3rd World Pensions & Investments Forum

The World Pensions Council (WPC), an independent policy research organisation dedicated to innovative, enquiry-based analysis that helps strengthen interdisciplinary research in all pensions-related fields, held its forum recently in Hong Kong. Topics debated ranged from private equity, corporate governance to Asia countries' dynamics.

The third edition of the World Pensions & Investments Forum was held in Hong Kong, on 7-8 November 2013. This high-level event was organised by the World Pensions Council (WPC) with the support of the Government of the Hong Kong Special Administrative Region (Invest Hong Kong), the British Association of Pension Trustees (AMNT), the French Society for the Promotion of Industry (SEIN) and Netherlands pension group PGGM.

Debates focused on private equity, indexing, infrastructure investments, corporate governance, and longevity risk globally, as well as Asia-specific economic, demographic and country risk dynamics in relation to national and regional fixed income markets.

The event was attended by 120 participants, including senior representatives of the World Bank/IFC, the OECD, the Hong Kong SAR Government, key Asia-Pacific sovereign investors such as China Investment Corporation (CIC) and the Hong Kong Monetary Authority (HKMA), a wide array of pension and superannuation funds including Austral Super (Australia's leading regional and rural pension fund), Belgium's Federal Social Security Fund, the Canada Pension Plan Investment Board (CPPJB), Korea's National Pension Service (NPS), the Hospital Authority Provident Fund Scheme (HAPPS) and the Fundo de Segurança Social. It also included prominent experts from the European Federation of Financial Analysts Societies (EFFAS), the National Association of Financial Analysts (SFAF), Standard & Poor's (S&P), Amundi, BNP Paribas, Macquarie, Manulife and HSBC.

Longevity risks

Mr. Gautier Chatelus, CIO of CDC Infra Management, the infrastructure arm of France's Caisse des Dépôts and Mr. Philippe Desfosses, Chief Executive of the French Public Sector Pension Fund (ERAPF), both concurred, insisting on the long-term financial and regulatory benefits of “blending” foreign and domestic institutional sources of capital with large-scale infrastructure assets.

Mr. Pablo Antolin-Nicolás, Principal Economist & Head of the Private Pensions Unit of the Organisation for Economic Co-operation and Development (OECD) delivered a plenary presentation on “Mortality Assumptions and Longevity Risk”, using various mainstream longevity models as a base for cross-county comparisons.

Dr. Antolin and his team found that Chinese and Brazilian pension funds and insurance companies typically used life expectancy predictions more than 10% below what the general models indicated they should be. Wherein, on the other end of the longevity risk spectrum, the UK and the Netherlands, had “little to no longevity risk” in both pension funds and insurers.

Lastly, Prof. A David Wilkie of Edinburgh's Heriot-Watt University, creator of the “Wilkie Model” and mentor for generations of European and Asian actuaries, described the evolution of stochastic asset allocation models and their concrete applications by insurers, pensions and asset managers.

(L-R): Mr. Nicolas Firzli and Prof A David Wilkie