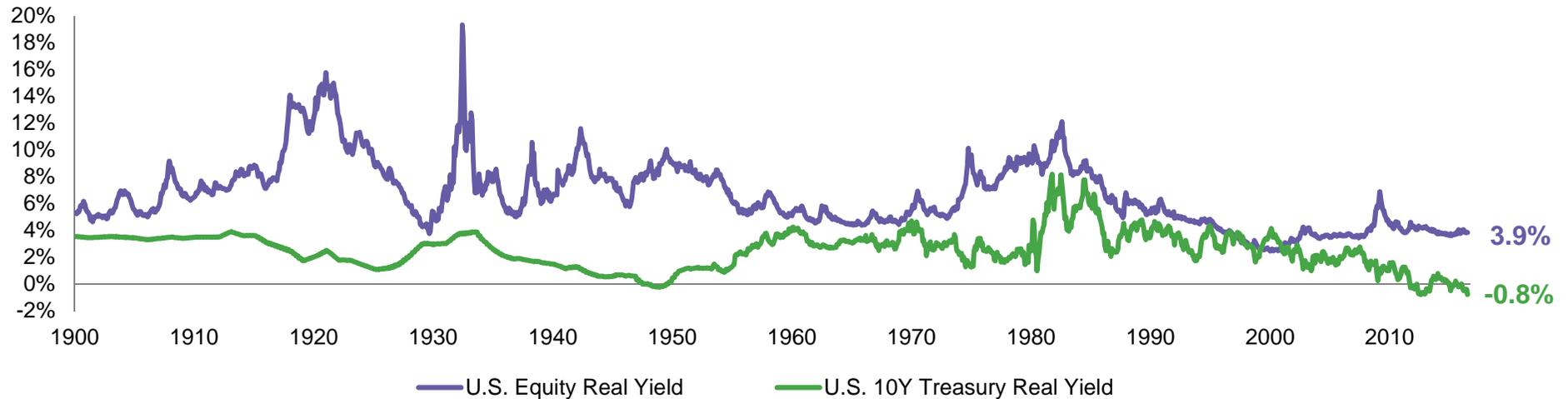


# A World of Low Expected Returns

## Prospective Real Returns Are Low For Both Stocks and Bonds

### Expected Real Return of U.S. Stocks and Bonds

January 1900–June 2016



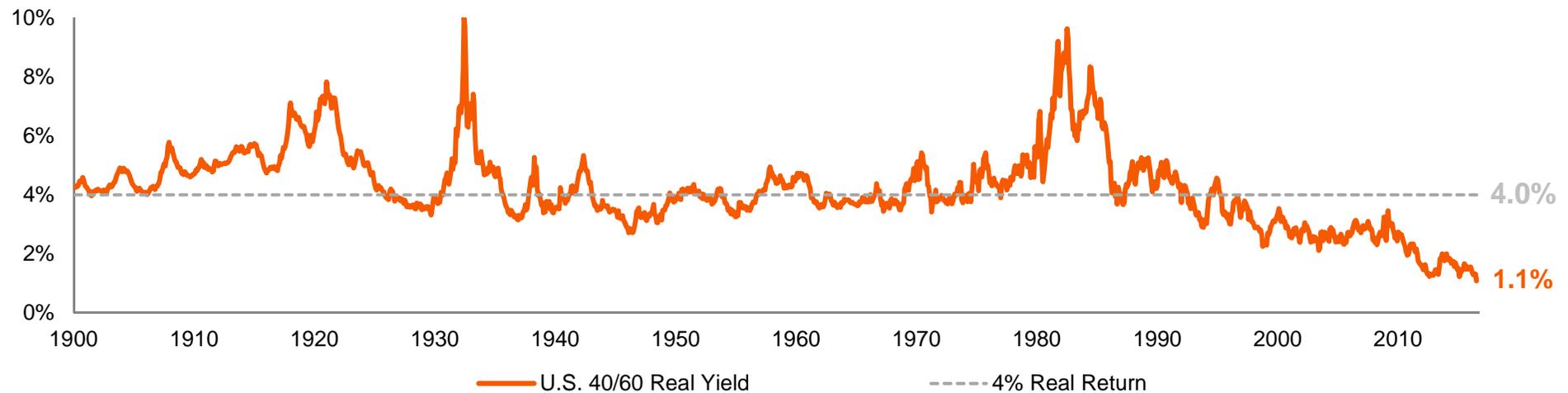
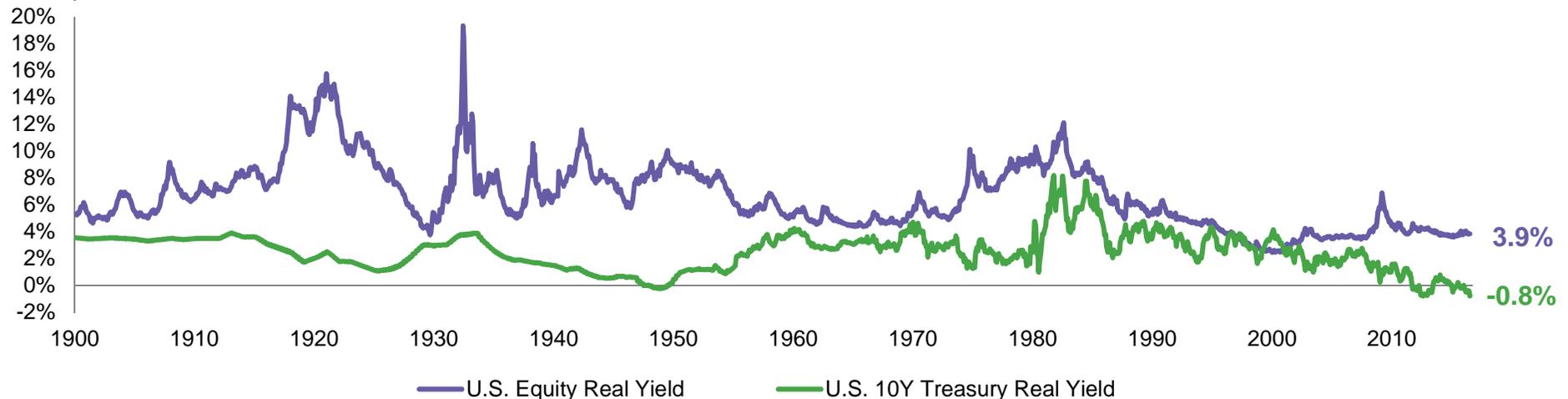
Sources: AQR, Robert Shiller's web site, Kozicki-Tinsley (2006), Federal Reserve Bank of Philadelphia, Blue Chip Economic Indicators, Consensus Economics, Morningstar. Prior to 1926, stocks are represented by a reconstruction of the S&P 500 available on Robert Shiller's web site which uses dividends and earnings data from Cowles and associates, interpolated from annual data. After that, stocks are the S&P 500. Bonds are represented by long-dated Treasuries. The 40/60 Expected Real Yield is represented by Stocks/Bonds. The equity yield is a 50/50 mix of two measures: 50% Shiller E/P \* 1.075 and 50% Dividend/Price + 1.5%. Scalars are used to account for long term real Earnings Per Share (EPS) Growth. Bond yield is 10 year real Treasury Yield over 10 year inflation forecast as in *Expected Returns* (Ilmanen, 2011), with no rolldown added. Chart is for illustrative purposes only. Past performance is not a guarantee of future performance. Please read important disclosures in the Appendix.

# A World of Low Expected Returns

## Prospective Real Returns Are Low For Both Stocks and Bonds

### Expected Real Return of U.S. Stocks, Bonds and a 40/60 Stock/Bond Portfolio

January 1900–June 2016



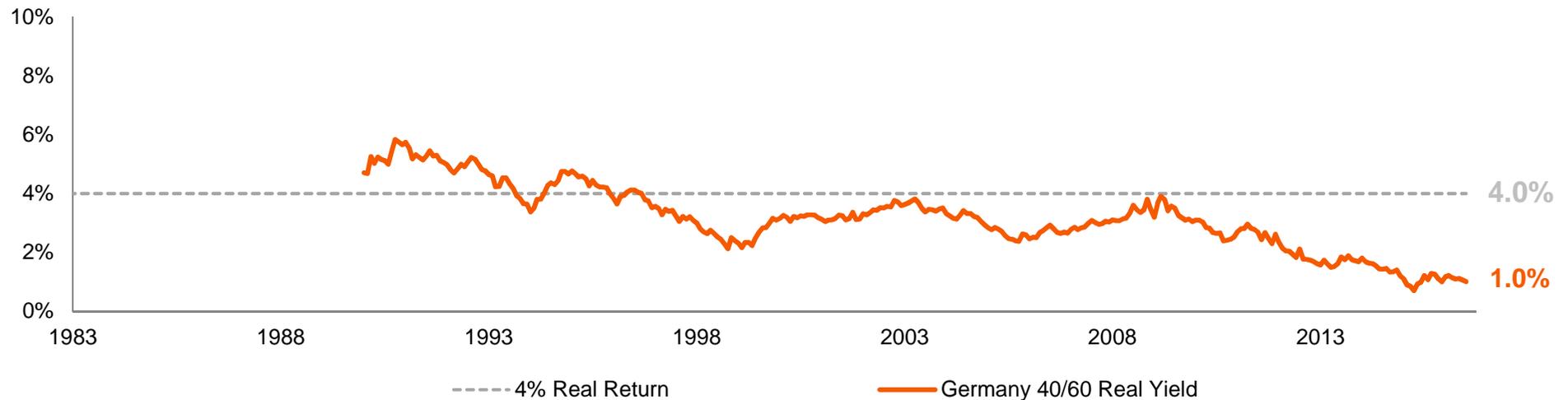
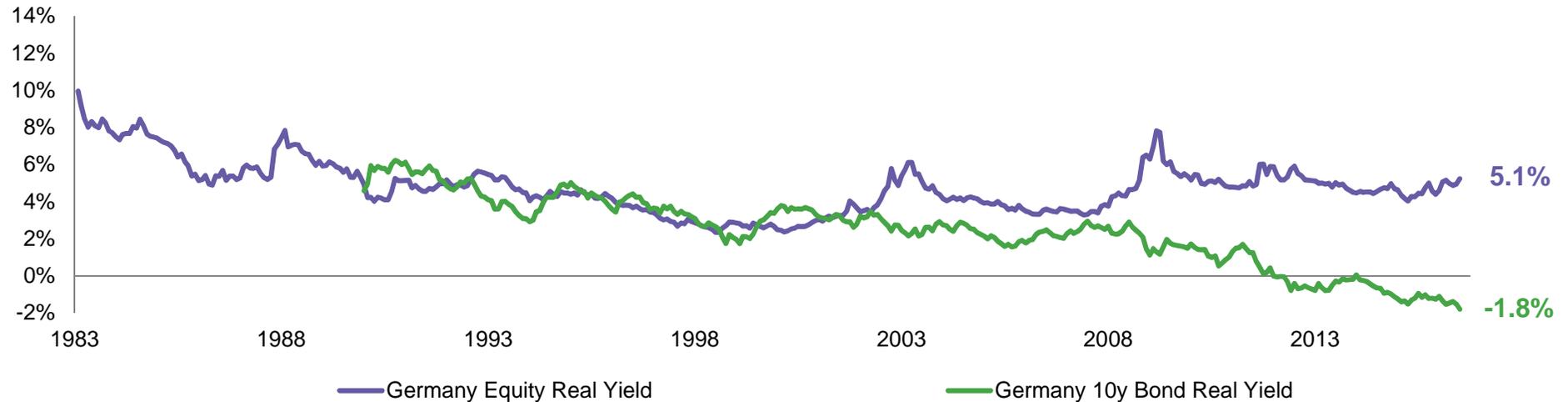
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# Is Europe Any Different?

## Equity Yields Somewhat Higher, Bond Yields Even Lower

### Expected Real Return of Germany Stocks, Bonds and a 40/60 Stock/Bond Portfolio

January 1983–June 2016



Sources: AQR, Robert Shiller's web site, Kozicki-Tinsley (2006), Federal Reserve Bank of Philadelphia, Blue Chip Economic Indicators, Consensus Economics, Morningstar. Germany stocks are based on the DAX Index. Bonds are represented by long-dated Treasuries. The 40/60 Expected Real Yield is represented by Stocks/Bonds. The equity yield is a 50/50 mix of two measures: 50% Shiller E/P \* 1.075 and 50% Dividend/Price + 1.5%. Scalars are used to account for long term real Earnings Per Share (EPS) Growth. Bond yield is 10 year real Treasury Yield over 10 year inflation forecast as in *Expected Returns* (Ilmanen, 2011), with no rolldown added. Chart is for illustrative purposes only. Past performance is not a guarantee of future performance. Please read important disclosures in the Appendix.

# Detour: How To Estimate Equities' Expected Real Returns?

## One Way Is To Start From Market "Yields"

We believe useful 5-10 year equity market expectations can be built using some basic measures

We average two measures:

- inverted Shiller P/E ratio (using past-decade earnings; also adjust for earnings growth)
- sum of dividend yield and real trend growth in DPS or EPS (proxied by forecast long-term real GDP-per-capita growth)

	<b>Shiller-Based</b>	<b>Dividend Discount Model-Based</b>		<b>Combination</b>	
	<b>Adj. Shiller Earnings Yield</b>	<b>Dividend Yield</b>	<b>+</b>	<b>Earnings Growth Estimate</b>	<b>Real Equity Yield</b>
U.S.	4.6%	2.1%	+	1.5%	<b>4.1%</b>
Germany	5.5%	3.1%	+	1.6%	<b>5.1%</b>
Netherlands	6.7%	2.9%	+	1.4%	<b>5.5%</b>
U.K.	7.1%	4.1%	+	1.5%	<b>6.4%</b>
Japan	5.2%	2.4%	+	1.3%	<b>4.5%</b>
Emerging Mkts	7.5%	2.7%	+	2.0%	<b>6.1%</b>

Source: AQR, Robert Shiller's website, Consensus Economics. Data as of 6/30/2016. Data description: The real equity yield is an average of two approaches – the Shiller earnings yield (using 10- year earnings) scaled by 1.075 (embedding an annual real EPS growth of 1.5%), and the sum of dividend yield plus an estimate of long-term real growth of earnings-per-share. Country estimates are based on respective large-cap indices; "Emerging Mkts" is based on the MSCI Emerging Markets index. Past performance is not a guarantee of future results. Please read important disclosures in the Appendix.



# How Does Today Stack Up to History?

In the Past, Returns Following Similar Valuations Have Been Poor

## Realized Real Returns by Starting Shiller P/E for U.S. Equities

January 1926–June 2016

Decile	Starting P/E		Average Realized 10 Yr Return	Worst Realized 10 Yr Return	Best Realized 10 Yr Return
	Low	High			
1	5.2	9.7	9.9%	4.5%	19.1%
2	9.7	11.0	10.5%	2.8%	18.6%
3	11.0	12.1	10.3%	1.5%	16.3%
4	12.1	13.9	9.6%	-1.0%	15.0%
5	13.9	16.1	7.6%	-3.5%	15.7%
6	16.1	17.8	5.5%	-5.8%	15.1%
7	17.8	19.8	4.6%	-5.9%	14.4%
8	19.8	22.0	2.6%	-4.8%	8.7%
<b>9</b>	<b>22.0</b>	<b>26.5</b>	<b>1.0%</b>	<b>-5.8%</b>	<b>6.8%</b>
10	26.5	46.1	0.2%	-6.7%	5.3%



Source: AQR, Robert Shiller's Data Library, Ibbotson Associates, Bloomberg, Datastream, through June 30, 2016. The universe of stocks represented is the S&P 500. Realized 10-year returns are subsequent 10-year geometric averages. For illustrative purposes only. Please read important disclosures in the Appendix. Past performance is not a guarantee of future performance.

# When and How Will Low Yields Normalize?

## Is It Payback Time?

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All assets appear rich today versus their histories

Past windfall gains mean that we have “borrowed from future returns”

Is it payback time?

Yes, in the sense that expected returns are low – we just do not know how they will materialize

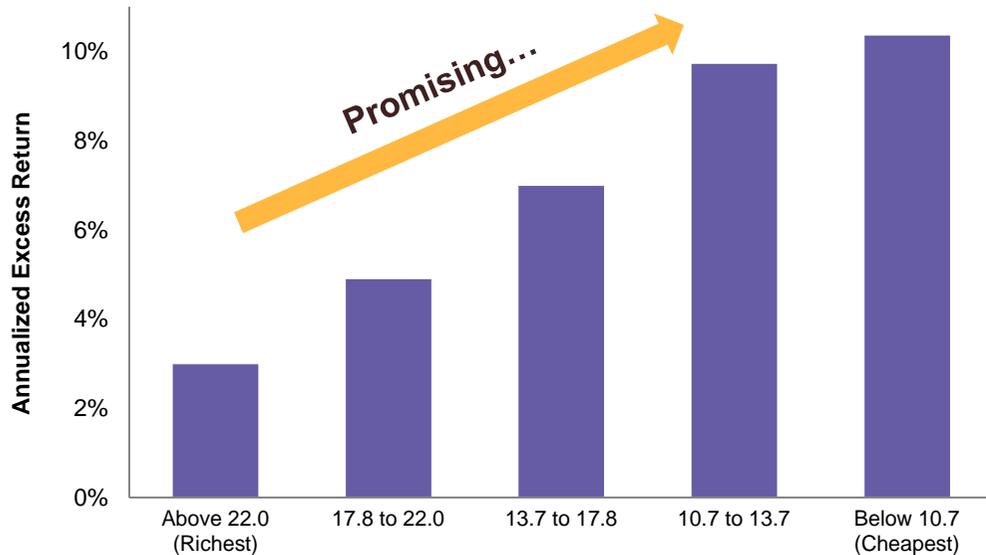


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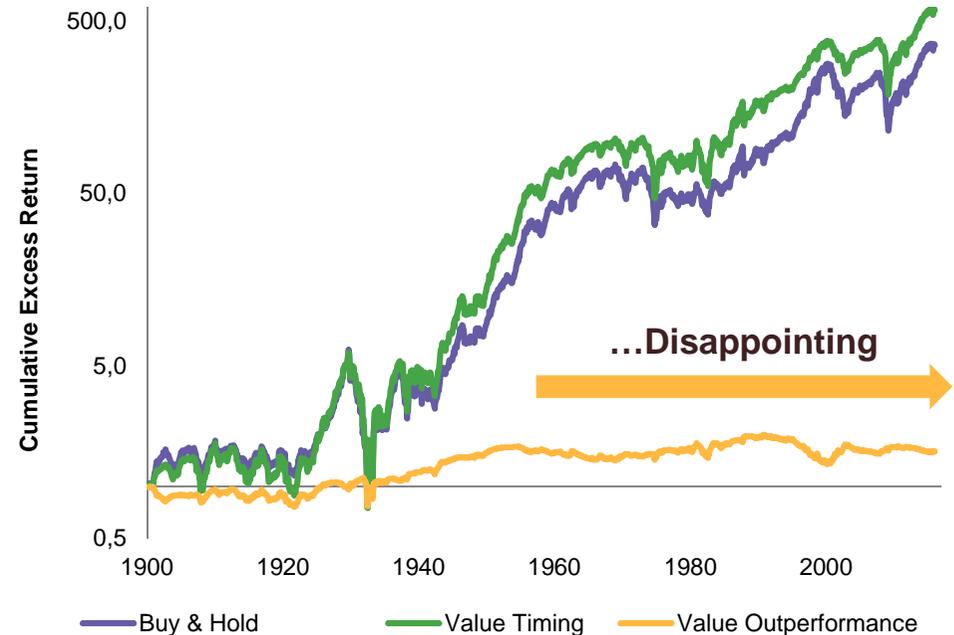
# Market Timing is Probably Not the Answer

## Contrarian Timing Signals Have Not Been Profitable in Our Lifetime

**U.S. Equity 10-Year Returns Sorted by Starting CAPE Valuation\***  
1900–2015



**Cumulative Excess Return of Hypothetical U.S. Equity Timing Strategy based on CAPE\***  
1900–2015



- Simple quintile analysis implies hindsight bias
- E/P generally trended lower since 1950s, causing a contrarian investor to be underinvested on average
- Real-world timing signals are at best coarse and they risk being “early = wrong”



Sources: AQR, Robert Shiller's website, U.S. equity market returns from Global Financial Data (GFD), Ibbotson/Morningstar and Datastream. Cyclically Adjusted Price/Earnings ratio from Robert Shiller. Realized equity return calculations from AQR. \*Hypothetical U.S. equity timing strategy rebalances monthly, applying a tactical weight of between 50% and 150% depending on latest Shiller E/P vs. a rolling 60-year sample. Returns are gross of transaction costs and fees. For further details see <https://www.aqr.com/cliffs-perspective/sin-a-little>.

