

Oversight Management: een zinvolle aanvulling!

Houffhoff Pension Fund Academy

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Agenda

- *The Fiduciary Management promise*
- *The evolution of Pension Fund Services*
- *Oversight Management*
- *Example Organizational Structure*
- *Benefits of Oversight Management*
- *Another benefit of Oversight Management*
- *Considerations*
- *'Pension fund at your fingertips' (demo)*



The Fiduciary Management promise

“With a fiduciary approach the trustees could delegate more while gaining higher returns on the assets”

Main issues with that promise:

- *Tasks can be delegated but responsibility cannot*
- *No proper alignment of interests*
- *Know your partner*
- *Investing in own managed funds*
- *Evaluation of the partnership*
- *No clear Service Level Agreement*



EDMOND DE ROTHSCHILD
ASSET MANAGEMENT

*See the disclaimer

INTELLIGENCE ON EUROPEAN PENSIONS AND INSTITUTIONAL I

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Magazine

Pitfalls of fiduciary management

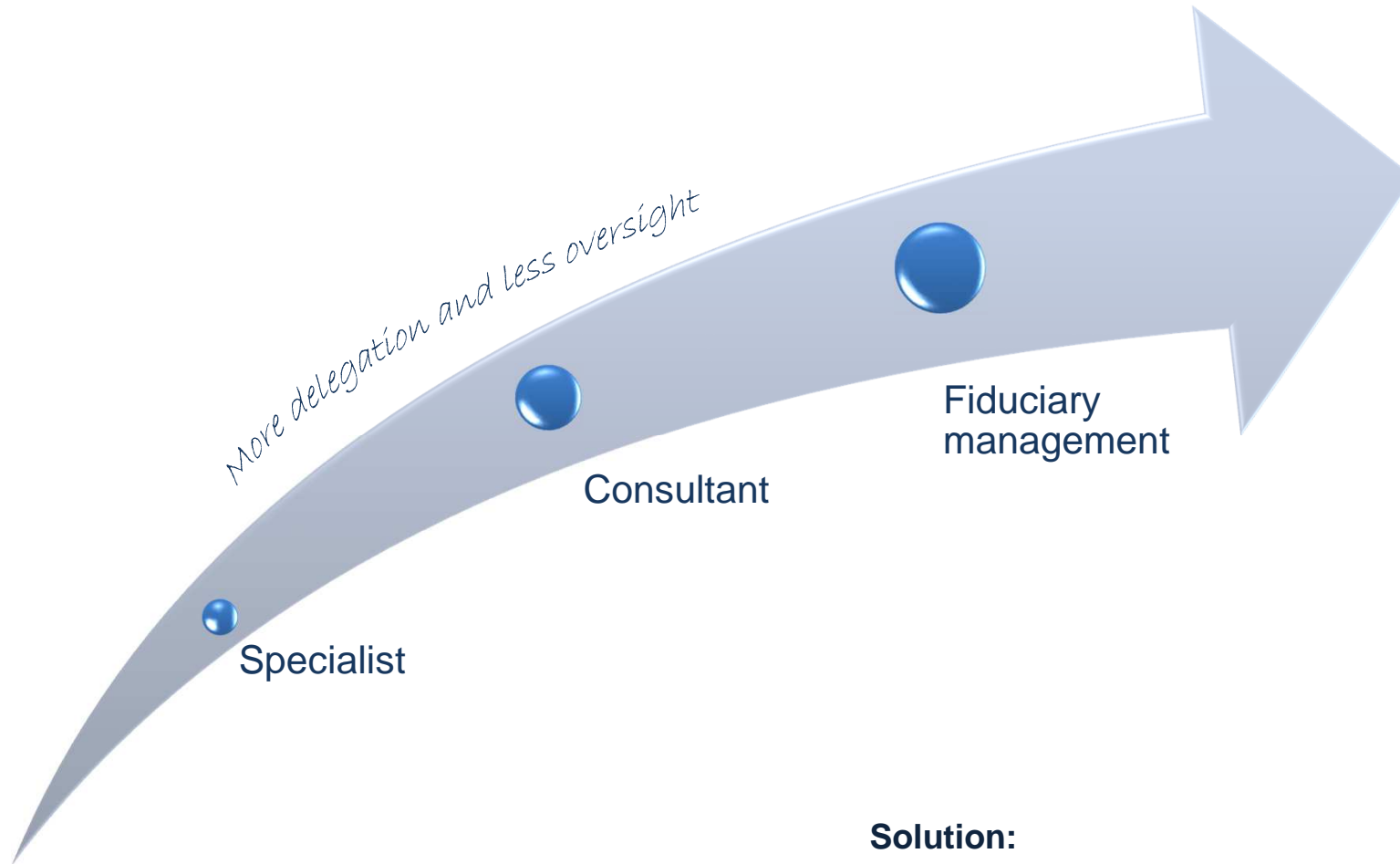
01 Oct 2010

Christiaan Tromp outlines the necessary criteria for successful and long-lived fiduciary management partnerships

