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# AN INTRODUCTION TO LIABILITY DRIVEN INVESTMENT

HELPING PENSION SCHEMES ACHIEVE THEIR ULTIMATE GOAL

➤ A BNY MELLON COMPANY<sup>SM</sup>

**Insight**  
INVESTMENT

Every defined benefit pension scheme has promised to provide retirement income for its members. To do so, a scheme aims to have sufficient assets to cover its liabilities.

This has led many pension schemes to adopt liability driven investment (LDI) strategies which enable pension schemes to reduce risk and improve funding levels over time, greatly increasing the probability that they will achieve their ultimate objective.

This document introduces the principles behind LDI, how LDI strategies work and how to decide on an appropriate approach for your pension scheme.

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# INTRODUCTION TO LIABILITY DRIVEN INVESTMENT

DEFINED BENEFIT PENSION SCHEMES HAVE PROMISED TO PROVIDE A RETIREMENT INCOME TO THEIR MEMBERS. TO ACHIEVE THIS, THEIR PRIMARY GOAL IS TO MAKE SURE THAT THEY HAVE ENOUGH ASSETS TO COVER THESE LIABILITIES OVER THE LIFE OF THE SCHEME. TO HELP ACHIEVE THAT GOAL, MANY SCHEMES ARE NOW USING AN APPROACH KNOWN AS LIABILITY DRIVEN INVESTMENT (LDI).

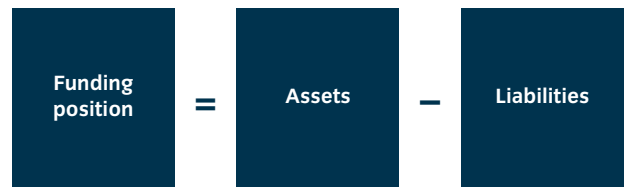
## THE RISE OF LIABILITY DRIVEN INVESTMENT

The basic measure of a pension scheme's ability to meet its commitments is its funding level, which measures how much of its total liabilities are covered by the scheme (see Figure 1).

A pension scheme will typically rely on contributions and investment returns to maintain or improve its funding level. LDI takes into account the factors that can affect the value of assets and, importantly, the value of liabilities. An LDI approach seeks to increase the certainty that the goals of a pension scheme will be met: typically, improving the funding level while reducing risk.

For many years, pension schemes focused primarily on their assets and placed a lower emphasis on the impact of changes in the value of liabilities. Many also assumed that their corporate sponsor would be able to make substantial contributions over time. In recent years, funding levels have been volatile as the performance of assets has not matched the performance of liabilities (see Figure 2).

Figure 1: The goal for every pension scheme: achieve full funding

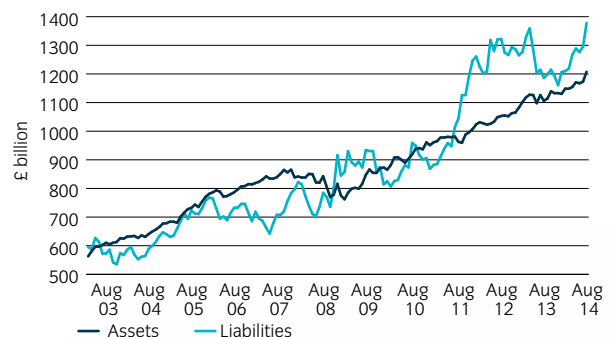


LDI places significant emphasis on how the changing value of liabilities affects the funding level of pension schemes.

Figure 2: Funding levels have been volatile...