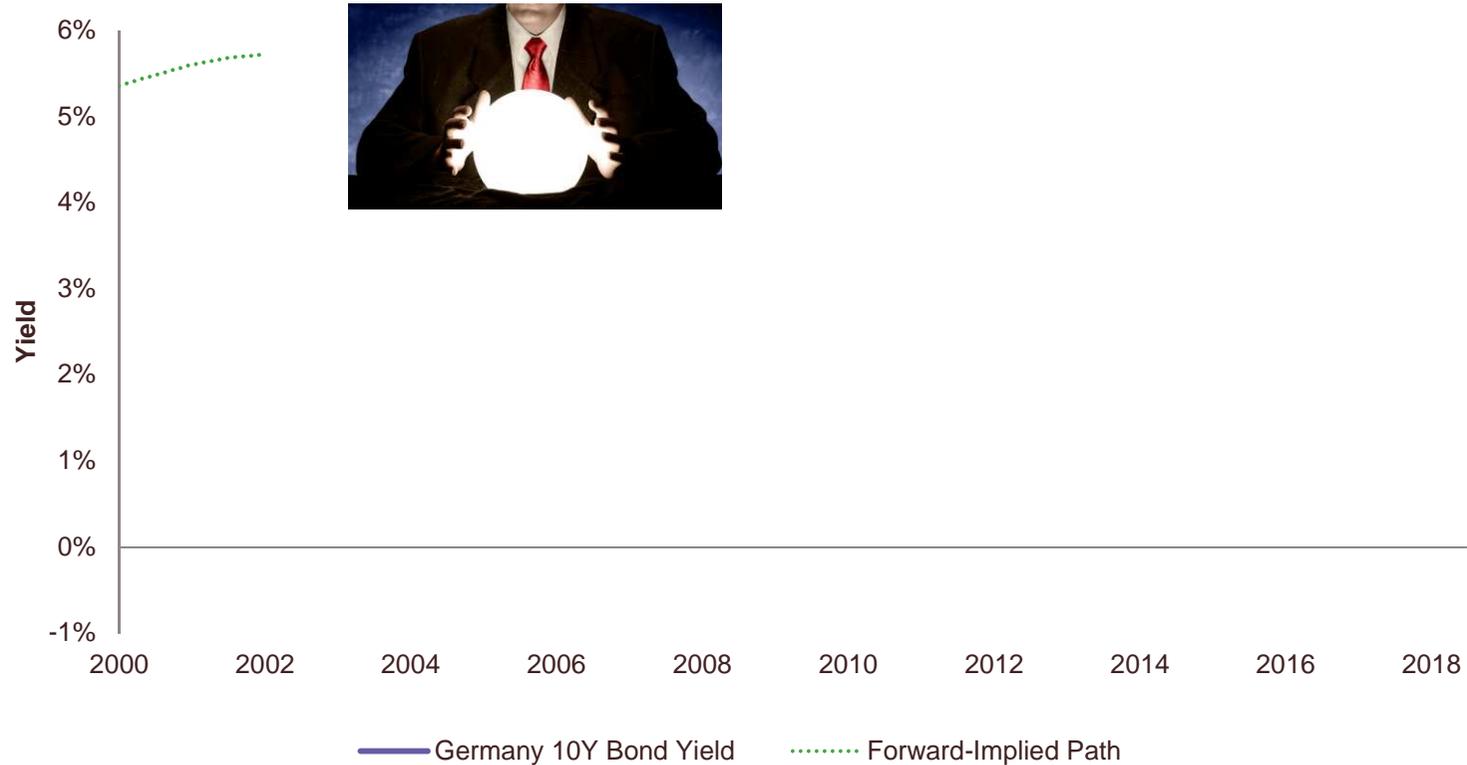
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## Bond Yields Have Repeatedly Defied Market Forecasts

### Germany 10-Year Bond Yield vs. Forward-Implied Expectations

January 2000 – June 2016



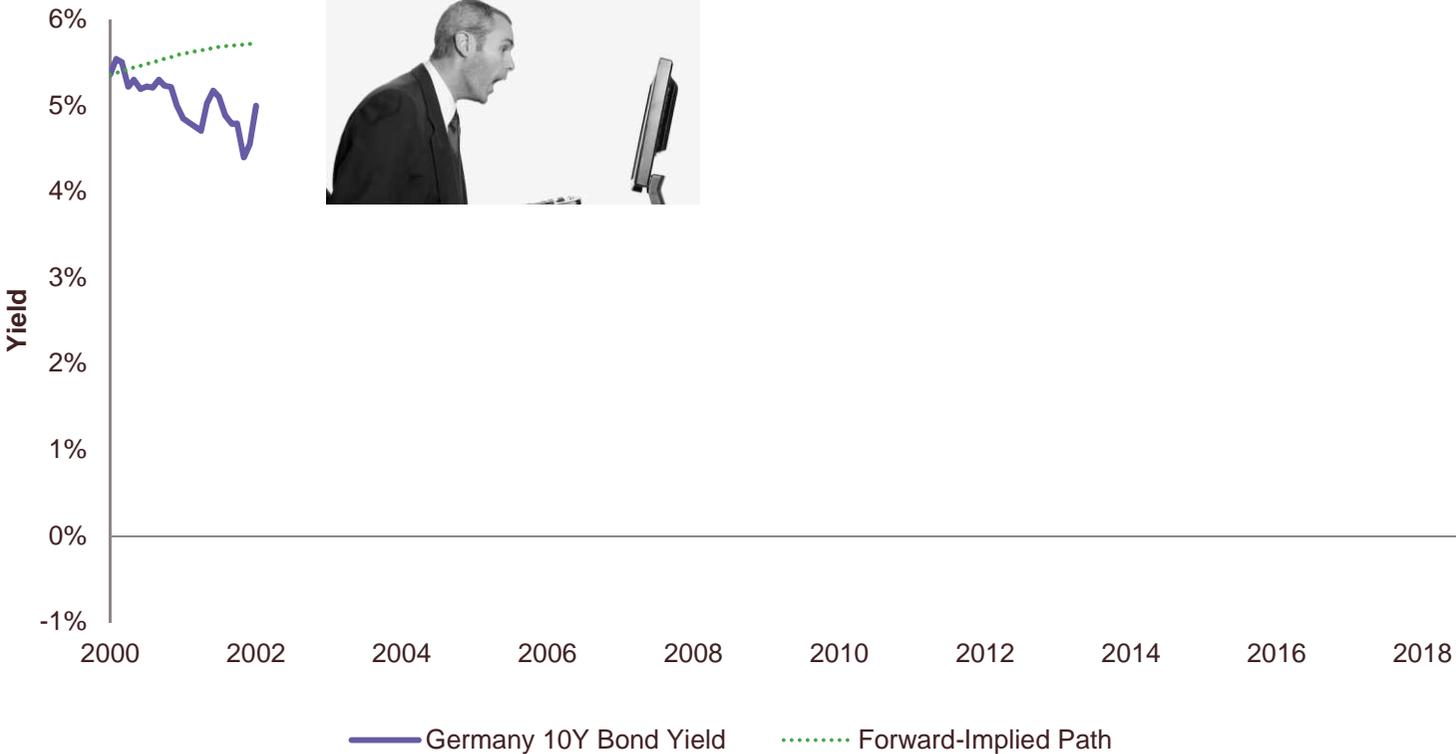
Source: AQR, Bloomberg. Chart is for illustrative purposes only. Forward-Implied Path is calculated using Bloomberg's forward curve analysis function (FWCV) for 10-Year German Government Bonds at each year end. Past performance is not a guarantee of future performance. Please read important disclosures in the Appendix.

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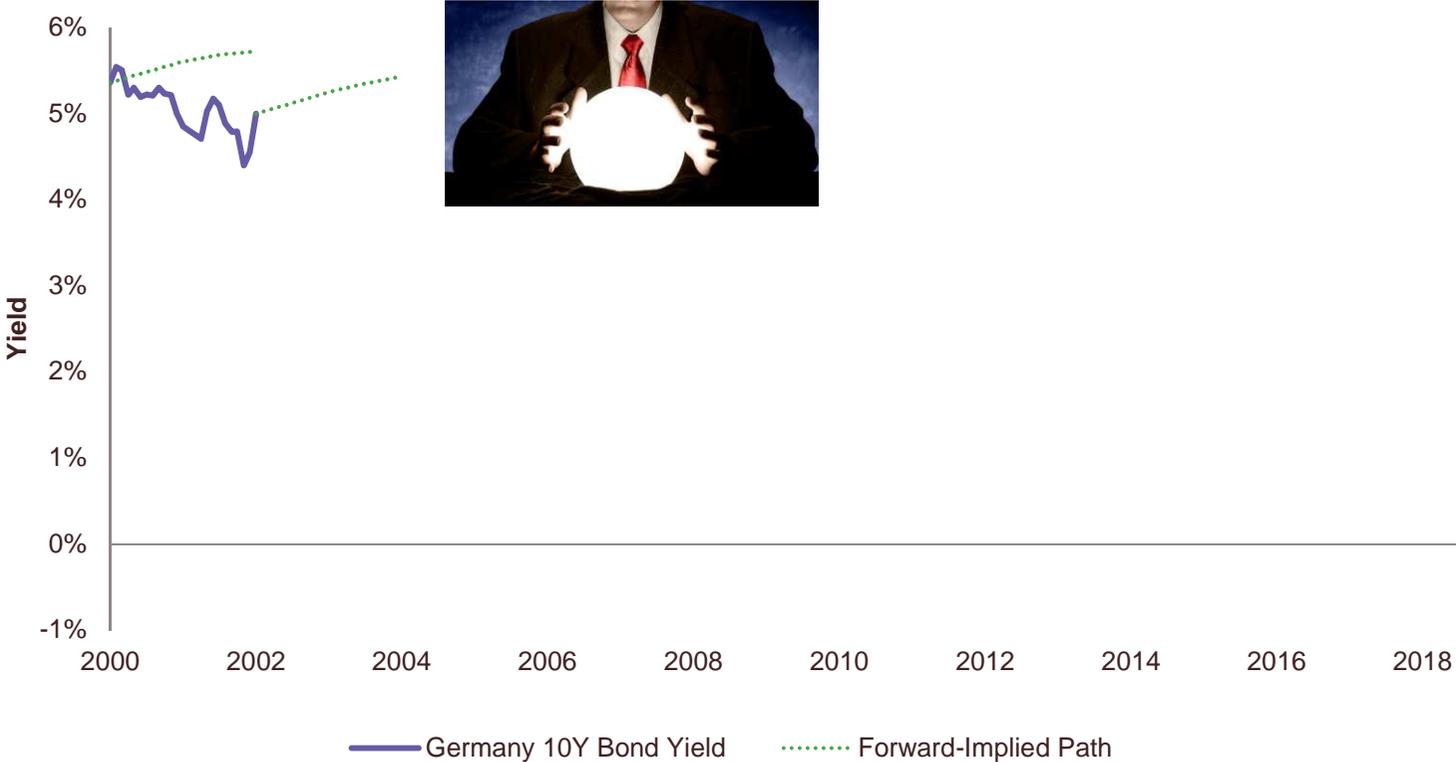
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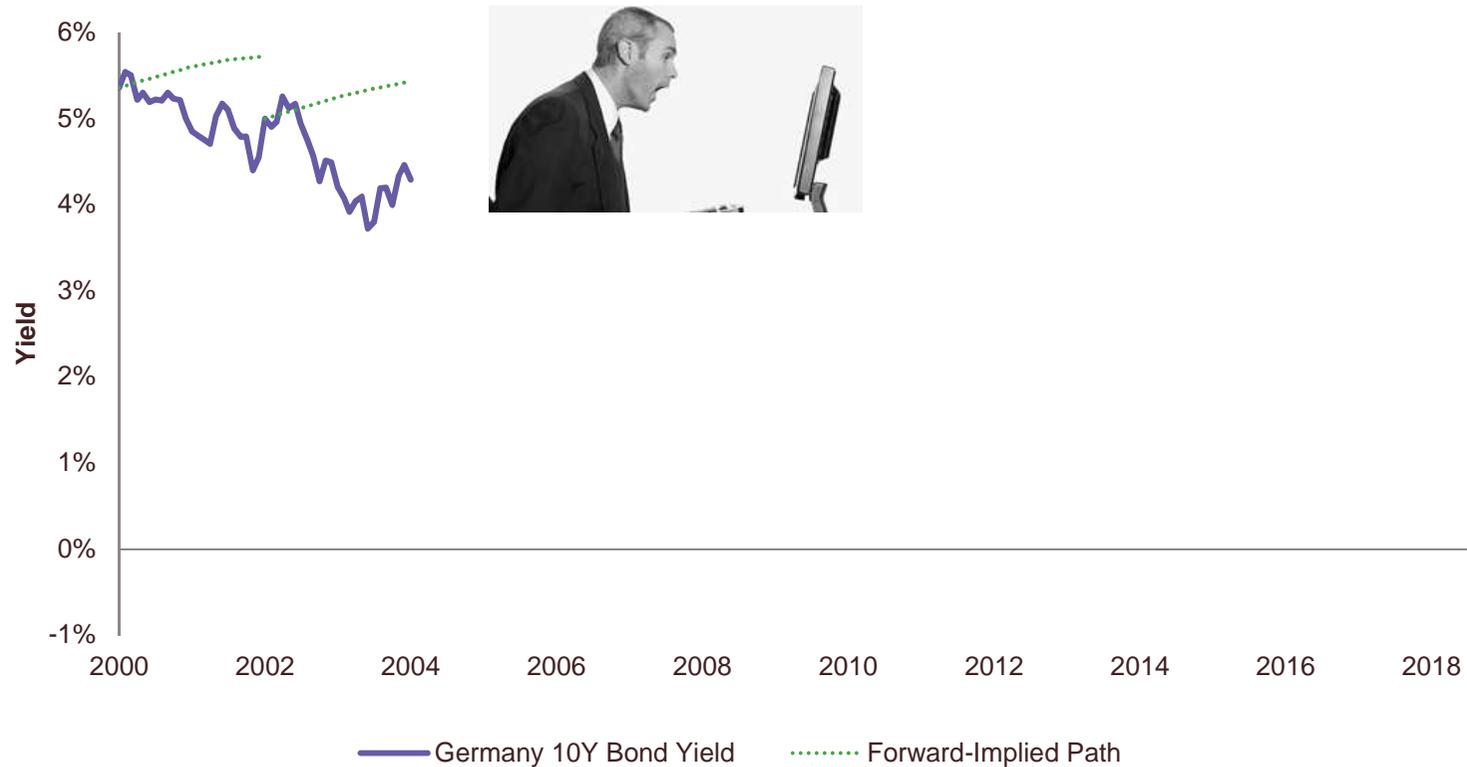
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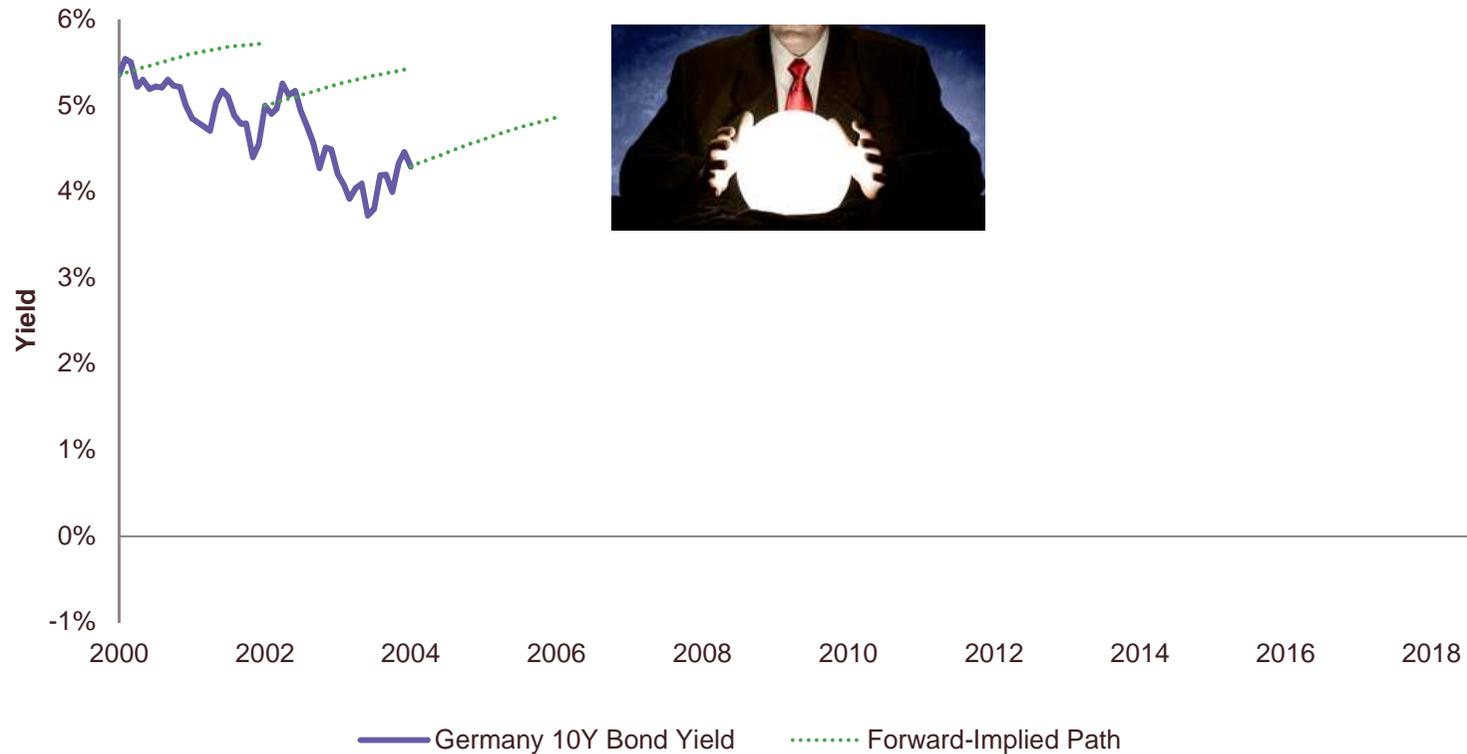
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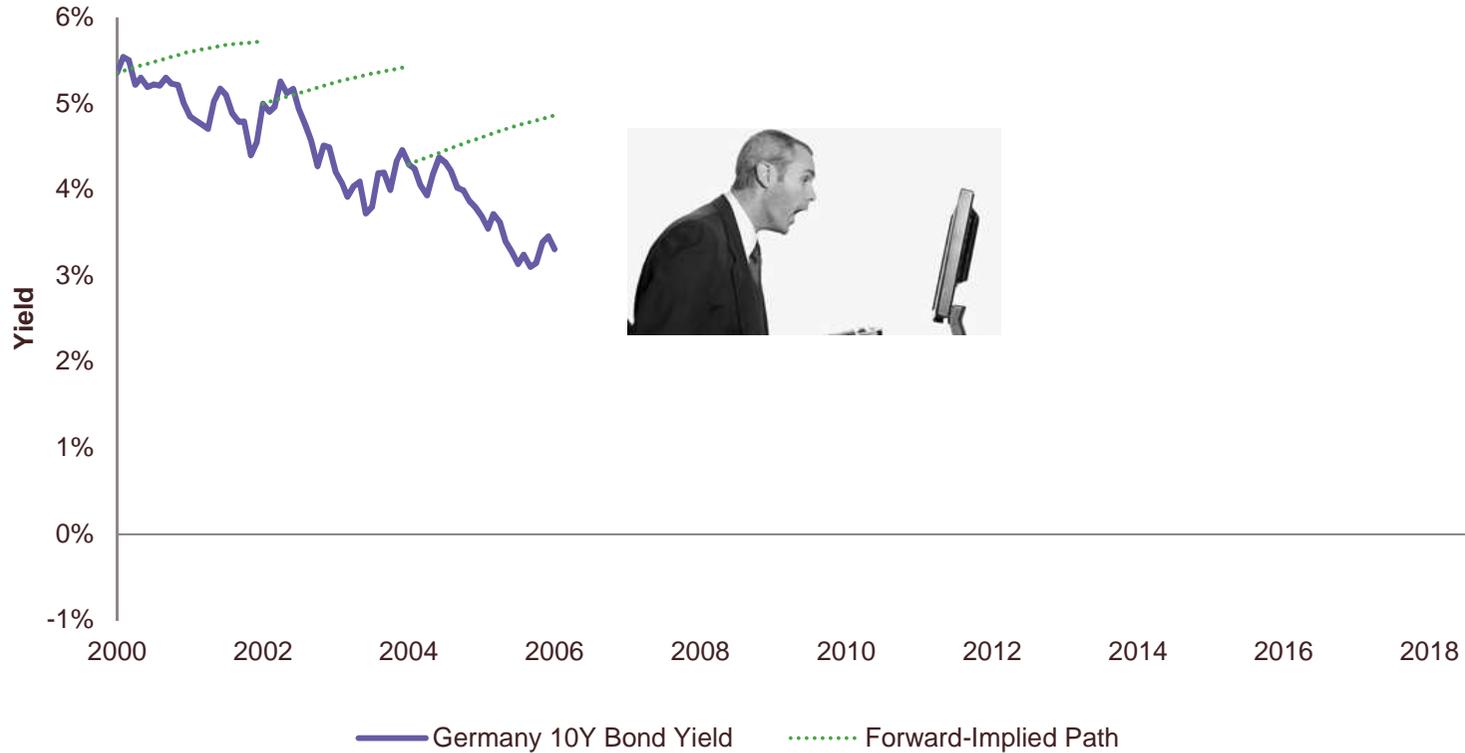
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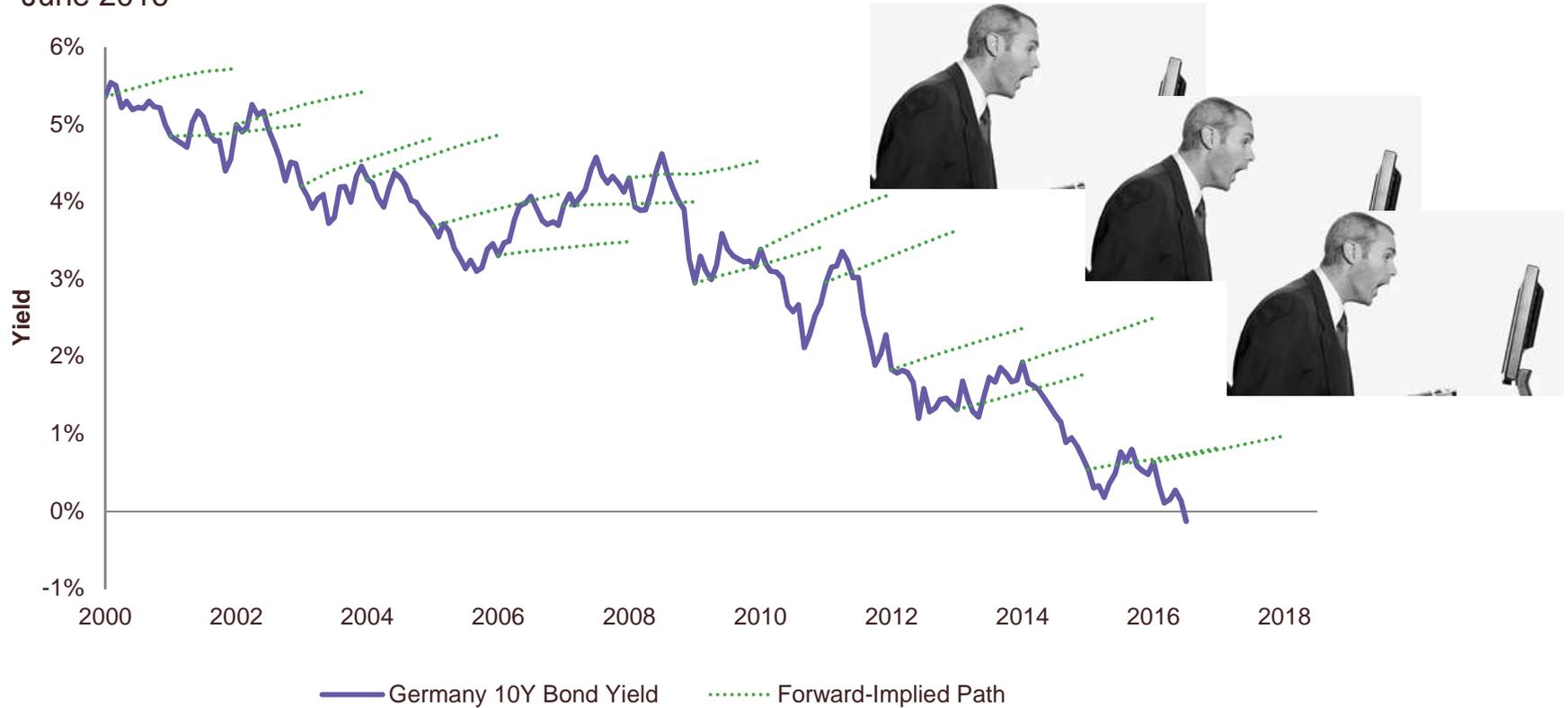
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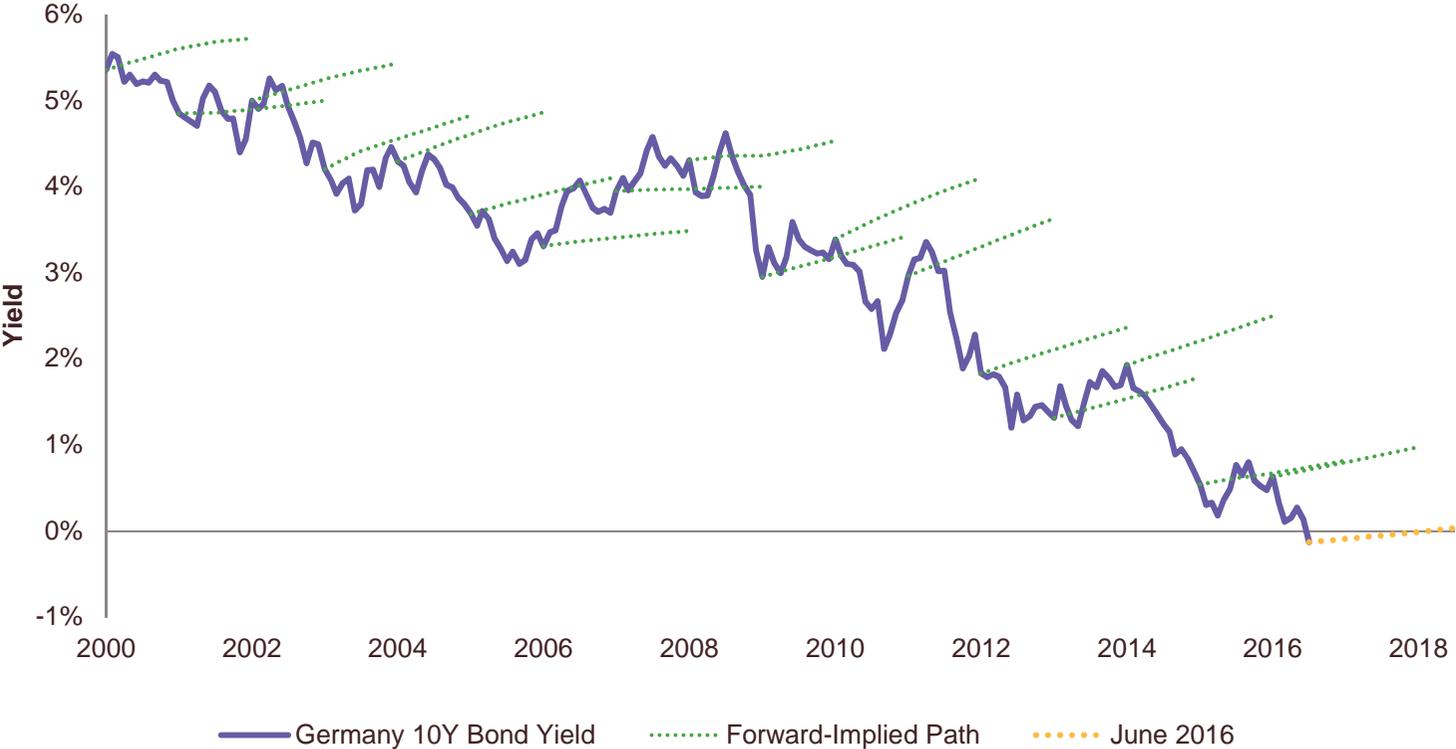
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# How to Meet the Challenge