Over the past 10 years, fiduciary management has proven itself a welcome addition to the pension fund steward's toolkit. In general, it has brought a wider and fuller appreciation of all the moving parts of pension supervision and provided a framework to better integrate their management. But like every management discipline, while fiduciary management has numerous advantages, there are also a number of risks. After more than a decade of real-world experience, we can see not only the value in such an approach but also the pitfalls we should be wary of when entering into a fiduciary relationship.



The evolution of Pension Fund services



**Solution:
Outsourcing of Oversight Management**



Oversight Management

Oversight Management reviews and oversees all the relationships (processes and activities) between the pension fund and the various providers of services such as asset liability management (ALM) consultants, investment managers, custodians, accountants and actuaries.

Areas of Oversight Management

Strategic

- Review of Objective
- ALM Study
- Liability analysis
- Risk constraints
- Performance objectives
- Benchmark selection and analysis

Risk

- Risk Management
- Risk Measurement
- Compliance
- Manager Review
- Risk Budget Monitoring
- Manager Rebalancing

Asset management

- Programme Design
- Investment Agreements
- Asset allocation
- Manager Selection
- Portfolio construction
- Transition Management
- Manager rebalancing

Monitoring & Reporting

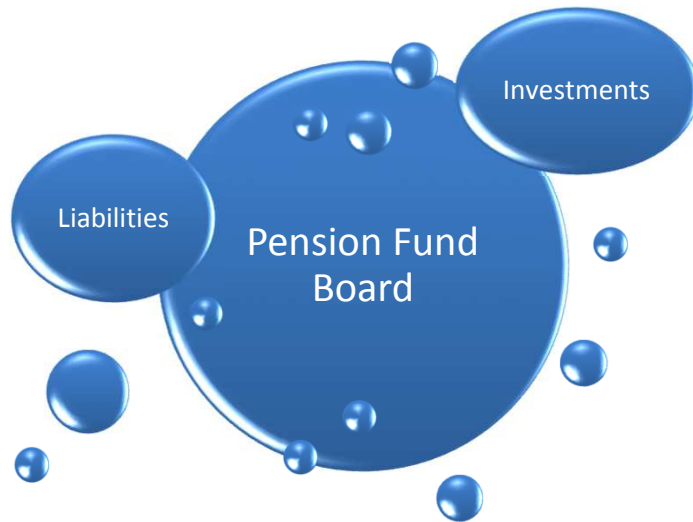
- Compliance Monitoring
- Manager Monitoring
- Cost Monitoring
- Risk Monitoring
- Reporting

Oversight Management includes: process information, active control tasks & independent advice by using ICT to keep costs low



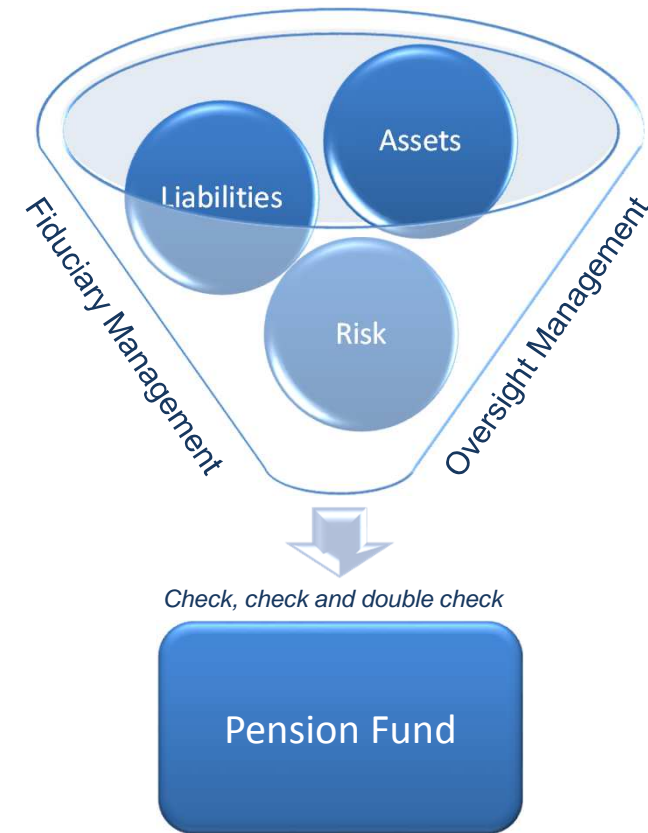
Example Organizational Structures

No independent oversight



Difficult to be in control!