... because assets and liabilities have diverged dramatically

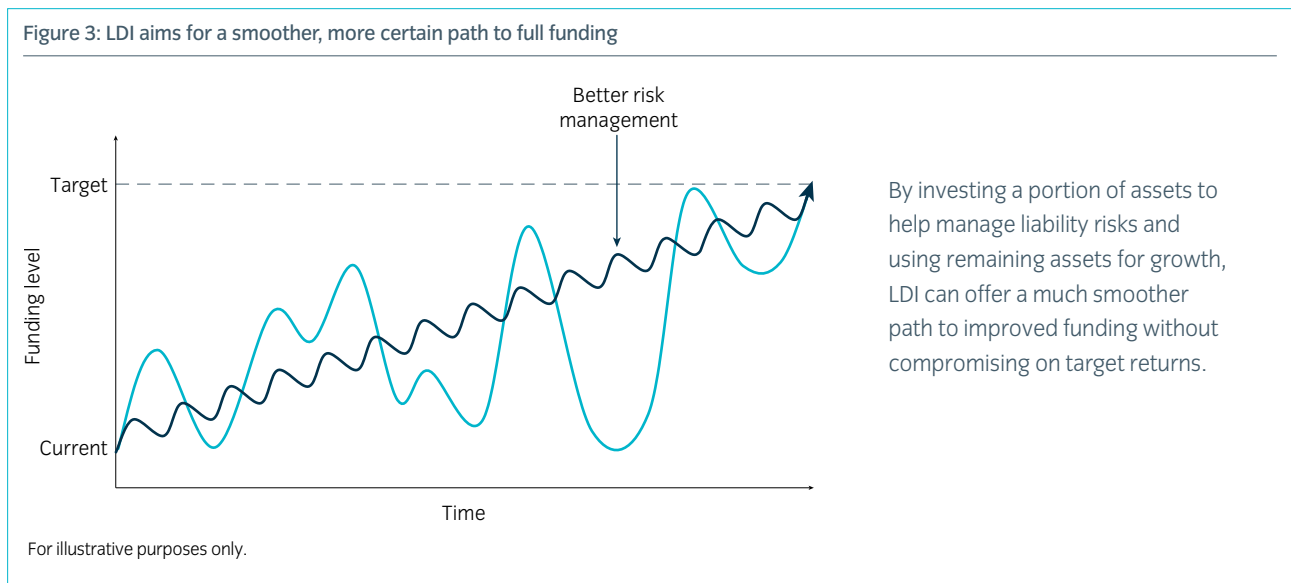


Source: Pension Protection Fund, PPF7800 Index published September 2014. Data represents estimated aggregate assets and liabilities of 6,432 UK pension schemes.

This backdrop of funding level volatility has led many pension schemes to consider an LDI approach. Because the value of future pension payments is directly linked to inflation, interest rates and the longevity of a pension scheme's members, trustees have sought investments that are linked to such factors. If the value of scheme assets and liabilities react to these factors in the same way, funding level volatility can be greatly reduced.

This focus on reducing funding level volatility lies at the heart of LDI. Asset managers have helped develop and implement new investment solutions to reflect the specific needs of individual pension schemes. Typically, they help both to reduce the mismatch between assets and liabilities, and retain scope for the investment returns required for a pension scheme to close a funding gap. This can offer a much smoother path to full funding for most pension schemes (see Figure 3).

The value of investments and any income from them will fluctuate and is not guaranteed (this may be partly due to exchange rate fluctuations). Investors may not get back the full amount invested.



# LIABILITY DRIVEN INVESTMENT

## THE BASICS

PENSION SCHEMES HAVE PROMISED TO PROVIDE A RETIREMENT INCOME TO THEIR MEMBERS. TO ACHIEVE THIS, THEY NEED SUFFICIENT ASSETS TO COVER THEIR LIABILITIES.

An LDI approach aims to meet this challenge by dividing an investment strategy into two components: one that manages liability risks and another that seeks to generate appropriate investment returns. If a pension scheme is successful in meeting both objectives, its funding level volatility will fall over time and its assets will grow faster than its liabilities (see Figure 4).

### MANAGING LIABILITY RISK

An LDI solution invests some of the pension scheme's assets to help manage liability risks. Pension payments stretch over many decades and their present value is directly linked to inflation, interest rates and longevity. Under an LDI approach, a portion of a pension scheme's assets are invested to match the sensitivity of its liabilities to these factors. This means that if interest rates or inflation expectations change, assets and liabilities rise or fall together and the funding level of the pension scheme should be less volatile.