## Low Expected Returns Are a Key Challenge for Pension Savers

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A hard truth: the future will likely not be as benign to investors as the past

Return objectives should be consistent with current market conditions and risk tolerance

Achieving a sufficient retirement income will require:

- saving more
- working longer
- subsidies or taxes from future generations
- decent investment returns

How to increase chances of earning decent returns in a low expected return world?

- Take long-run investment risk and try to stick with it
- Be humble with tactical timing and avoid mistakes like ill-timed capitulation after large losses
- Diversify portfolio risk strategically - harvest several return sources, within your constraints

Sources: AQR. Diversification does not eliminate the risk of experiencing investment losses.



# Taking Investment Risk Versus Benchmarks

## We Believe Investors Should Favor Rewarded Risks

---

Active risk vs. benchmarks (“tracking error”) may come from two very different sources:

- 1. Concentrated bets:** making large tilts vs. the benchmark, or holding only a subset of investments
  - These should be scaled appropriately to the conviction level of the trade or strategy, taking account of lost diversification
- 2. Additional sources of return:** holding investments or strategies outside the benchmark
  - Managed appropriately these may reduce risk
  - Benchmarks and mandates may be designed to encourage prudent diversification

Sources: AQR. Diversification does not eliminate the risk of experiencing investment losses.



# Tracking Error From Concentration

## Deactivating Active Share

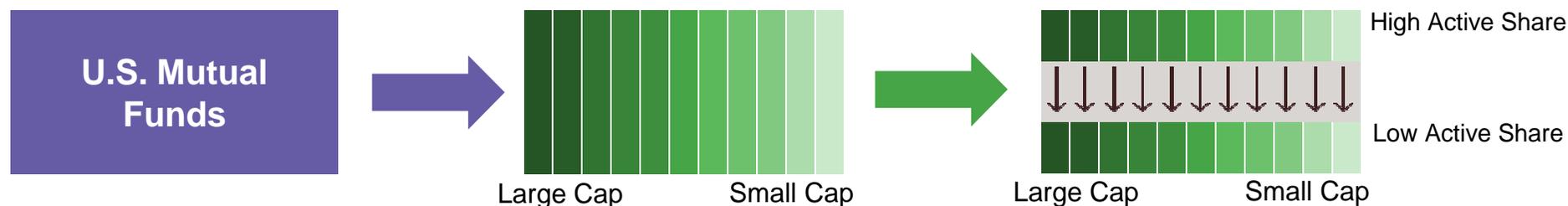
Active Share\* is a measure of active risk, based on similarity between manager and benchmark holdings

A simple sorting analysis seemed to show that funds with high Active Share (AS) outperform



Using the same data as the originators of AS, our researchers show\*\* that:

- For a given benchmark, high AS funds and low AS funds have similar returns
- There is no reliable evidence that investors have been better off by selecting high AS managers



Measures of active risk such as Active Share CAN be useful in evaluating “fair fees”

But Active Share is just one measure of active risk – others include ex ante Tracking Error (TE), ex post TE, largest position in a stock and in an industry, number of holdings



\*Cremers and Petajisto (2009) and Petajisto (2013). These articles sorted a large universe of funds from the CRSP Mutual Fund Database by their Active Share, and found statistically significant outperformance of the highest AS funds over the lowest AS funds. However most of the highest AS funds had small- or mid-cap benchmarks, while most of the low-AS funds had large-cap benchmarks.

\*\* Frazzini, Friedman and Pomorski (2015).

Source: AQR. For illustrative purposes only.

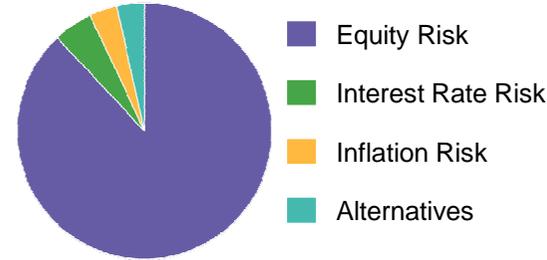
# Tracking Error From Additional Sources of Return

## When Higher TE ≠ Higher Risk

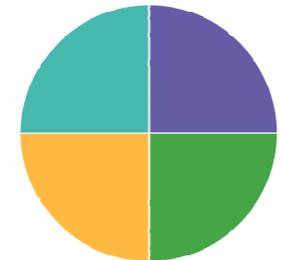
### 1. Risk-balanced asset allocation

- An allocation to a risk-balanced strategy helps to reduce equity concentration
- ..but raises TE vs. an equity-dominated benchmark

Traditional Risk Allocation



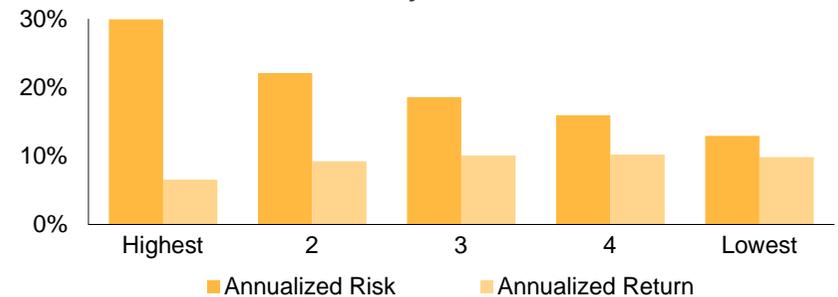
Risk-Balanced Allocation



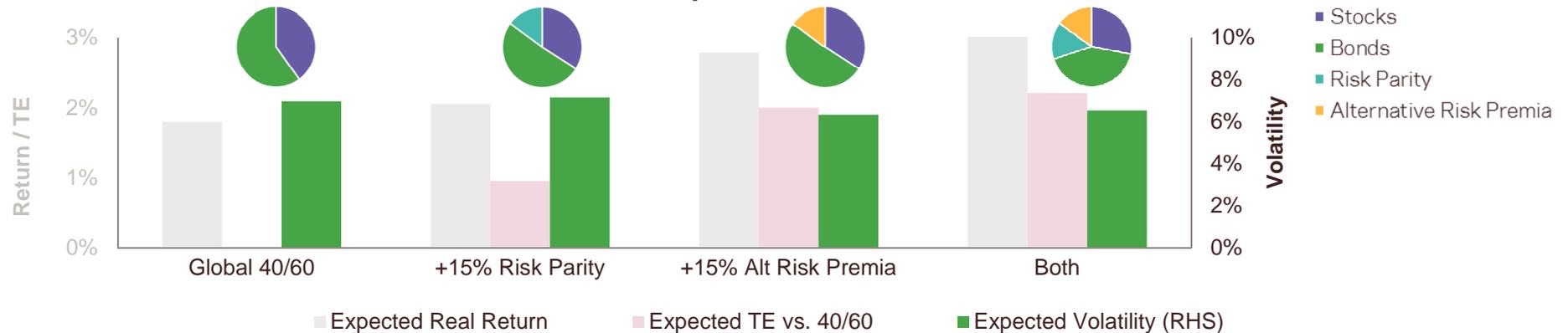
### 2. Defensive and other alternative risk premia

- Can reduce beta, capture low-risk anomaly
- ...but raises TE vs. cap-weighted benchmarks
- Defensive is an example of alternative risk premia - can be accessed through long-only and long/short

U.S. Stocks Sorted by Beta Quintile 1951-2015



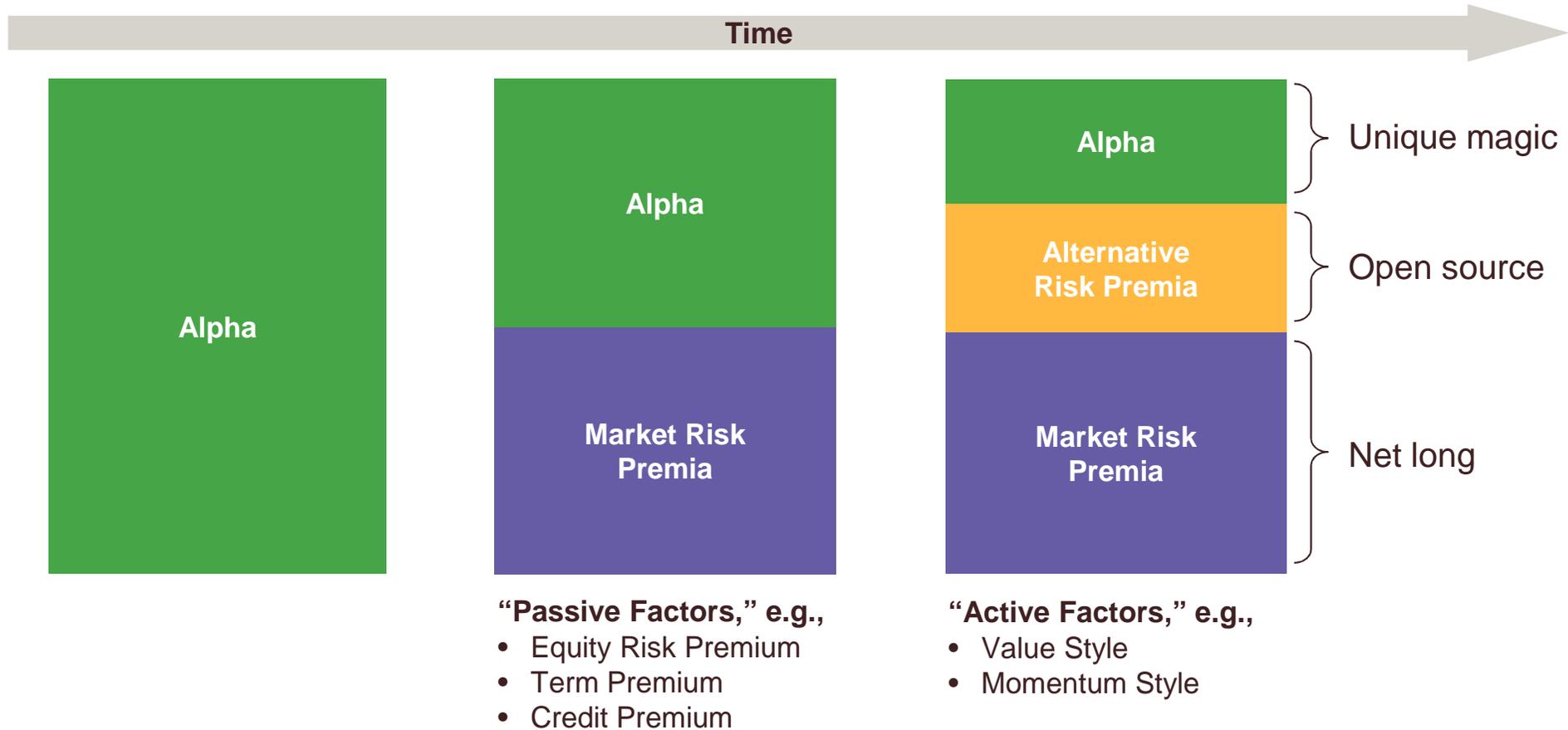
Portfolio Ex Ante Return and Risk Assumptions



Sources: AQR and CRSP/Compustat. Allocation pie charts are for illustrative purposes only and do not represent the actual allocation of any AQR client account, fund or strategy. Chart of beta-sorted stocks is an updated and extended version of the data used in the AQR paper "Betting Against Beta" (Frazzini and Pedersen, 2013). Quintiles are equal-weighted; returns are excess of cash. Ex ante return and risk estimates are based on assumptions given in the appendix. Global 60/40 is 60% MSCI World Index and 40% Barclays Global Agg Index. Diversification does not eliminate the risk of experiencing investment losses. Hypothetical performance results have certain inherent limitations, some of which are disclosed in the Appendix. These are not the returns of an actual portfolio AQR manages and are for illustrative purposes only. Past performance is not a guarantee of future performance. Please read important disclosures in the Appendix.

# Alternative Risk Premia

Evolution of Risk Premia: Is Alpha Just Beta Waiting To Be Discovered?



Source: AQR. For illustrative purposes only.



# Alternative Risk Premia

## Four Broad Styles Emerge from Academic & Industry Research

### Value

**The tendency for relatively cheap assets to outperform relatively expensive ones**

- Explanations: over-extrapolated growth prospects, value assets may have greater default risk
- Measures include book-to-price ratios for equities, purchasing power parity in currencies

### Momentum & Trend

**The tendency for an asset's recent relative or absolute performance to continue in the near future**

- Explanations: initial underreaction, subsequent herding/overreaction, disposition effect, co-movement
- Measures include price and fundamental changes for equities, price and yield change measures in bonds

### Carry

**The tendency for higher-yielding assets to provide higher returns than lower-yielding assets**

- Explanations: capital supply/demand imbalances, central bank actions, compensation for negative skew
- Measures include cash rates and real rates in currencies, futures curve shape for commodities

### Defensive

**The tendency for lower risk and higher-quality assets to generate higher risk-adjusted returns**

- Explanations: Leverage aversion, investors may also overpay for "lottery" characteristics
- Measures include forecasted beta, leverage and earnings variability in equities; beta to duration in bonds

Source: AQR. Past performance is not a guarantee of future performance.