With independent oversight



Being in control with selective information flow, independent assessment and recommendation!



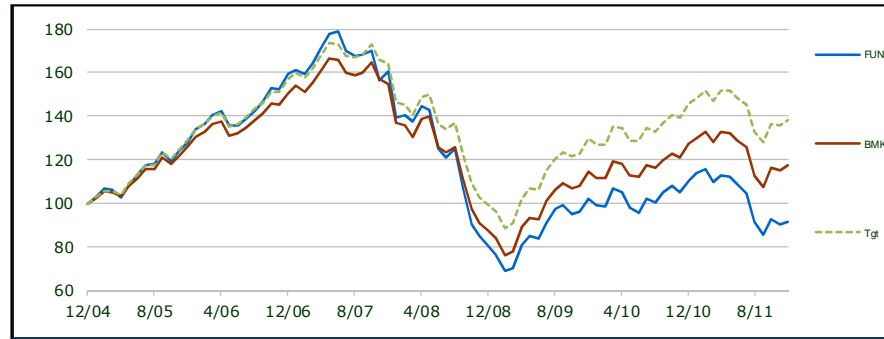
The benefits of Oversight Management

- **Independent Reporting**
- **Independent measurement and verification**
- **Strong governance structure**
- **Access to independent advice**
- **Clear accountability**

