



## Scoping Document

### Long Term Investment Mandates in Insurance and Pensions Industry Working Party

This working party is looking to address the following issues:

1. Identify the features of 'Long term investments' and distinguish them from other institutional or asset-only investment activities, e.g.:
  - a. Driven by a unique insurance or pension liability profile
  - b. Have long (>15 years) time horizon
  - c. Heavy regulatory intervention
  - d. Access to a rich universe of asset classes and investment strategies
2. Discuss current challenges in long term insurance investment and potential solutions. An example list of the challenges are:
  - a. Short-term solvency and capital constraints versus long-term growth potential
  - b. Favourable asset classes and the Strategic Asset Allocation
  - c. Benchmark setting and performance measurement and reporting
  - d. Balancing between responsiveness and stability in investment decision-making structure
  - e. Duration gap, liquidity buffer and other asset liability management issues
  - f. Balance of matching and growth
  - g. Bond yield and credit cycles, and the low rate environment
  - h. Market access restricting factors to particular asset classes, e.g. infrastructure, private equity
  - i. How multi-asset, alternative or hedging strategies fit within different local regulatory frameworks
3. Discuss the merits of mandates as opposed to other formats of investment (e.g. collective investment schemes).

#### Planned Outputs:

- A report summarising our research including desktop analysis and field survey
- Presentation at an investment or life conference.

#### Experience/skills/background desirable

We would be delighted to hear from members with a genuine interest in the features and mechanisms of insurers' and pension funds' long-term investment activities, the challenges these institutional investors are facing in the current economic and regulatory environment, their social impacts, and the merits of bespoke investment mandates/solutions to these challenges.

Members with experience or interest in financial asset classes, strategic asset allocations, liability driven investments, ALM and capital optimisation, and other investment-related activities for insurers and pension funds, would be welcomed.

We will be open to constituting the working party with a mix of backgrounds and interests in different aspects of the topic, which might range, for example, from the more academic across to the more practical and implementation oriented.

Expressions of willingness to contribute and write on particular aspects of the subject and possibly presenting at a sessional would be highly valued.

### **Time Commitment**

The schedule and timing of meetings will be decided between the Chair and members. Meetings will be by conference call to allow us to widen this opportunity to all members. Conference calls will be arranged at a mutually convenient time for all involved.

If you live or work near to one of the IFoA offices, you are welcome to make use of our facilities for the call. Similarly, if more than one member of the working party is based close to each other, you may agree to meet up and dial in together, but there will be no requirement for volunteers to meet in one place.

**June 2017**