# Are Styles Getting Crowded?

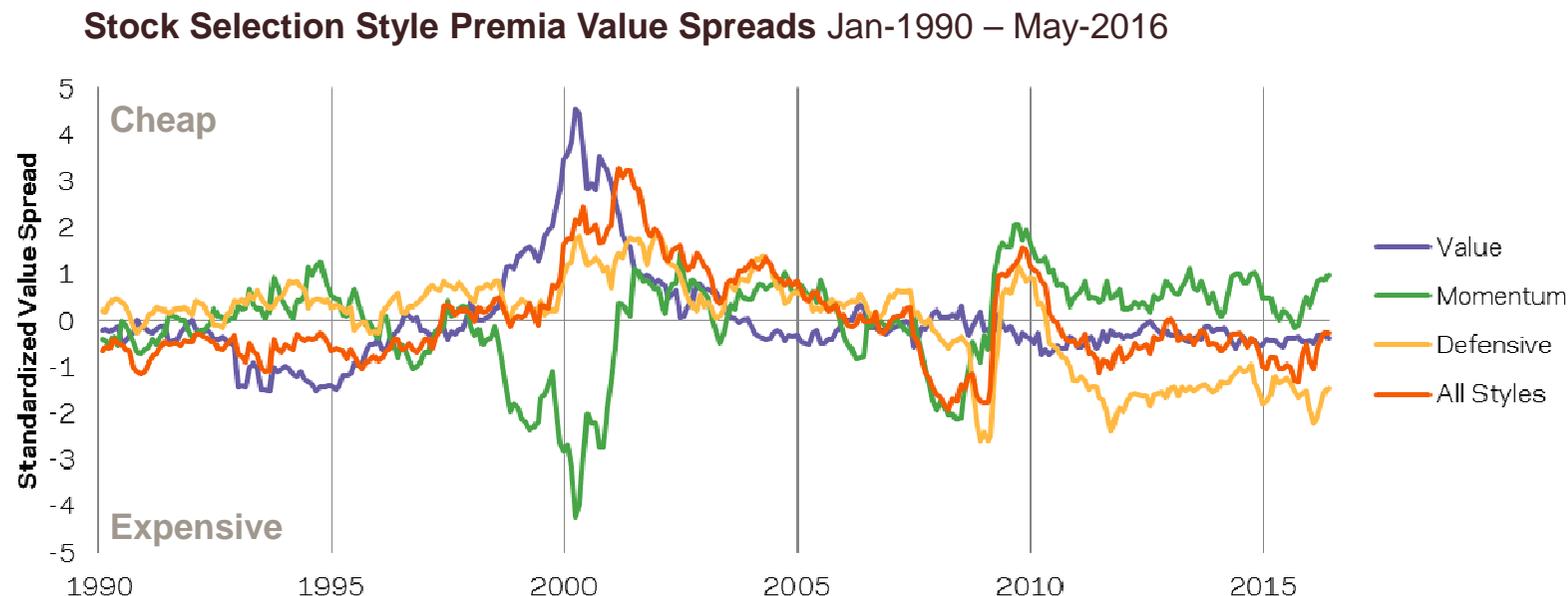
## Evidence Suggests Not

Overcrowding could cause either a slow decay of factor performance or sharp losses in deleveraging events

Value spreads look at the relative richness of the longs and shorts for each style or factor

They are one measure of potential crowding, but have limited usefulness as tactical signals

So far, value spreads do not show a significant richening trend



Source: AQR. Value spreads are calculated for long/short style portfolios using several different valuation measures. The graph shows a standardized weighted average of spreads in U.S., Japan, Europe and U.K. stocks. "All Styles" has approximately equal risk allocations to the three styles. Above analysis is for illustrative purposes only and not based on an actual portfolio AQR manages. Please read performance disclosures in the Appendix for a description of the investment universe used to construct the backtest. Hypothetical data has inherent limitations, some of which are disclosed in the Appendix.

# Why Do Investors Underutilize Diversifying Return Sources?

## The 4 Cs Drive Real-World Investor Behaviour

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Many appealing and diversifying return sources are only modestly used

Why? “The 4Cs”:

- **Conviction:** investor uncertainty about the sustainability of non-equity premia
- **Constraints:** aversion to leverage, shorting and derivatives
- **Conventionality:** “better to fail conventionally” – Keynes
- **Capacity:** limitations may apply especially for very large investors



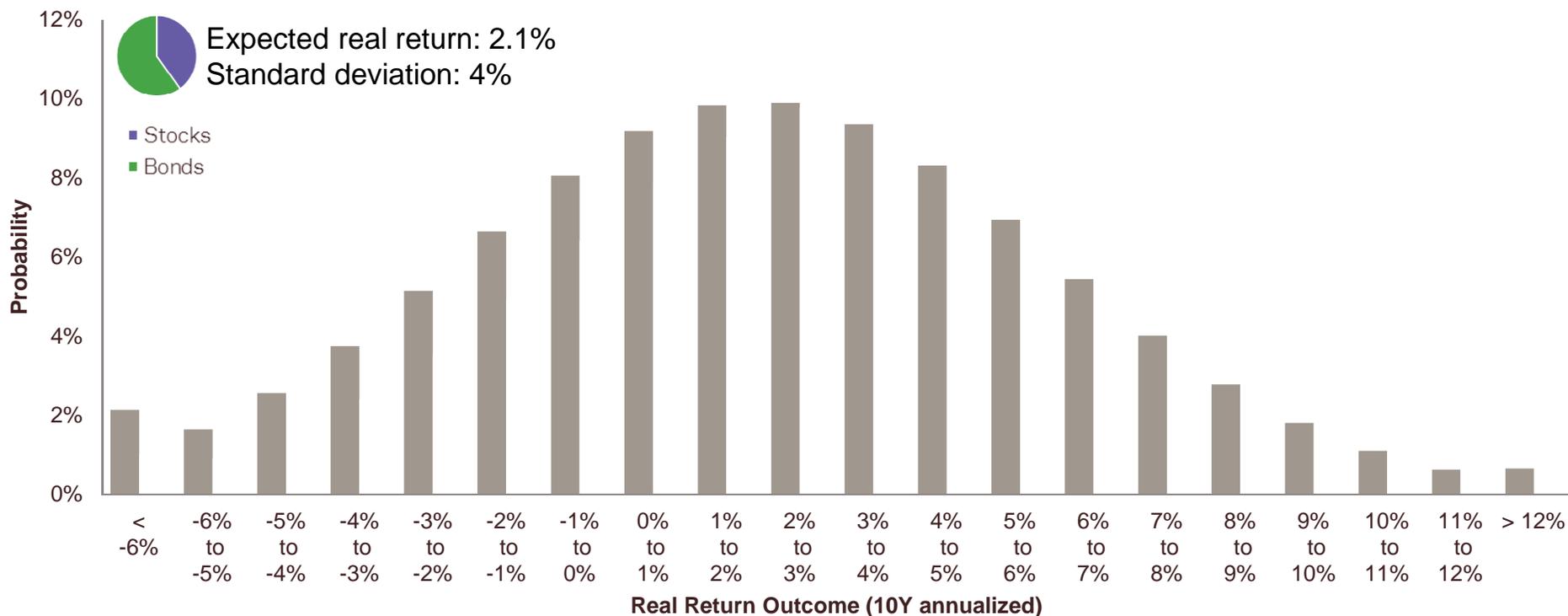
Source: AQR. Please read important disclosures in the Appendix.

# Broader Harvesting May Boost Expected Returns

## Raising the Probability of Meeting Objectives

Traditional portfolios may have an expected real return of just 2% over a 10-year horizon

### Hypothetical Real Return Probability Distribution Based on Simple Assumptions



Source: AQR. For illustrative purposes only and not representative of an actual portfolio AQR manages. Standard deviation of 4% is based on the realized standard deviation of annualized 10-year real returns for a 40/60 U.S. stocks/bonds portfolio from 1900-2015. Increase in expected real return from 2.1% to 3.3% assumes 15% allocations to risk parity and alternative risk premia (ARP), funded pro rata from the rest of the portfolio. We assume expected real returns of 4.5% for global equities, 0.5% for global bonds, 3.5% for risk parity and 8.4% for ARP. This is equivalent to an ARP strategy with expected Sharpe ratio of 0.7, target volatility of 12%, and an expected real cash return of zero. See appendix for further details of assumptions. Analysis assumes a normal distribution of outcomes. Please read important disclosures in the Appendix. Hypothetical data has inherent limitations, some of which are disclosed in the Appendix hereto.

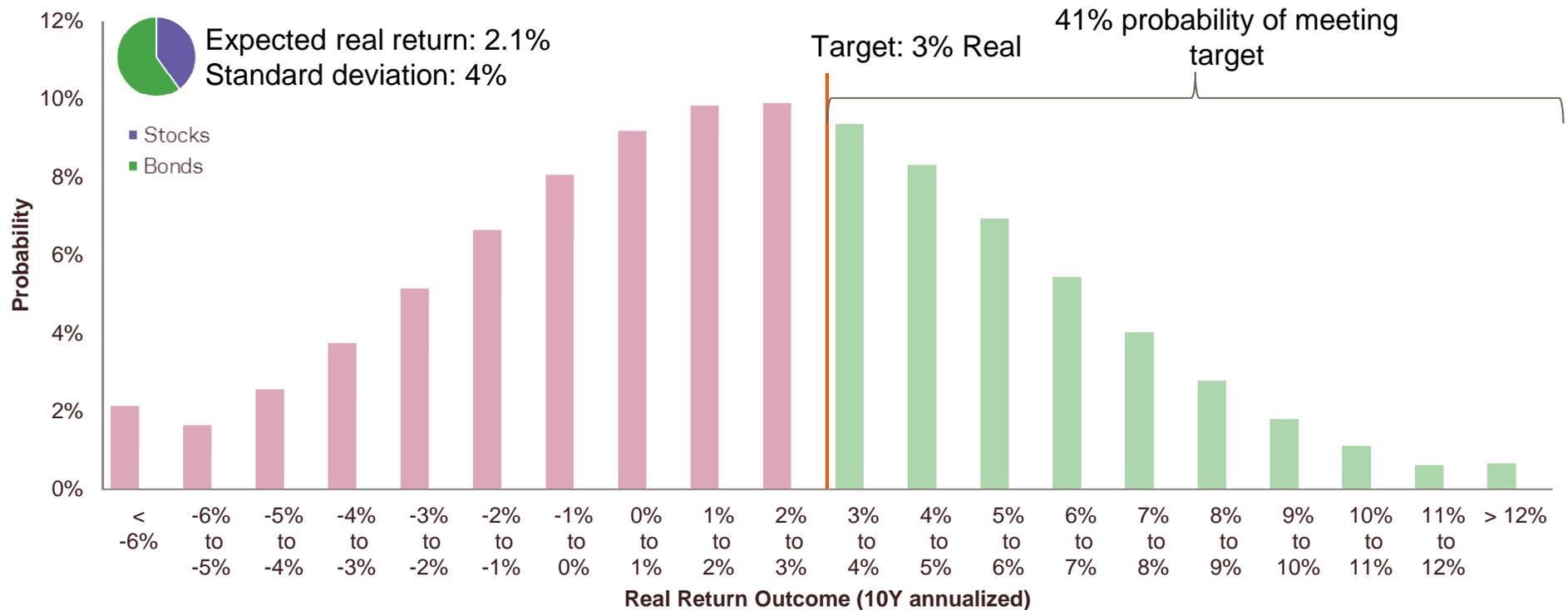
# Broader Harvesting May Boost Expected Returns

## Raising the Probability of Meeting Objectives

Traditional portfolios may have an expected real return of just 2% over a 10-year horizon

This makes it unlikely that higher return targets will be met

**Hypothetical Real Return Probability Distribution Based on Simple Assumptions**



Source: AQR. For illustrative purposes only and not representative of an actual portfolio AQR manages. Standard deviation of 4% is based on the realized standard deviation of annualized 10-year real returns for a 40/60 U.S. stocks/bonds portfolio from 1900-2015. Increase in expected real return from 2.1% to 3.3% assumes 15% allocations to risk parity and alternative risk premia (ARP), funded pro rata from the rest of the portfolio. We assume expected real returns of 4.5% for global equities, 0.5% for global bonds, 3.5% for risk parity and 8.4% for ARP. This is equivalent to an ARP strategy with expected Sharpe ratio of 0.7, target volatility of 12%, and an expected real cash return of zero. See appendix for further details of assumptions. Analysis assumes a normal distribution of outcomes. Please read important disclosures in the Appendix. Hypothetical data has inherent limitations, some of which are disclosed in the Appendix hereto.

# Broader Harvesting May Boost Expected Returns

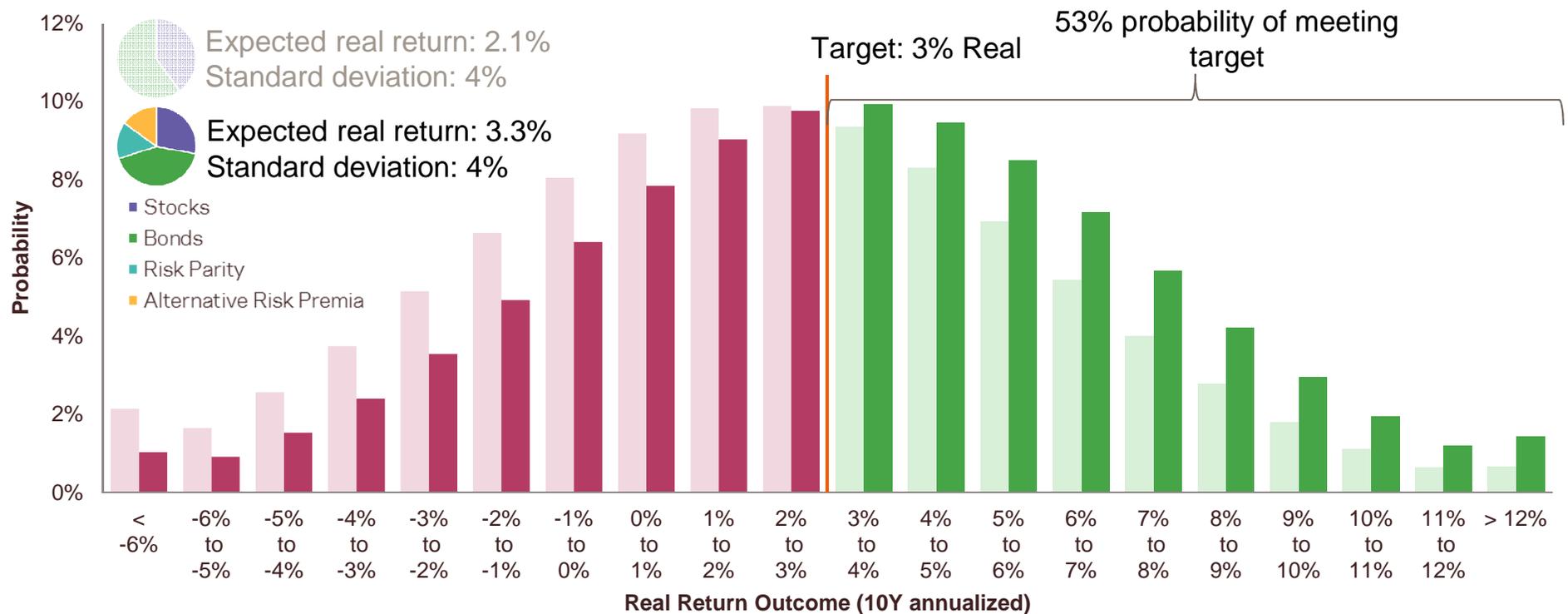
## Raising the Probability of Meeting Objectives

Traditional portfolios may have an expected real return of just 2.1% over a 10-year horizon

This makes it unlikely that higher return targets will be met

Strategic allocations to risk parity or alternative risk premia may increase expected returns: one key step towards increasing the likelihood of meeting objectives

**Hypothetical Real Return Probability Distribution Based on Simple Assumptions**



Source: AQR. For illustrative purposes only and not representative of an actual portfolio AQR manages. Standard deviation of 4% is based on the realized standard deviation of annualized 10-year real returns for a 40/60 U.S. stocks/bonds portfolio from 1900-2015. Increase in expected real return from 2.1% to 3.3% assumes 15% allocations to risk parity and alternative risk premia (ARP), funded pro rata from the rest of the portfolio. We assume expected real returns of 4.5% for global equities, 0.5% for global bonds, 3.5% for risk parity and 8.4% for ARP. This is equivalent to an ARP strategy with expected Sharpe ratio of 0.7, target volatility of 12%, and an expected real cash return of zero. See appendix for further details of assumptions. Analysis assumes a normal distribution of outcomes. Please read important disclosures in the Appendix. Hypothetical data has inherent limitations, some of which are disclosed in the Appendix hereto.

# Conclusions

## Embracing Strategic Diversification

---

A hard truth: the future will likely not be as benign to investors as the past

Return objectives should be consistent with current market conditions and risk tolerance

Should benchmarks be broadened to include additional return sources such as risk parity and alternative risk premia?

- If exposure to ARP is considered an active investment decision to be evaluated, this implies limiting benchmark components to traditional market exposures
- But if there is a consensus within an institution that ARP deserve long-term strategic allocations, including them in strategic benchmarks will facilitate this goal

Harvesting additional return sources and embracing diversification are important steps towards meeting the challenges of a low expected returns world



Source: AQR. Please read important disclosures in the Appendix. Diversification does not eliminate the risk of experiencing investment losses. Past performance is not a guarantee of future performance.



# Appendix: Ex Ante Assumptions for Allocation Analysis

## Return Assumptions

Asset Class	Real Return	Excess Return	Volatility	Implied Sharpe Ratio
Global Equities	4.5%	4.5%	15.0%	0.30
Global Fixed Income	0.5%	0.5%	5.0%	0.10
Global Risk Parity	3.5%	3.5%	10.0%	0.35
Alternative Risk Premia	8.4%	8.4%	12.0%	0.70
Cash	0.0%	0.0%		

## Correlations

	Global Equities	Global FI	Risk Parity	ARP
Global Equities	1.0			
Global Fixed Income	0.1	1.0		
Global Risk Parity	0.6	0.6	1.0	
Alternative Risk Premia	0.0	0.2	0.1	1.0

**Volatilities and correlations** are based on average of past 26Y (i.e., since 1990) and past 5Y periods, using monthly data

**Real Returns** for equities, fixed income and risk parity are based on estimates of current real yields (including roll return); excess returns are derived from an assumed real cash return of 0%

**Alternative Risk Premia Sharpe ratio** is based on a combination of discounted backtest performance and a qualitative judgment of realistic future net-of-fee performance for a multi-asset, multi-style long/short strategy giving exposure to major investment styles; real return is derived from Sharpe ratio, target volatility and assumed real cash return of 0%



Source: AQR. Correlation assumptions are rounded up for conservatism. Global Equities and Global Fixed Income correlations assumptions are based on MSCI World and Barclays Global Aggregate (hedged) indices. Hypothetical Risk Parity and ARP correlation assumptions are based on hypothetical returns net of fees. Hypothetical performance results have certain inherent limitations, some of which are disclosed in the Appendix hereto. There is no guarantee, express or implied, that long-term return and/or volatility targets will be achieved. Realized returns and/or volatility may come in higher or lower than expected. Past performance is not a guarantee of future performance.

# Appendix: Risk Parity and Alternative Risk Premia Backtests

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## Description of Alternative Risk Premia and Stock Selection hypothetical strategies

AQR backtests of Value, Momentum, Carry and Defensive theoretical long/short style components are based on monthly returns, undiscounted, gross of fees and transaction costs, excess of a cash rate proxied by the Merrill Lynch 3-Month T-Bill Index, and scaled to 12% annualized volatility. Each strategy is designed to take long positions in the assets with the strongest style attributes and short positions in the assets with the weakest style attributes, while seeking to ensure the portfolio is market-neutral. The Alternative Risk Premia Strategy portfolio is based on the target asset group allocations included herein, roughly equally risk weighting styles within the asset group, resulting in a style allocation of approximately 34% to Value, 34% to Momentum, 18% to Defensive and 14% to Carry. The AQR backtest of the Alternative Risk Premia Strategy is based on monthly returns, excess of a cash rate proxied by the Merrill Lynch 3-Month T-Bill Index and heavily discounted to reflect uncertainty in historical costs and opportunities; targeting 12% annualized volatility. Please see below for a description of the Universe selection:

**Stock and Industry Selection:** approximately 2,000 stocks across Europe, Japan, and U.S. **Country Equity Indices:** Developed Markets: Australia, Canada, Eurozone, Hong Kong, Japan, Sweden, Switzerland, U.K., U.S. Within Europe: Italy, France, Germany, Netherlands, Spain. Emerging Markets: Brazil, China, India, Israel, Malaysia, Mexico, Poland, Singapore, South Africa, South Korea, Taiwan, Thailand, Turkey. **Bond Futures:** Australia, Canada, Germany, Japan, U.K., U.S. **Yield Curve:** Australia Germany, United States. **Interest Rate Futures:** Australia, Canada, Europe (Euribor), U.K. and U.S. (Eurodollar). **Currencies:** Developed Markets: Australia, Canada, Euro, Japan, New Zealand, Norway, Sweden, Switzerland, U.K., U.S. Emerging Markets: Brazil, Hungary, India, Israel, Mexico, Poland, Singapore, South Africa, South Korea, Taiwan, Turkey. **Commodity Selection:** Silver, copper, gold, crude, Brent oil, natural gas, corn, soybeans.

The hypothetical Stock Selection strategies represented on slide 39 are as above, but stock and industry selection only.