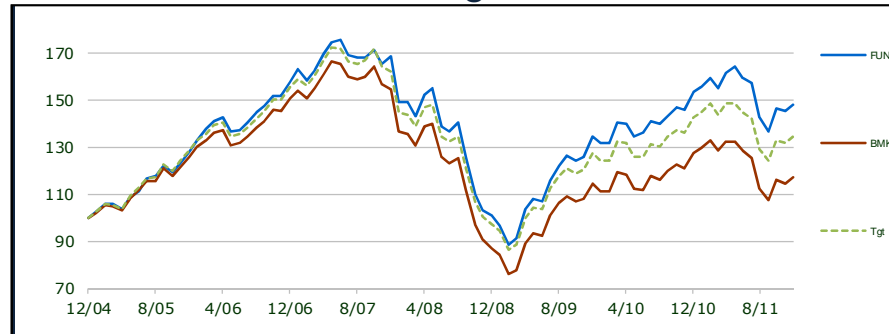


Another benefit of Oversight Management

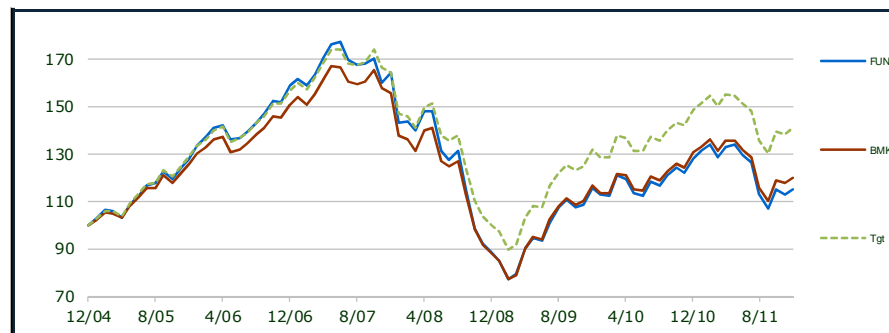
Manager 1



Manager 2



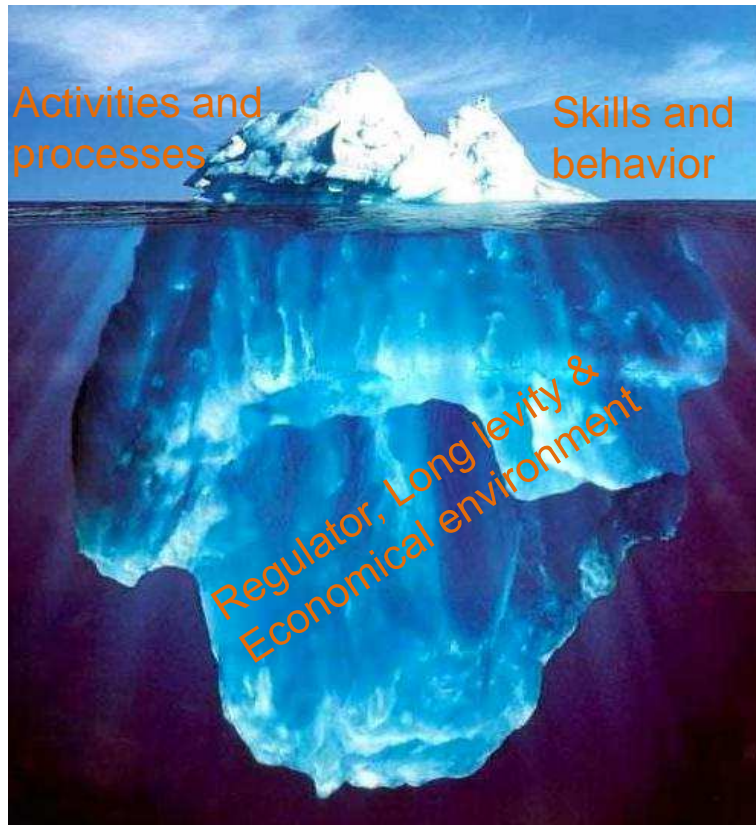
Total





Considerations

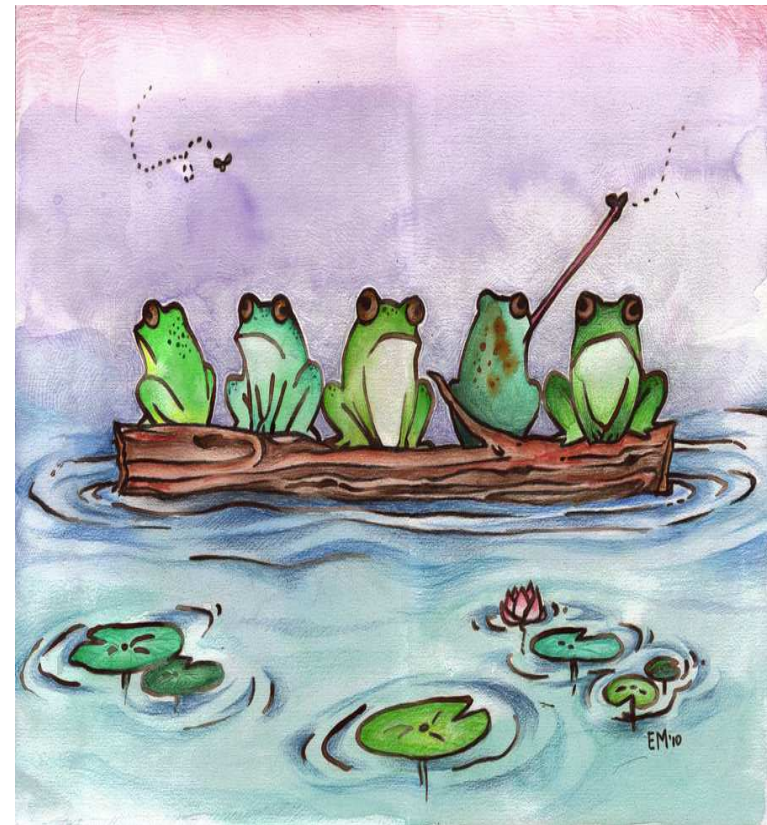
The iceberg of Pension fund Performance*



Keep focused on only those things that you can control or influence

*Based on Iceberg of Human Performance from Christian Recknagel

Five frogs on a log*



Four frogs decide to jump off.
How many are left?

*Mark L. Feldman & Michael F. Spratt



'Pension fund at your fingertips'

'Pension fund at your fingertips' is het systeem voor bestuurders en management van een pensioenfonds om met een minimale staf maximaal verantwoord en aantoonbaar in control te zijn en te blijven.



Heeft u interesse in 'pension fund at your fingertips' en wilt u zien hoe u aantoonbaar in control kan zijn. Email naar info@fiduciaryservices.eu en u ontvangt een link waar u de demo kunt downloaden.



‘Pension fund at your fingertips’ is het systeem waarmee je de governance structuur versterkt, de risico’s goed kan managen en waarmee je volledig grip hebt op jouw pensioenfondsen. Je weet waar je staat en je kunt direct actie ondernemen.

- *U en Uw fonds snel aantoonbaar in control*
- *Indeling aan te passen aan persoonlijke wensen*
- *Besparing op analyse opdrachten en accountants-controle kosten*



Tromp Fiduciary Services



- Oversight Management
- Monitoring & Reporting Framework
- Governance & Risk Management

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