

Overcoming the Pension Investment Governance Challenges

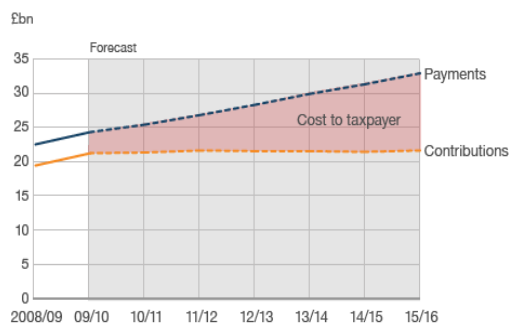
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Local Government Pension Scheme Challenges

Rising Costs

The growing cost of public sector pensions



Source: OBR 2010 forecasts

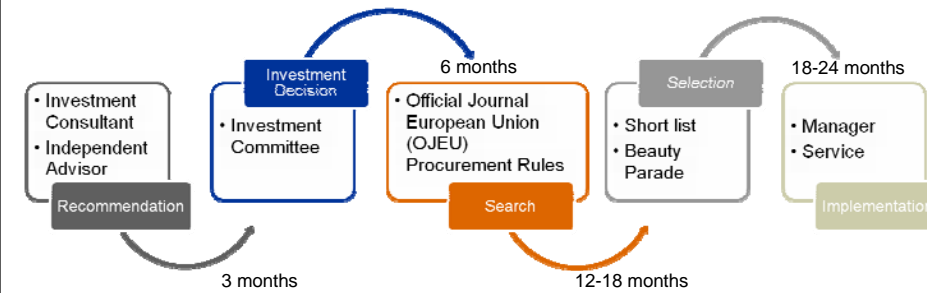
- March 2011 Hutton Report
- Adequate reforms?
- OBR Forecast
- Taxpayer burden

Local Government Pension Scheme Challenges

- Market Conditions
- Decreasing contributions
- Greater Workload



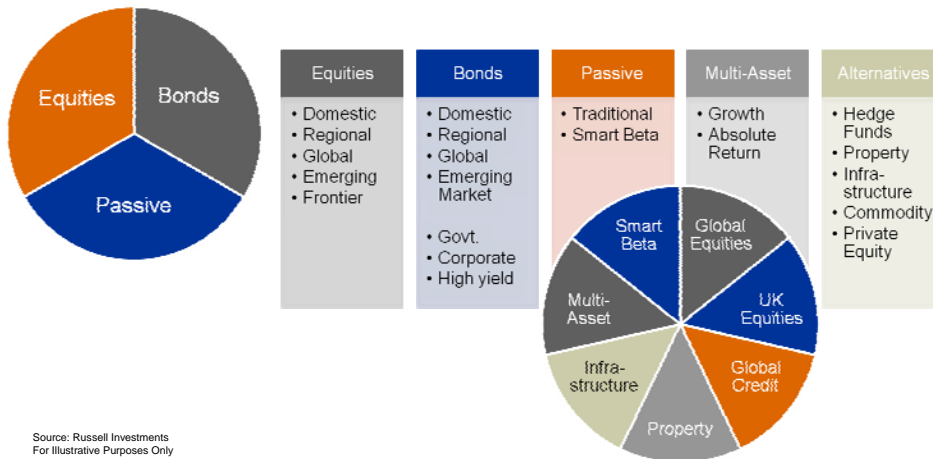
Complex Decision Making



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Multiple Asset Class Diversification

A changing environment requires more sophisticated solutions



Source: Russell Investments
For Illustrative Purposes Only

Current Solutions

Framework Agreements and Fund Panels



Advantages	Disadvantages
Fewer OJEU processes	Requires secondary selection process
Economies of scale	Skill and time dependent
Promote knowledge sharing	Suffer stagnation

The Alternatives

A Radical Approach

Calls to merge LGPS into five £30BN superfunds

Financial Times, January 2012



Financial Times, April 2012

Is There A Third Way?

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