## Description of Simple Risk Parity hypothetical strategy

- Assumes equal volatility targets across global equities, global bonds and commodities
- The equal volatility targets are determined such that the volatility of overall portfolio averages 10% over the complete history
- Volatility estimates are calculated using rolling 12-month annualized standard deviation
- The exposure for each asset is adjusted as the volatility estimates evolve such that the portfolio targets 10% volatility overtime
- There are no leverage constraints and the model makes no explicit assumptions about correlation between asset classes

### Asset class weighting

- Global equities are GDP-weighted for the primary equity index for 10 developed countries
- Global bonds are GDP-weighted across 10-year maturity bonds for 6 developed countries
- Commodities are an equally weighted basket of futures which currently consists of 24 contracts



# Performance Disclosures

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Hypothetical performance results (e.g., quantitative backtests) have many inherent limitations, some of which, but not all, are described herein. No representation is being made that any fund or account will or is likely to achieve profits or losses similar to those shown herein. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently realized by any particular trading program. One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or adhere to a particular trading program in spite of trading losses are material points which can adversely affect actual trading results. The hypothetical performance results contained herein represent the application of the quantitative models as currently in effect on the date first written above and there can be no assurance that the models will remain the same in the future or that an application of the current models in the future will produce similar results because the relevant market and economic conditions that prevailed during the hypothetical performance period will not necessarily recur. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of hypothetical performance results, all of which can adversely affect actual trading results. Discounting factors may be applied to reduce suspected anomalies. This backtest's return, for this period, may vary depending on the date it is run. Hypothetical performance results are presented for illustrative purposes only. In addition, our transaction cost assumptions utilized in backtests, where noted, are based on AQR's historical realized transaction costs and market data. Certain of the assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in achieving the returns have been stated or fully considered. Changes in the assumptions may have a material impact on the hypothetical returns presented. Hypothetical performance is gross of advisory fees, net of transaction costs, and includes the reinvestment of dividends. If the expenses were reflected, the performance shown would be lower. Where noted, the hypothetical net performance data presented reflects the deduction of a model advisory fee and does not account for administrative expenses a fund or managed account may incur. Actual advisory fees for products offering this strategy may vary.

Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in an index.

There is a risk of substantial loss associated with trading commodities, futures, options, derivatives and other financial instruments. Before trading, investors should carefully consider their financial position and risk tolerance to determine if the proposed trading style is appropriate. Investors should realize that when trading futures, commodities, options, derivatives and other financial instruments one could lose the full balance of their account. It is also possible to lose more than the initial deposit when trading derivatives or using leverage. All funds committed to such a trading strategy should be purely risk capital. There are many risks associated with convertible securities including but not limited to liquidity risk, equity risk, interest rate risk, and credit risk of the underlying bond. Convertible bond securities may be considered illiquid securities, which cannot be sold or disposed of in the ordinary course of business at approximately the prices at which they are valued. Difficulty in selling securities may also result in a loss or may be costly to the portfolio.

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Het proces van benchmarking en diversificatie  
Christopher Palazzolo, Principal AQR Capital Management

**Hartelijke dank voor uw aandacht**

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**2016**



**Monitoring en Benchmarking in Private Markets;  
Niels Bodenheim, Director Private Markets bfinance**





Amsterdam London Montreal New York Paris Sydney

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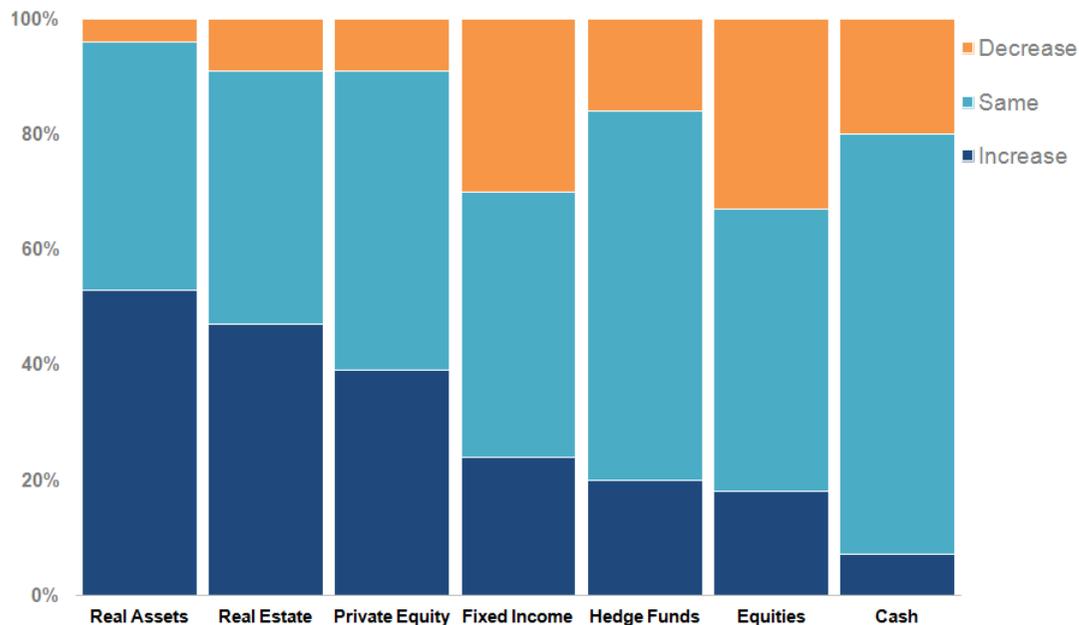
# **Benchmarking in Private Markets**

8th September 2016

# There is A Structural Shift to Alternative or 'Private' Asset Classes...



## ANTICIPATED 2016 ASSET ALLOCATION CHANGES (% SELECTED)



Note: Based on 174 Institutional Investors, with base size varying across asset classes  
Source: Blackrock, January 2016

## INVESTOR ALLOCATIONS PLANNED FOR THE LONGER TERM

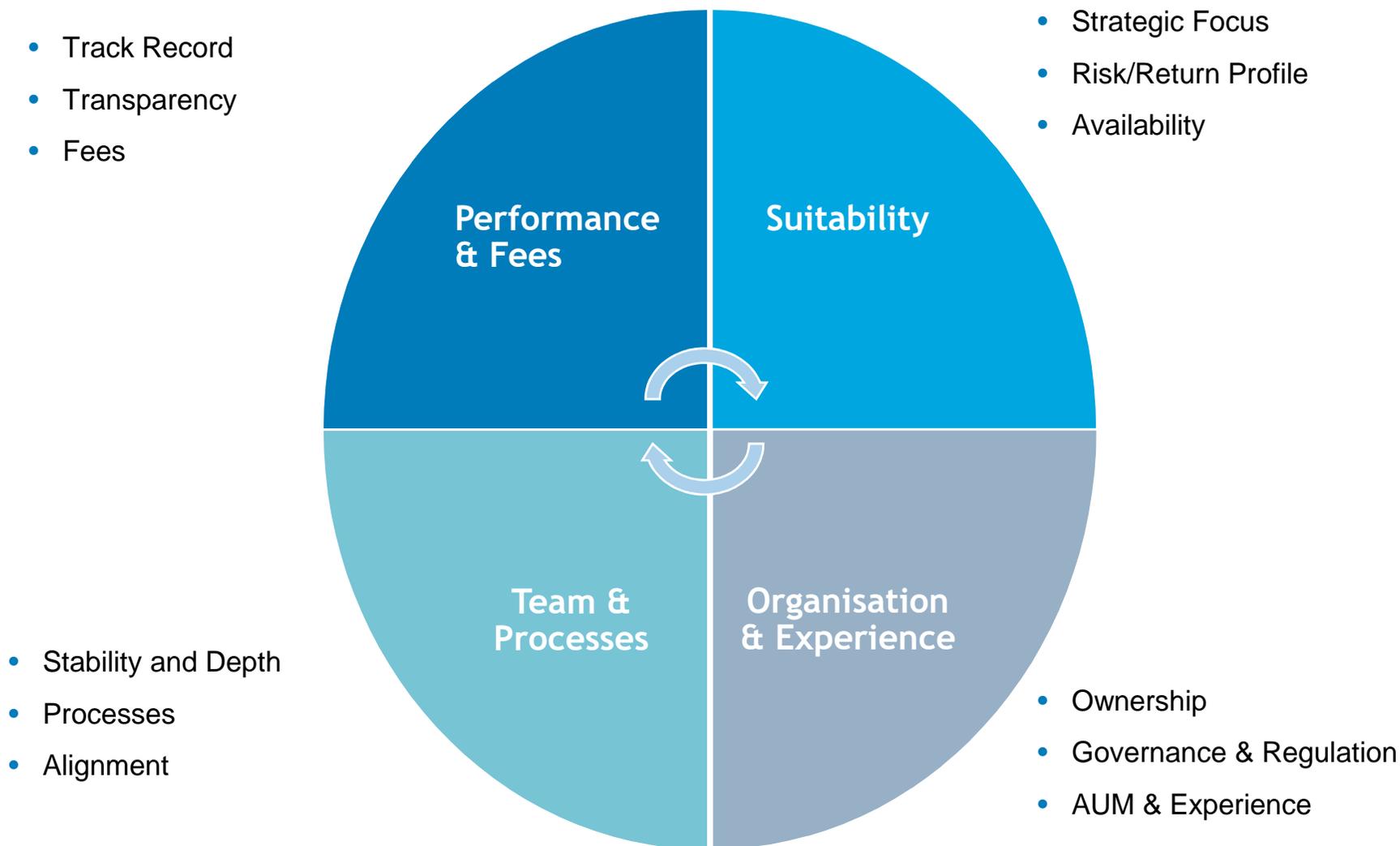


Source: Preqin

# The 'Private' Nature Of These Asset Classes Mean Investors Face Significant Challenges In Selecting Managers



## KEY CONSIDERATIONS FOR MANAGER SELECTION: A SUMMARY



# Specialist approach to Private Markets creates Challenges for robust benchmarks

---



- **Direct Lending has a general absence of direct lending indexes given recent existence of the asset class especially in the European market. Middle market data is typically also skewed by inconsistencies and self-reporting of selective, partial and incomplete data.**

## Lack of transparency

- Track records based on a considerable amount of unrealised assets that are at risk of significant loss of capital later down the line.

## Selective disclosure

- Fund managers have the ability to selectively disclose data on their investments.

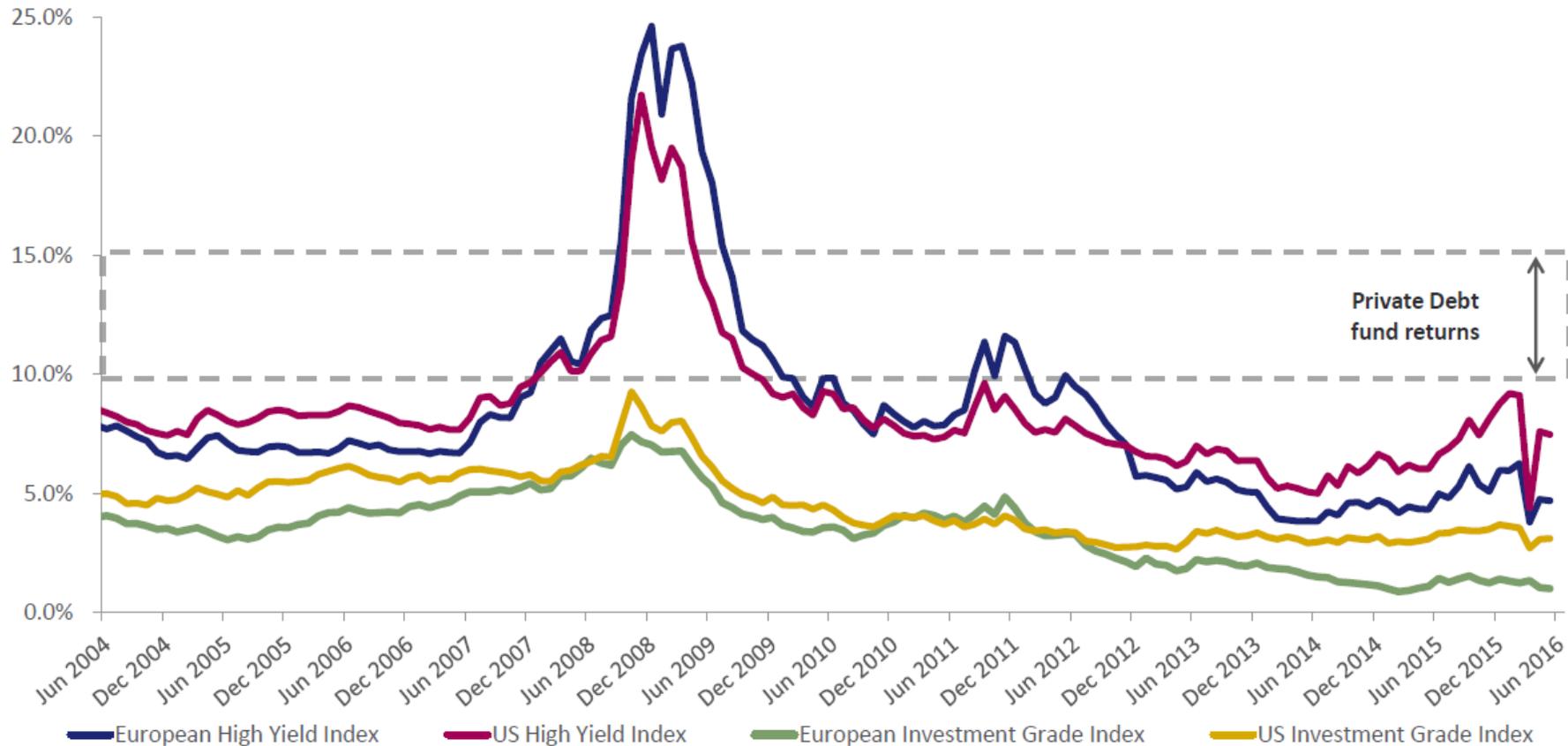
## Leakage of value

- Private markets investments are subject to a variety of terms that may impact the conversion of returns from gross returns at asset level to net returns accruable to final investors.
- **As the asset class evolves the quality of benchmarks will continue to improve through more comprehensive and completeness of data sets and also further comparison of actual realized performance of funds against public markets**

# Private Debt provide attractive risk adjusted returns



## Weighted average yield to maturity across various asset classes vs Private Debt “return band”

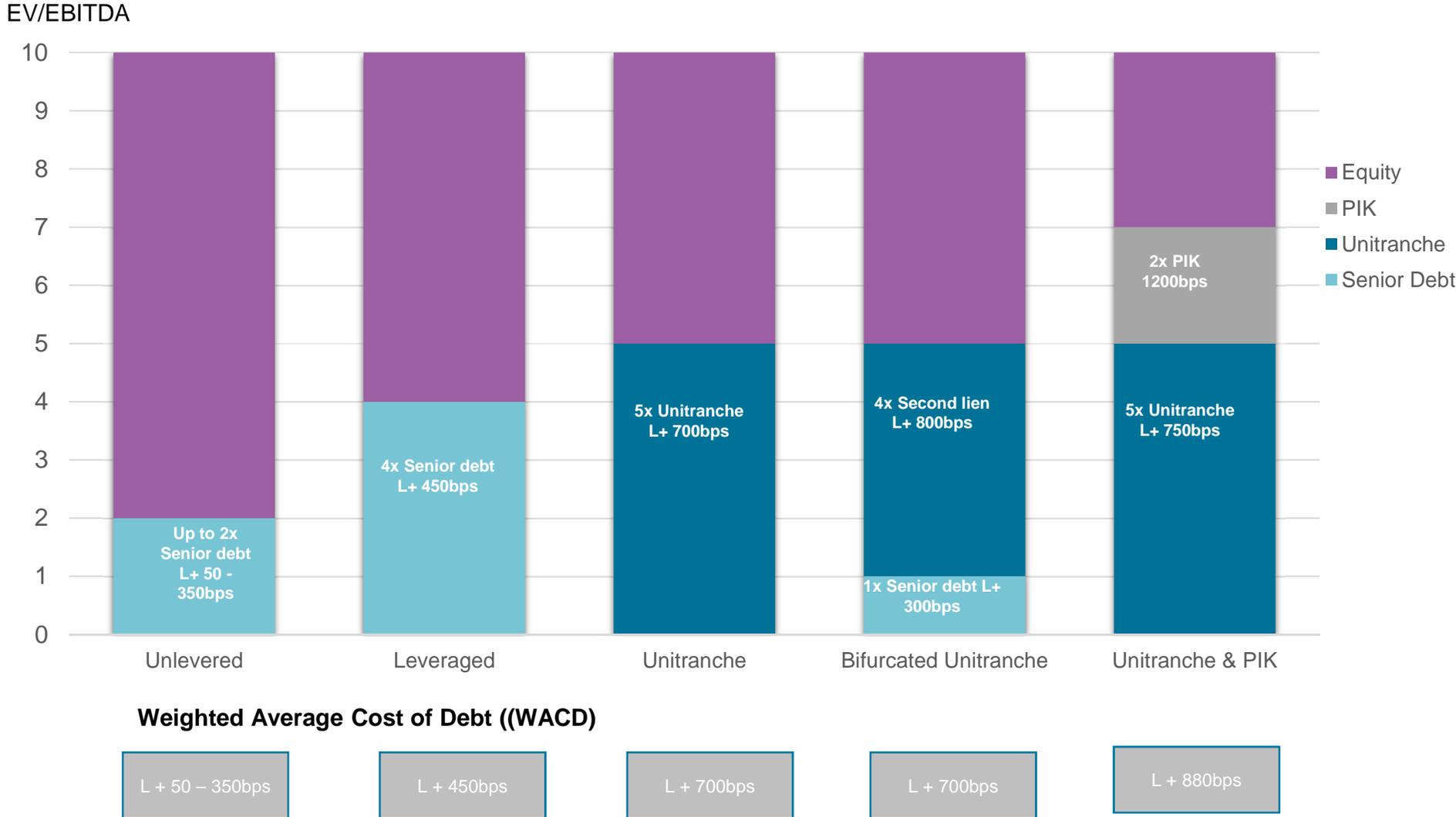


Source: BlueBay and (1) Bank of America Merrill Lynch. Data for European High Yield Index (HPS2), US High Yield Index (H0A0), European Investment Grade Index (EU00) and US Investment Grade Index (C0A0) as of June 2, 2016. The high grade and high grade bond indices include financials. The outlined area marked as private debt fund returns is shown solely to illustrate the illiquidity premium of private debt funds generally and is not intended to be relied upon.

# Strategies for Exploiting the Corporate Debt Opportunity: Debt Structures



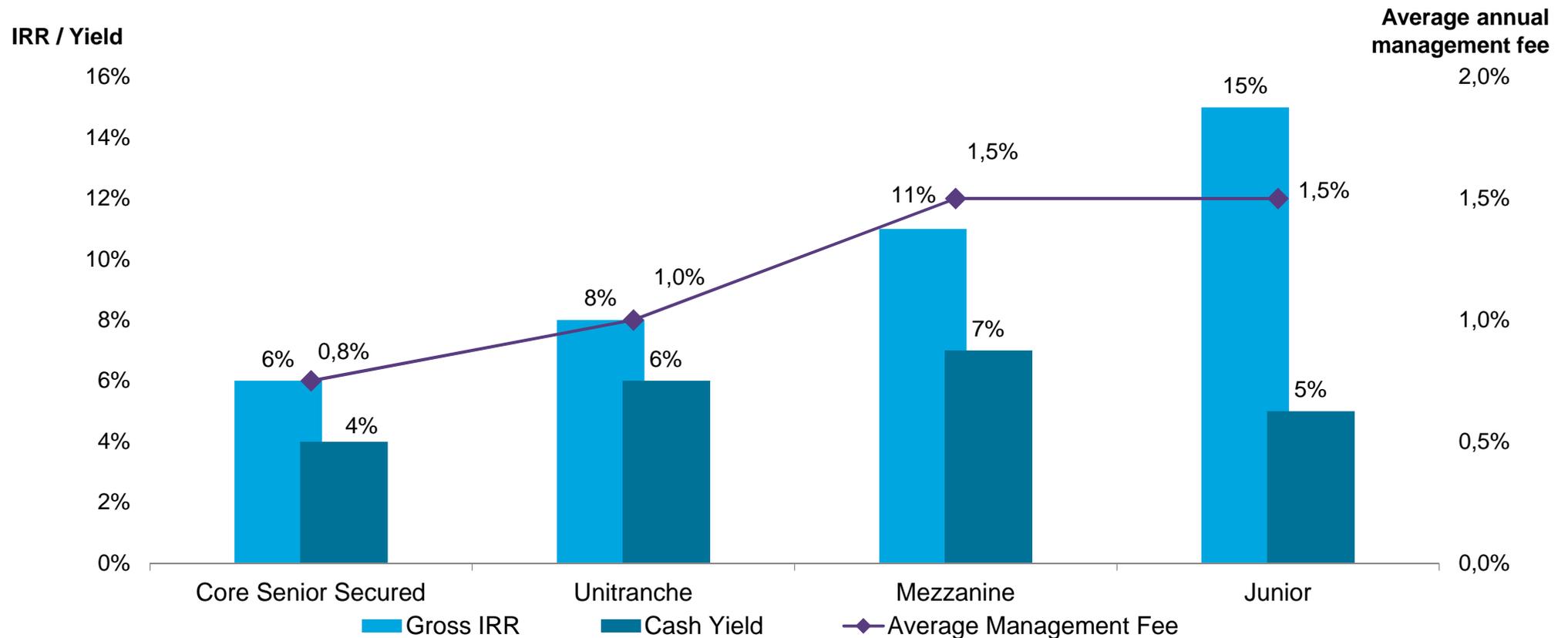
- Further details around how senior and unitranche products can be broken down





# A Range of Return Options Within Corporate Debt

## DIRECT LENDING RETURNS, YIELDS, FEES & CAPITAL STRUCTURE



### Typical Capital Structure (Debt/EBITDA)



Source: bfinance



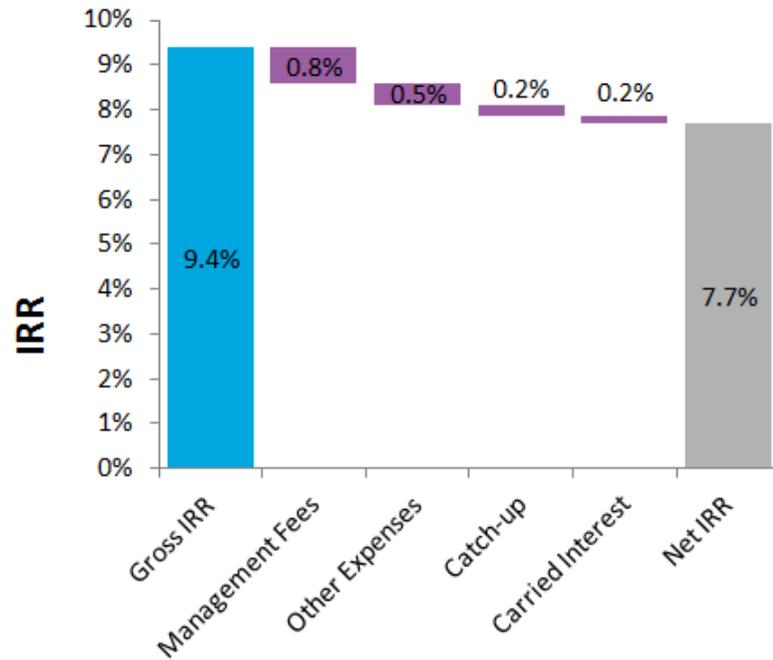
# Illustration of Fee Structures On Gross IRR

## ILLUSTRATION OF IMPACT OF FEE STRUCTURES ON 2 SIMILAR DEBT FUNDS

Target Gross Return of 9% pa, with low performance fee

- Management Fee: 0.75%
- Carry: 10%
- Hurdle: 6%
- Catch-up: 50%

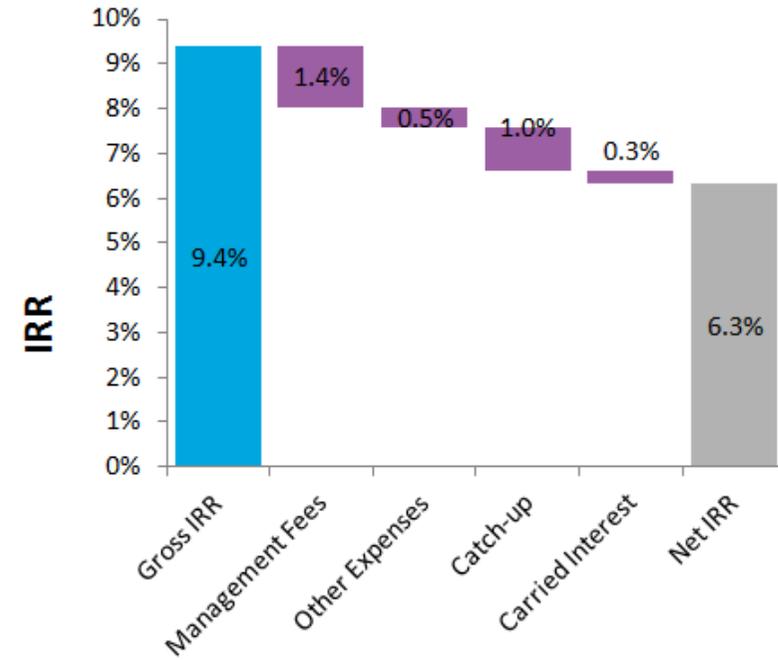
Leakage pre-carry of 1.3%, and post carry of 1.7%



Target Gross Return of 9% pa, with high performance fee

- Management Fee: 1.25%
- Carry: 20%
- Hurdle: 5%
- Catch-up: 100%

Leakage pre-carry of 1.8%, and post carry of 3.1%



Source: bfinance

# Conclusion

---



- **Given the recent evolution of direct lending in the European market, the data history for lending funds is limited**
- **Managers are aware of the need for transparency and credit metrics are improving as the market matures**
- **Ability to compare yields with public markets continues to show more favourable returns. Compared to high yield market, recovery rates tend to be higher and default rates tend to be lower**
- **In the absence of proper benchmarks, investors must understand the asset class, allocate appropriately and monitor actively in order to profit from the benefits in the direct lending market**

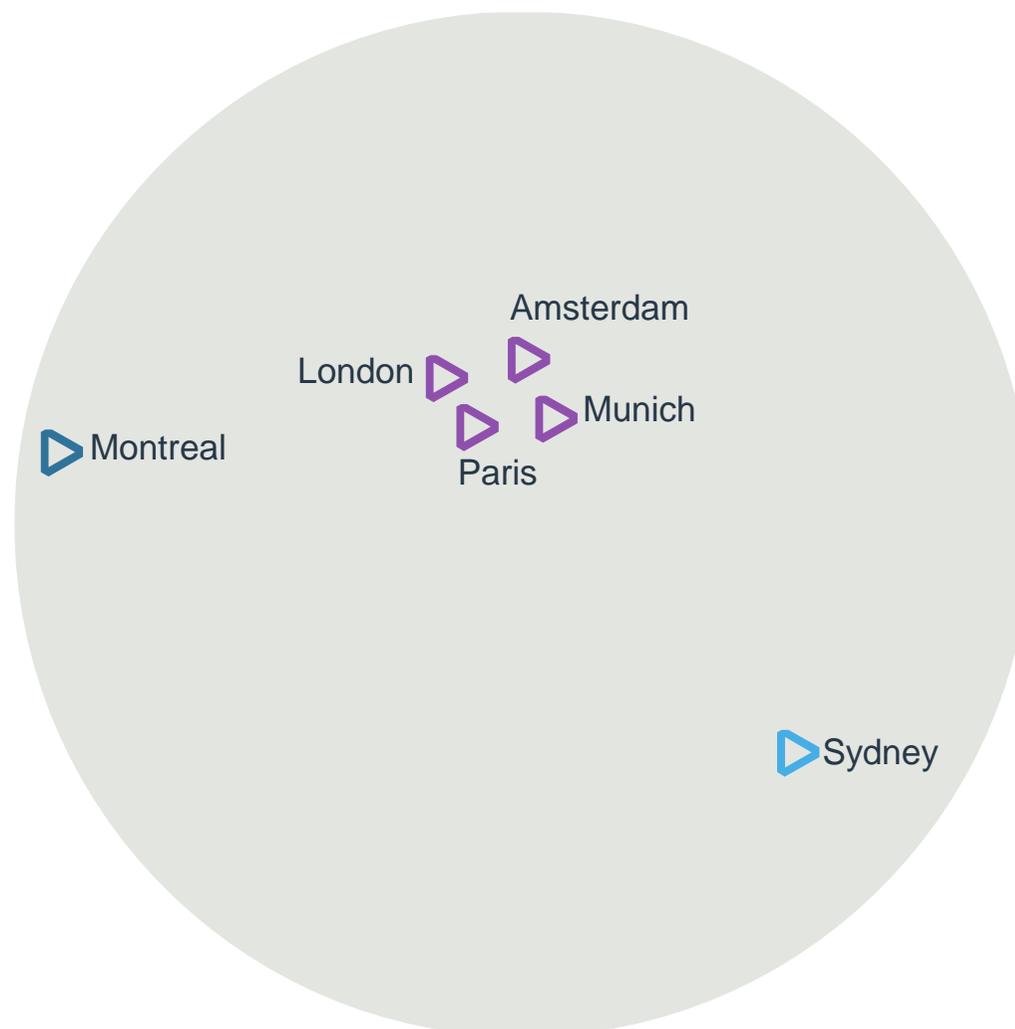
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Niels Bodenheim, Director Private Markets bfinance**

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**Pauze**

**Leiden, 8 september 2016**



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**Russell  
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**Benchmarking van de presentaties van een fiduciair manager  
Fons Lute, Client Portfolio Manager Russell Investments**



# Prestatiemeting in Fiduciair Beheer

De Balanced Score Card voorbij

Fons Lute

8 SEPTEMBER 2016

# Fiduciair Management - een samenwerkingsrelatie

- › Fiduciair management beoogt versterking van beleid en uitvoering
- › Inhuren van externe deskundigheid als waarborg voor hoge mate van doelgerichtheid
- › Uitvoeringsorganisaties ontstaan door:
  1. Groei om deskundigheid te continueren en ontwikkelen
  2. Kosten efficiëntie
  3. Afhankelijk zijn van één opdrachtgever



# Het Mandaat

- › Opdrachtgevers zijn zorgvuldig in het formuleren van het mandaat
- › Hoge mate van specificatie van de opdracht
- › Geeft richting aan de wijze waarop uitvoering plaats moet vinden
- › Geldt veelal voor de contractperiode
- › SLA's of guidelines worden regelmatig aangepast
- › Betreft meestal uitvoeringsdetails die wijziging behoeven

# Omgaan met de Fiduciaire Beheerder

- › Verschillende integratiemodellen in de praktijk
- › Modellen in bestuur
  1. FM participeert
  2. Zonder FM
- › Modellen in beleggingscommissies
  1. Volledige participatie
    - A. Met zeggenschap - als volwaardig lid
    - B. Zonder zeggenschap – als uitvoerder
  2. Gedeeltelijke participatie



# De Proactieve Fiduciaire Beheerder als droombeeld



- › De opdracht uitvoeren binnen de grenzen van het mandaat
- › Beloning hangt af van de gekozen grenzen
- › Opdracht leidt tot targets bij de uitvoerder
- › Uitvoeringsactiviteit staat in het teken van het behalen van de targets
- › Aansporing voor proactief gedrag ontbreekt
  1. Valt buiten de targets
  2. Wordt niet beloond
  3. Afbreukrisico voor de uitvoerder

# Pro-activiteit versus Countervailing Power



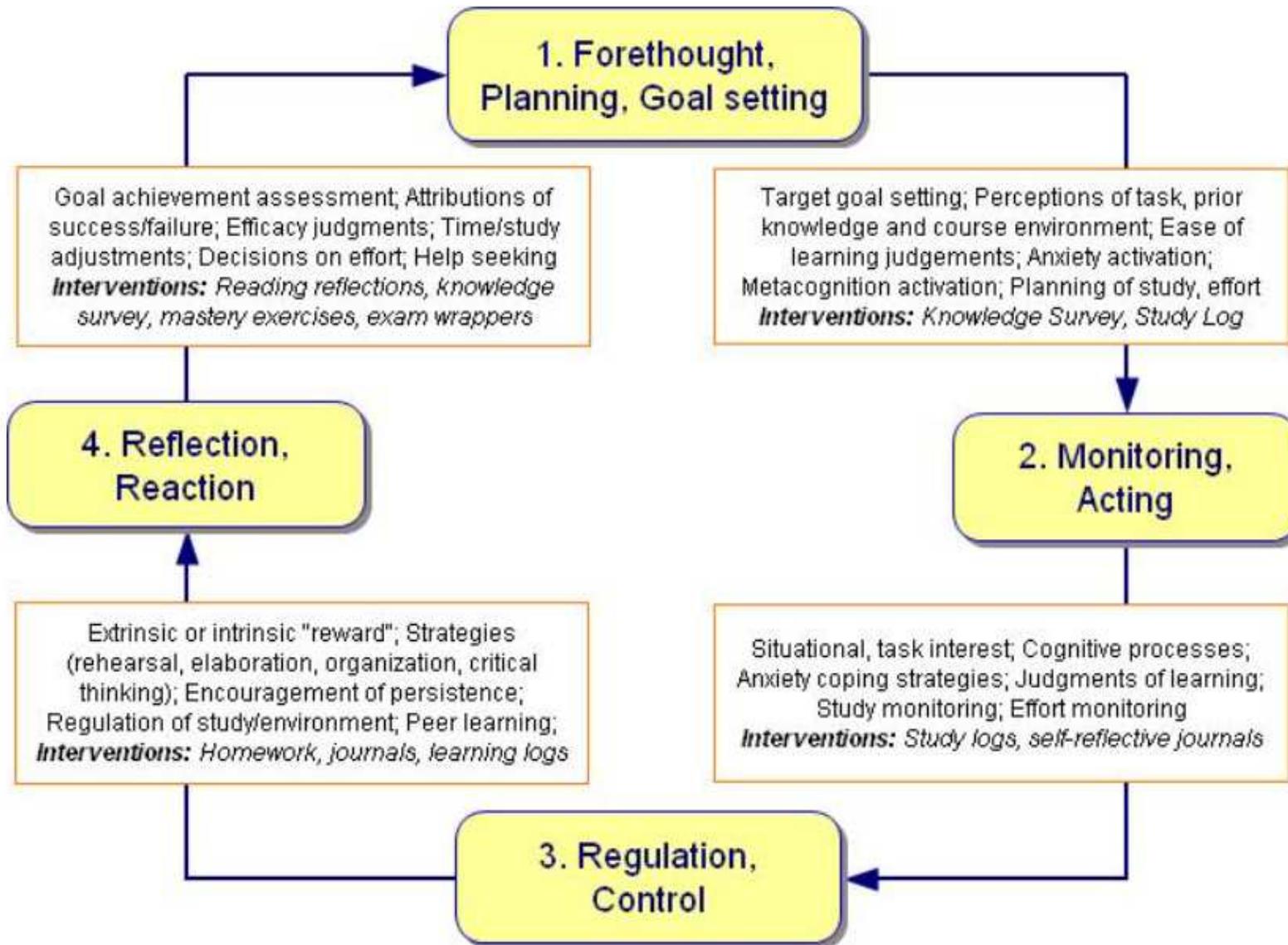
“HR say we should be looking for a little fresh blood – any idea what they´re talking about?”

- › Wantrouwen tegen nieuwe ideeën van de fiduciaire beheerder
- › ‘Peer group pressure’

# Scheiding van Return en Matching portefeuille

- › Beheer van de matching portefeuille vergt efficiënte implementatie
  - › Weinig behoefte aan / ruimte voor actief beheer
- › Beheer van de return portefeuille vergt ‘active management skill’
- › Zeer verschillende competenties
- › Manager selection skill is een schaarse competentie
- › Voor de meeste fiduciaire beheerders is manager selection bijzaak
  - › De organisatie geeft met tegenzin deel-mandaten uit handen
  - › Investerings vereisen voldoende schaal
  - › Beloningsprikkel ontbreekt
  - › Hoog afbreukrisico

# Evaluatie en Zelfreflectie



Bron: Geoscience Affective Research Network, 2016

# Meten van de Performance: WYMIWYG

- › Het pensioenfonds krijgt wat het toestaat
- › De Fundamental Law of Active Management lijkt hier enigszins van toepassing
  - › Het ‘performance-lek’ a.g.v. constraints en kosten
- › Restricties beperken de mogelijkheid om ‘boven zichzelf uit te stijgen’
- › Daarom: u krijgt wat u mandateert!



# Balanced Score Card als evaluatiemiddel

- › BSC meet wat u toestaat
- › ‘By design’ meten van performance BINNEN het mandaat
- › Thematisch meten van targets
- › Het meet niets over pro-activiteit
  - › Meten van afgewezen voorstellen
- › Complexe beoordelingsmethodiek
  - › Effectiviteit wetenschappelijk onbewezen



# Fiduciair beheer volgens Russell Investments

- › **Succesvol fiduciair beheer** valt en staat met:
  1. **Samenwerking**
  2. **Objectieve periodieke doorlichting van die samenwerking**
  3. **Onafhankelijkheid van interne oplossingen**
- › Meten van de effectiviteit van beleid naast meten van uitvoeringskwaliteit
- › Actief beheer werkt alleen in een multi-manager opzet
- › Het selecteren en combineren van externe managers is een professie
  - › Veel loze pretenties; weinig echte 'manager selection skill'
- › Intern beheer van rendementsportefeuilles verstrengelt belangen

# Important Information

## For Professional Clients Only

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Benchmarking van de presentaties van een fiduciair manager  
Fons Lute, Client Portfolio Manager Russell Investments

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**WESTERBRINK**

**Aandachtspunten bij de pensioenadministratie  
Onno de Baan, Partner Westerbrink**





**WESTERBRINK**

# Aandachtspunten pensioenadministratie

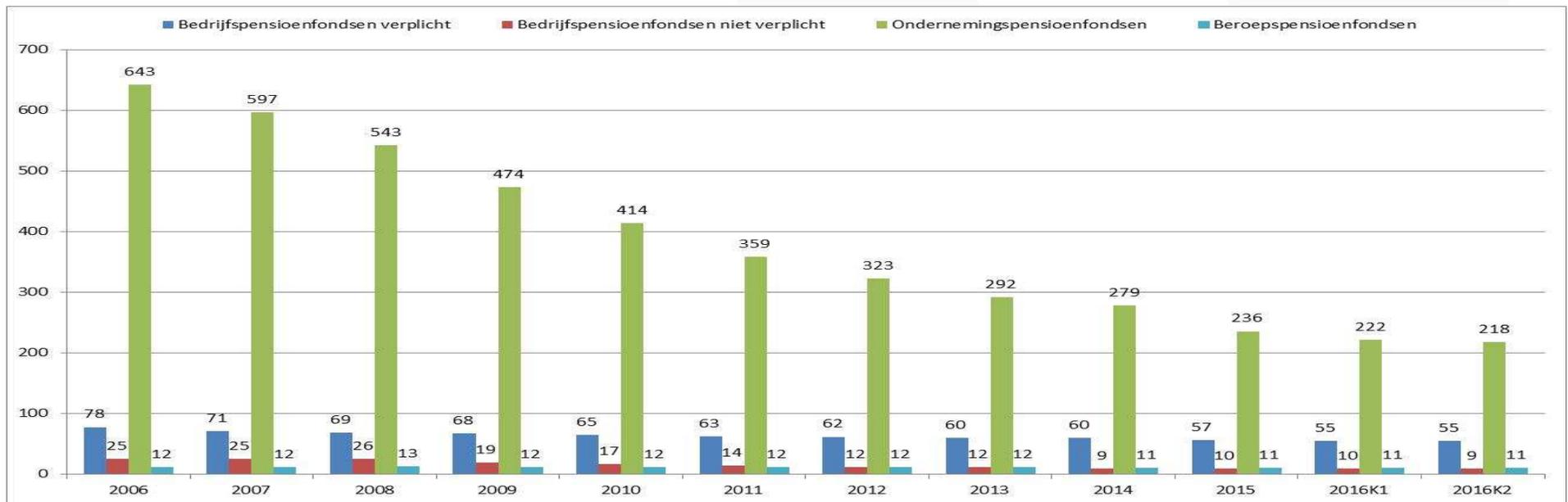
Onno de Baan

8 september 2016

# Thema's

- Pensioenfondsen
- Pensioenuitvoeringsinstellingen (PUO's)
- Aandachtpunten pensioenuitvoering

# Aantal pensioenfondsen



Bron: data  
DNB

## Ervaring

- Aantal pensioenfondsen is  $\pm$  80% van alle werkenden
- Aantal OPF-en daalt fors; einde nog niet in zicht
- Fusiegesprekken BPF'en
- Consolidatie -> uitvoerders
- Discussie -> Toekomst pensioenstelsel -> DB naar DC
- Uitbesteding en Kosten
- Het APF

## Verwachting binnen 5 jaar?

- Beperkt aantal OPF-en (10 – 15)
- Aantal grote BPF-en (5 – 10) verplicht gesteld
- Aantal grote open BPF-en, (5) niet verplicht
- Aantal APF-en (4-5)

## Randvoorwaarden?

- Gelijksortige regelingen en volledig digitaal
- Gericht op de deelnemer (levenslang)
- Lage kosten en redelijke rendementen
- Werkgever faciliteert slechts, deelnemer kiest

# Consolidatie



**Nieuwe klanten per 1-1-2017**





**Nieuwe klanten per 1-1-2017**







**Klanten verloren (1-1-2017?)**

# Triggers?

- Schaalvoordelen
- Beschikbaarheid van voldoende en gekwalificeerd personeel
- Hoog kwaliteitsniveau
- Continuïteit
- Gunstige prijs
- Reputatie en integriteit
- ....





# Modulair uitbesteden

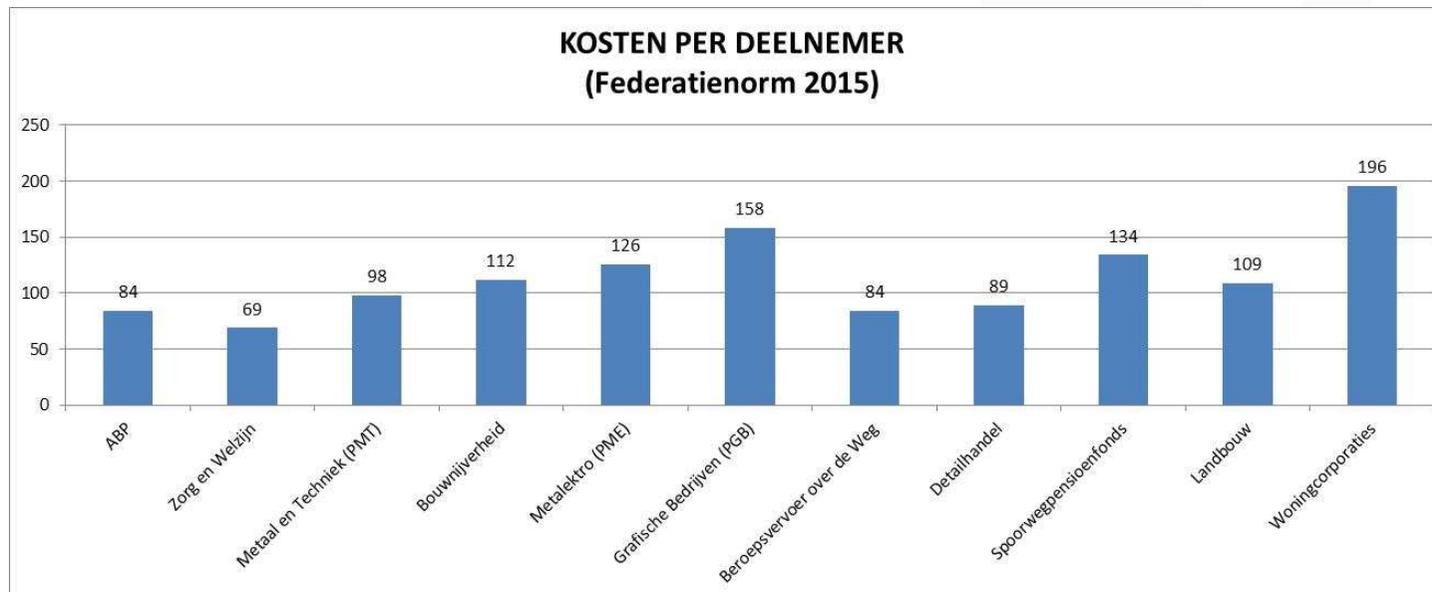


# Pensioenbeheerovereenkomst

- Aansprakelijkheid 1 of 2 x jaarfee?
- Duur contract Onbepaalde tijd, 1, 3 of 5 jaar?
- Exit bepalingen Reden en vaste kosten?
- Opzegtermijn Pensioenfonds/ PUO en modulair?
- Schadevergoeding Direct en indirect?
- Soliditeit uitvoerder EV van uitvoerder?
- SLA Juistheid, volledigheid en tijdigheid - 95%?
- Rapportage Wat en hoe?
- Evaluatie relatie Jaarlijks?
- ...

# Beheersen van kosten?

- Kosten per deelnemer?
- Geen indexactie (of negatieve indexatie)?
- Projectkosten (SEPA, nieuwe regeling, wetgeving)?
- Regeling harmoniseren?
- Omvang pensioenfondsen (groei en krimp)?
- Innovatie / IT – communicatie?
- Methodiek uitvoering – callcenter?
- Governance (verdubbeling in 4 á 5 jaar)?



# Resumé

- Schaalvergroting
- Uitbestedingsbeleid
- Selecteer de beste passende partij > best fit
- Uitbesteding is een continu proces
- Organiseer countervailing knowledge

*“Uitvoerders X” is voor “Pensioenfonds Y” de beste partij op basis van de dienstverlening en marktconforme prijsstelling?*

# WESTERBRINK

Onno de Baan

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E: [onno@westerbrink.net](mailto:onno@westerbrink.net)

**Dit document is uitsluitend bestemd voor de deelnemers aan de bestuurders  
conferentie 'Benchmarking, Vergelijken en proactief monitoring'**

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# Case studie - 30 pensioenfondsen

- Fondsbestuur heeft de regie
  - Risicobeheersing & continuïteit
  - Heldere rapportages en evaluaties
  - Op zoek naar positie en draagvlak in complexe dynamische omgeving
  - Meedenkende 'partner in business' die kennis deelt
- Vlekkeloze administratie
  - Accuraat, tijdig, compleet
  - State-of-the-art/up-to-date processen en systemen, STP
  - Flexibiliteit in op maat gesneden oplossingen
- Kosten
  - Transparant, inzichtelijk
  - Beheersen door schaalvoordelen en efficiency
- Service naar werkgevers
  - Geoliede processen (data, incasso, ..)
  - Handhaving
- Service naar deelnemers
  - Heldere communicatie
  - Real-time informatie
  - Uitstekende bereikbaarheid



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**WESTERBRINK**

**Aandachtspunten bij de pensioenadministratie  
Onno de Baan, Partner Westerbrink**

**Hartelijke dank voor uw aandacht**



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exelerating

**Benchmarking van pensioenfondsen**  
**Reinoud van den Broek, Founder Exelerator**





exelerating

## Quantitative BENCHMARKING



Exelerating is zelfstandig onderdeel van Exelerator en richt zich op het gebruik van data **benchmarking** en business **analytics** voor pensioenfondsen, vermogensbeheerders, verzekeraars en consultants ([www.exelerating.nl](http://www.exelerating.nl))





## Exelerating Analytics en Benchmarking

- Méér dan **220** Nederlandse pensioenfondsen
- Méér dan **80** gegevens fonds/ jaar
- Vernieuwende **inzichten**
- Informatie **visueel** aantrekkelijk
- Direct presentabel
- Ook in app vorm!



## De zin en onzin van benchmarken: even vooraf

- Je hebt leugens, nog grotere leugens en je hebt statistiek.....!
- Je kan in een zee van gemiddeld 10 cm diep verdrinken....!
- Wij vinden dat je data vanuit veel verschillende perspectieven moet bekijken
- Het gaat in onze ogen om relatieve waarden en niet om absolute waarden
- Cijfers, feiten en benchmarks, mits juist gebruikt kunnen een positieve impuls geven aan discussie, beleid en uiteindelijk kwaliteit!
- Bedenk voor wie je het doet? ..... **DE DEELNEMER?**

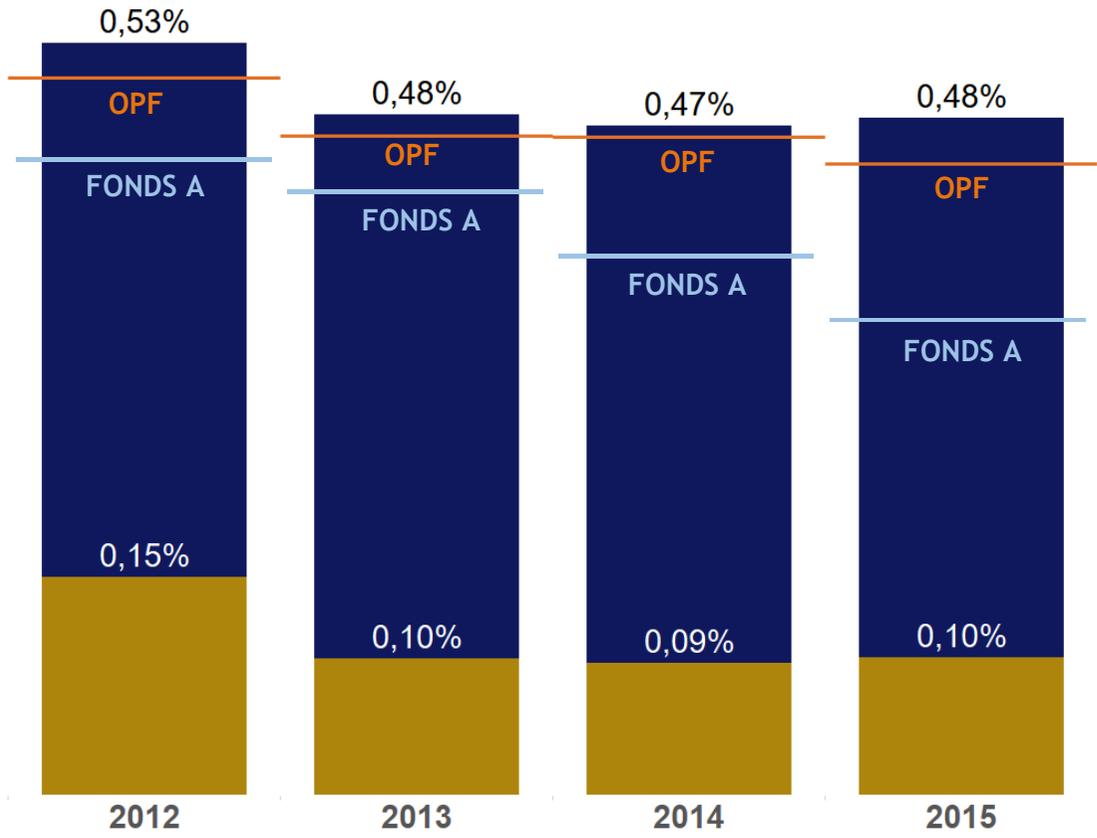


# Peergroup benchmarken geeft snel inzicht in beleggingskosten

www.exelerating.nl

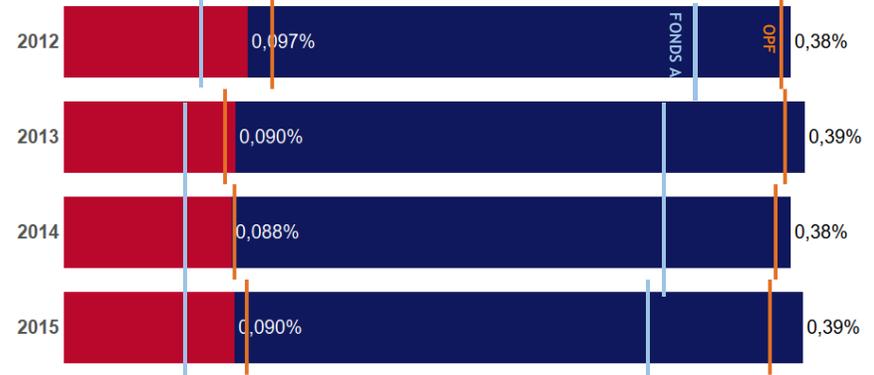
### Totale beleggingskosten MARKT

beleggingskosten in blauw [%]  
waarvan transactiekosten in goud [%]



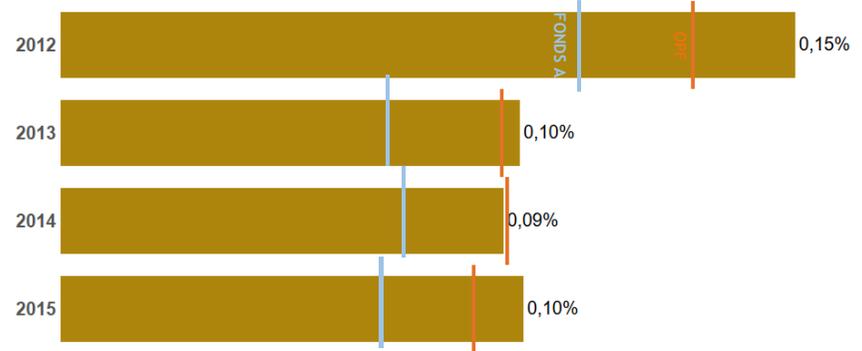
### Vermogensbeheerkosten en fiduciaire beheerkosten MARKT

vermogensbeheerkosten blauw [%]  
waarvan fiduciaire beheerkosten in rood [%]



### Transactiekosten MARKT

transactiekosten in goud [%]

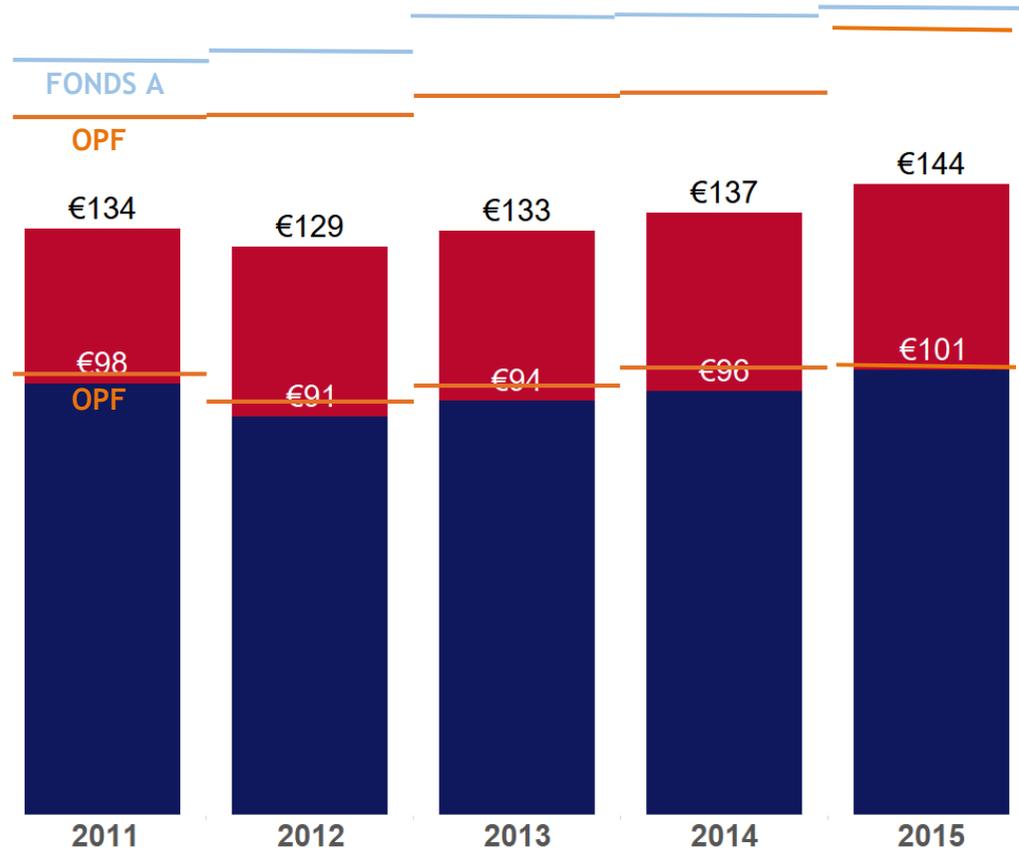




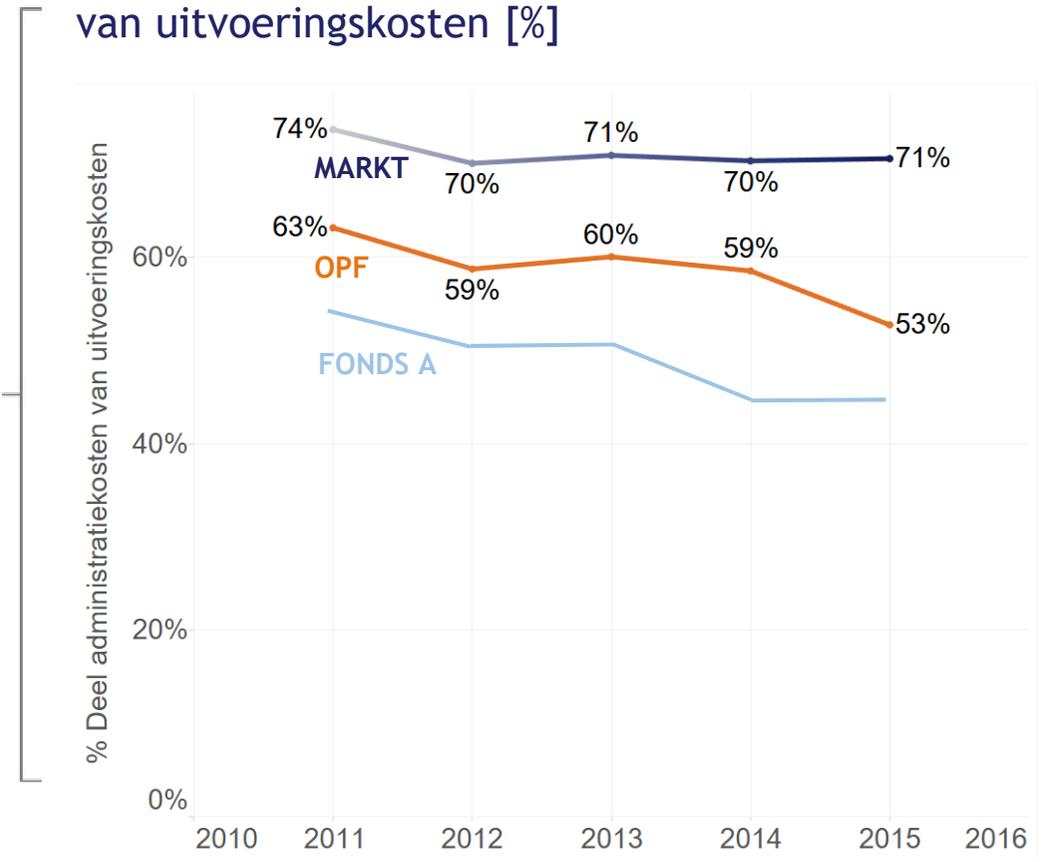
# Peergroup benchmarken geeft snel inzicht in uitvoeringskosten

www.exelerating.nl

Uitvoerings- en administratiekosten per deelnemer\* **MARKT**  
uitvoeringskosten per deelnemer in **rood** [EUR]  
waarvan administratiekosten in **blauw** [EUR]



Deel administratiekosten van uitvoeringskosten **MARKT**  
administratiekosten als deel van uitvoeringskosten [%]



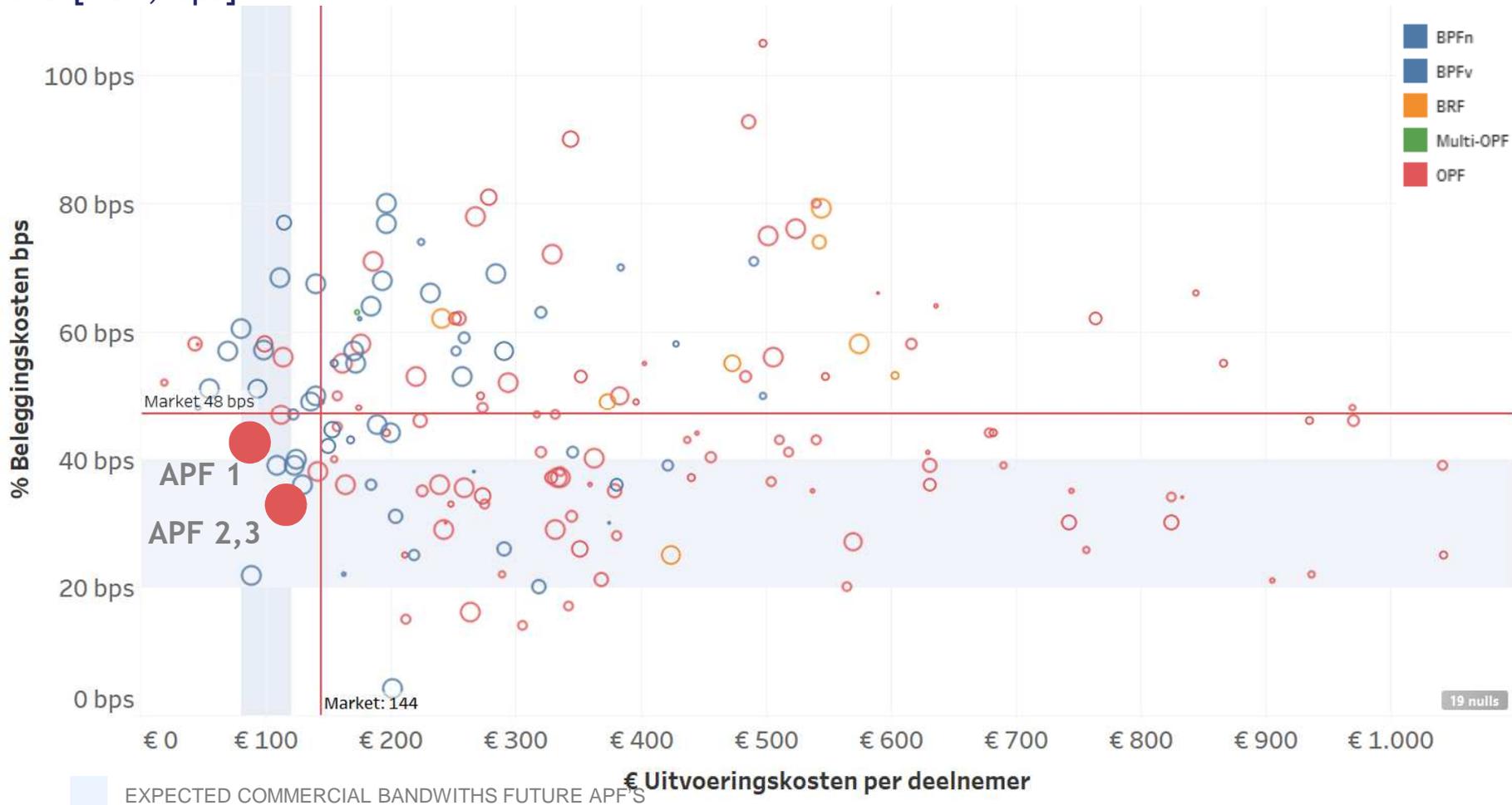
\* Actieve bijdragers en pensioengerechtigden  
SOURCES: EXELERATING B.V.



# Grote verscheidenheid in uitvoerings en beleggingskosten

www.exelerating.nl

## Relatie uitvoeringskosten per deelnemer\* en beleggingskosten 2015 [EUR, bps]

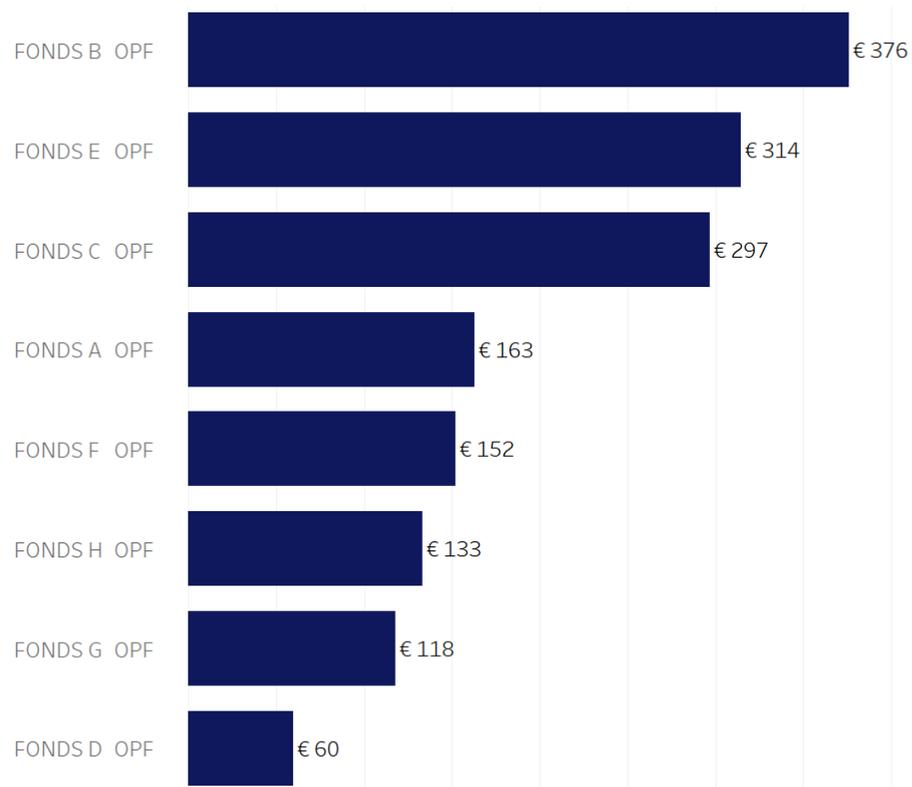


\* Actieve bijdragers en pensioengerechtigden

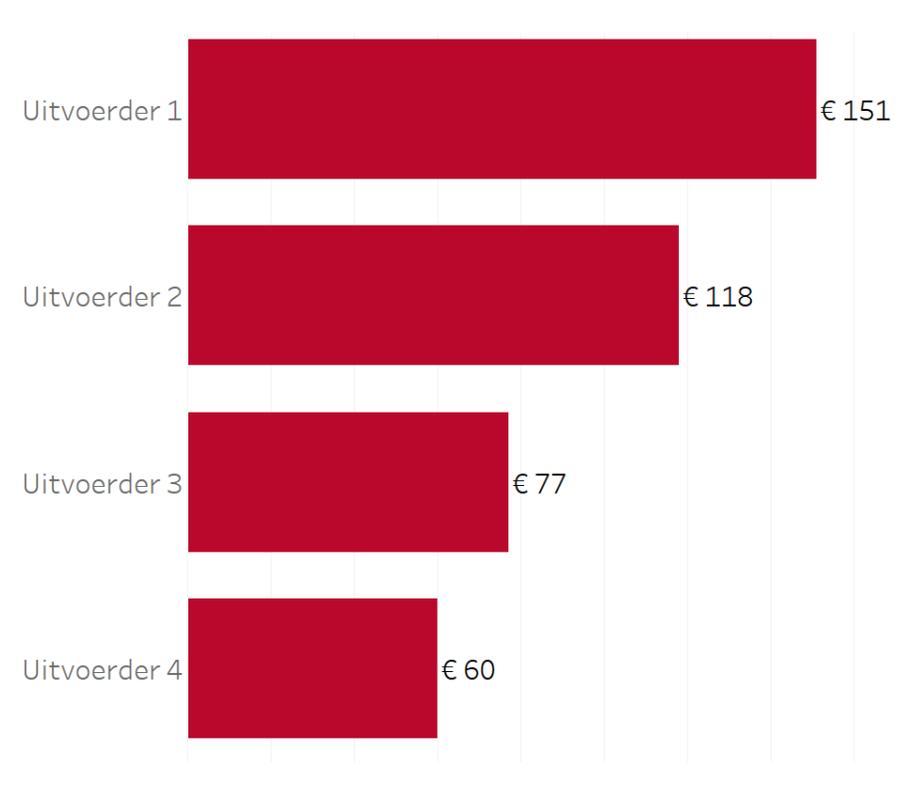
SOURCES: EXELERATING B.V.

# Grote verschillen in administratiekosten per deelnemer per fonds en uitvoerder

Administratiekosten per deelnemer\*\*  
per fonds in peer group\*  
administratiekosten per deelnemer in **blauw** [EUR]



Administratiekosten per deelnemer\*\*  
per uitvoerder in peer group\*  
administratiekosten per deelnemer\*\* in **rood** [EUR]

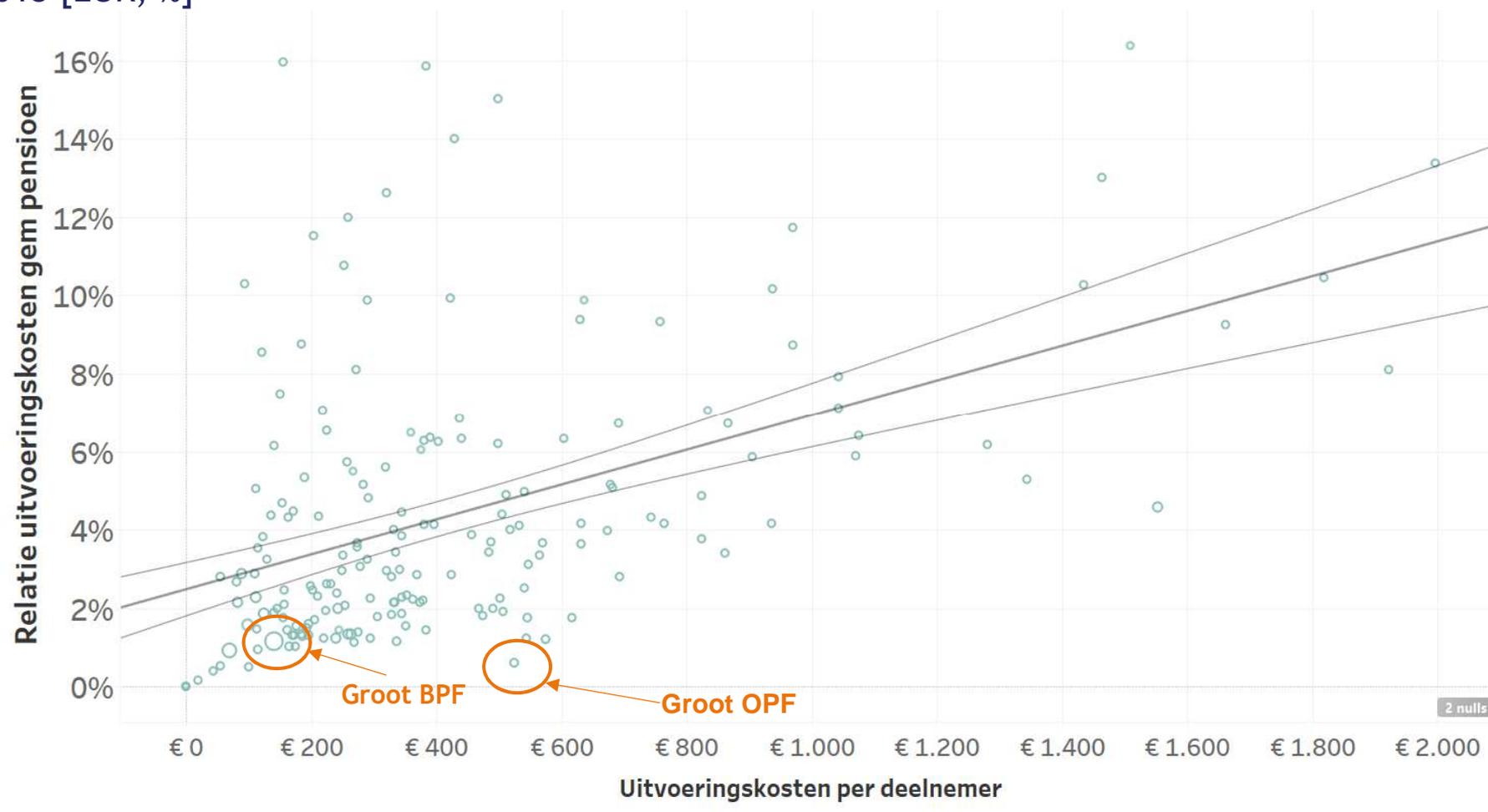


\* Fondsen AuM < €2mld en 0.5 - 1 actieve bijdrager per pensioengerechtigde

\*\* Actieve bijdragers en pensioengerechtigden

# De deelnemer centraal: hoge uitvoeringskosten hoeven niet een groot deel van het gemiddeld pensioen te zijn

Relatie uitvoeringskosten per deelnemer\* en uitvoeringskosten per deelnemer\* als deel van gem pensioen 2015 [EUR, %]



\* Actieve bijdragers en pensioengerechtigden

# De deelnemer centraal: Hoge beleggingskosten per deelnemer zijn soms goed uit te leggen gezien opbrengsten

Relatie beleggingskosten per deelnemer\* en beleggingsopbrengsten per deelnemer\*  
2012-2015 [EUR AVERAGE]

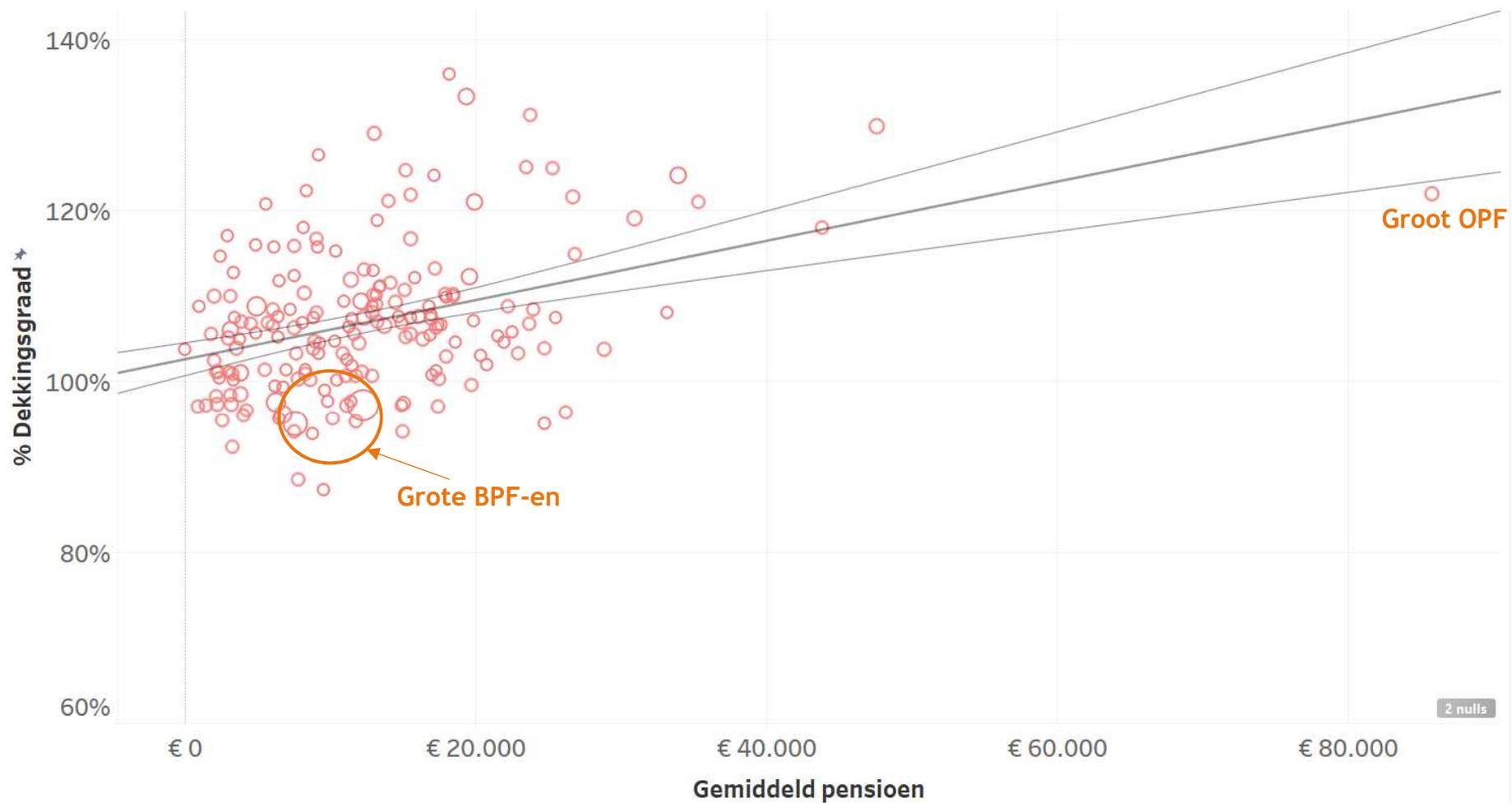


\* Actieve bijdragers en pensioengerechtigden  
SOURCES: EXELERATING B.V.

# De deelnemer centraal: Sterke correlatie tussen gemiddeld pensioen en staat dekkinggraad in 2015/16

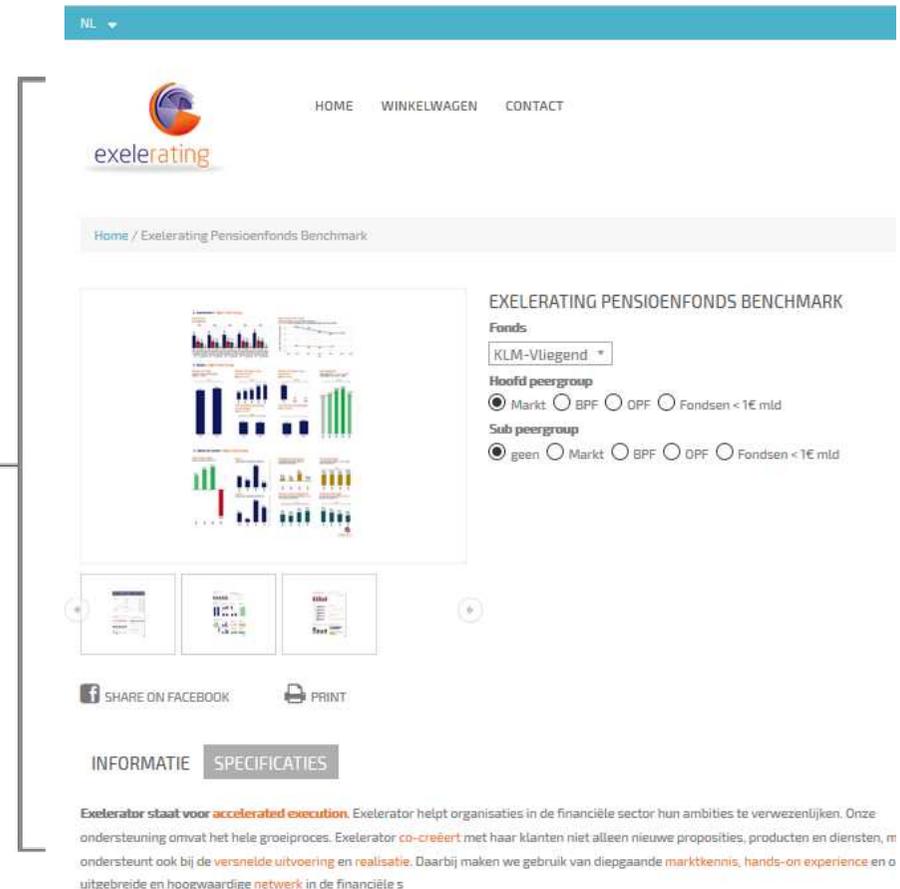
www.exelerating.nl

## Relatie gemiddeld pensioen en dekkinggraad 2015 [EUR, %]



## Exelerating Pensioenfondsen Benchmark

- Binnenkort aan te schaffen in onze **online-winkel**
- Zelf **peer groups** samenstellen
- Op basis van **openbare informatie**
- Informatie met sterke **visuele** weergave
- Direct op te vragen als PDF
- Lage kosten
- [www.exelerator.nl](http://www.exelerator.nl)



NL

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EXELERATING PENSIOENFONDS BENCHMARK

Fonds  
KLM-Vliegend \*

Hoofd peer group  
 Markt  BPF  DPF  Fondsen < 1€ mld

Sub peer group  
 geen  Markt  BPF  DPF  Fondsen < 1€ mld

SHARE ON FACEBOOK PRINT

INFORMATIE SPECIFICATIES

Exelerator staat voor **accelerated execution**. Exelerator helpt organisaties in de financiële sector hun ambities te verwezenlijken. Onze ondersteuning omvat het hele groeiproces. Exelerator **co-creëert** met haar klanten niet alleen nieuwe propositities, producten en diensten, maar ondersteunt ook bij de **versnelde uitvoering** en **realisatie**. Daarbij maken we gebruik van diepgaande **marktkennis**, **hands-on experience** en o uitgebreide en hoogwaardige **netwerk** in de financiële s



## Exelerating Pensioenfondsen Benchmark

- Binnenkort ook beschikbaar via het MDS-Dashboard van Mylette.....



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Benchmarking van pensioenfondsen  
Reinoud van den Broek, Founder Exelerator

**Hartelijke dank voor uw aandacht**

A close-up photograph of several interlocking metal gears, rendered in a grayscale style with soft lighting and shadows, creating a sense of motion and mechanical precision.

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slagerij  
**van der Zon**

**Het vergelijken van Vleesproducten  
Daan van der Zon, CEO Slagerij Van der Zon**



slagerij  
van der Zon

# Slager kijkt naar Benchmark

Introductie Slagerij

Herkomst benchmark

Toekomst visie

# Introductie



# Herkomst Benchmark



VS



# Toekomst Slagerij van der Zon



- 1 koe in de week
- 4 á 5 varkens
- Producten zelf maken
- Autentieke recepten
- Tijd voor de klant
- Oplossing voor de klant

Prijs

Kwaliteit

Klanttevredenheid

# slagerij van der Zon



VRAGEN ?

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slagerij  
**van der Zon**

Het vergelijken van Vleesproducten  
Daan van der Zon, CEO Slagerij Van der Zon



**Hartelijke dank voor uw aandacht**

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Conferentie**

**2016**



**Wrap-up, Sluiting en Barbecue  
Jacco Heemskerk & Christiaan Tromp,**



Een mens is slechts vrij  
wanneer hij kan kiezen.

En hij kan alleen kiezen  
wanneer hij voldoende kennis  
bezit om te kunnen  
vergelijken.



Erich Fromm 1900 - 1980  
Duits - Amerikaans filosoof  
en psycholoog

# Contactgegevens

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Gelieve voor bijkomende informatie contact op te nemen met [info@ipfos.eu](mailto:info@ipfos.eu)

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