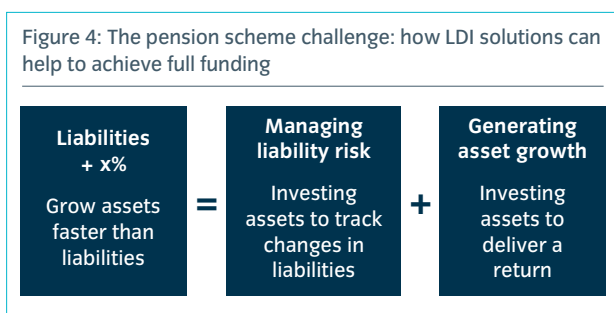
In other words, the pension scheme's unwanted liability risks are hedged. In the example below (see Figure 5), a scheme uses partially-funded instruments, backed by cash and gilts, to hedge its liability risks. Because the scheme does not need to invest all its assets to hedge liability risk, it can still pursue growth strategies with a substantial part of its assets.

### GENERATING ASSET GROWTH

Having reduced the impact of changing liability values, a pension scheme will typically invest its remaining assets for growth. Depending on the size of its deficit, its risk tolerance, and the deficit repair contributions from the sponsor, a pension scheme may wish to target a specific return through a diversified range of asset classes and investment strategies. These could include exposure to equities, corporate bonds, absolute return strategies, property and infrastructure.

Partially-funded instruments are often used to provide investment exposures without a substantial commitment of initial capital. Swaps are the most popular partially-funded instrument for managing liability interest rate and inflation risks. Being partially funded, they provide pension schemes with greater flexibility to allocate capital to growth assets: see the appendix for an explanation of how swaps work.

To close a funding gap, a pension scheme is likely to need to grow its assets faster than its liabilities. LDI-based strategies aim to do so by investing assets to achieve two goals: investing some assets to track any changes in the value of liabilities, and investing remaining assets to generate returns. If both goals are successful, assets will grow faster than liabilities over time. A decline in liability values and sponsor contributions can also play a significant role in improving funding levels, and effective LDI solutions will take such factors into account.



# MANAGING LIABILITY RISK

AN LDI SOLUTION AIMS TO MANAGE LIABILITY RISK AND GENERATE RETURNS. TO MANAGE LIABILITY RISKS AN INVESTOR MUST UNDERSTAND THREE THINGS: HOW LIABILITIES ARE VALUED, THE FACTORS THAT CHANGE LIABILITY VALUES, AND HOW TO HEDGE AGAINST THE IMPACT OF THOSE FACTORS.

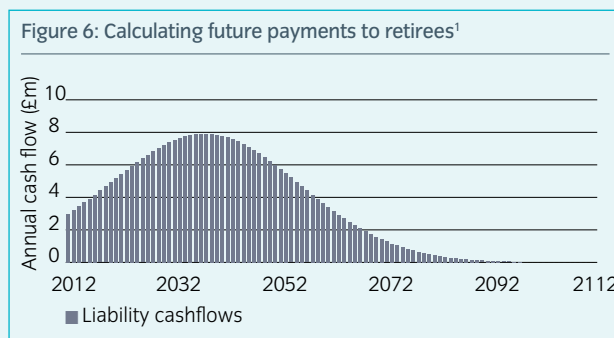
## HOW LIABILITIES ARE VALUED

When making a financial plan, it is important to establish how much money is needed today to achieve the ultimate goal. There are two stages to valuing a pension scheme's liabilities: first, projecting future benefit payments, and second, valuing those future payments in today's money.

### Projecting future payments

Future payments to the beneficiaries of a pension scheme will depend on the specific terms promised by the scheme, the lifespan of the members, inflation, and a number of other factors.

By taking the specific benefit promises into account, together with forecasts and assumptions about how factors such as inflation will develop, it is possible to produce estimates of a scheme's annual benefit payments. See Figure 6 for an example of a pension scheme's future payment profile.

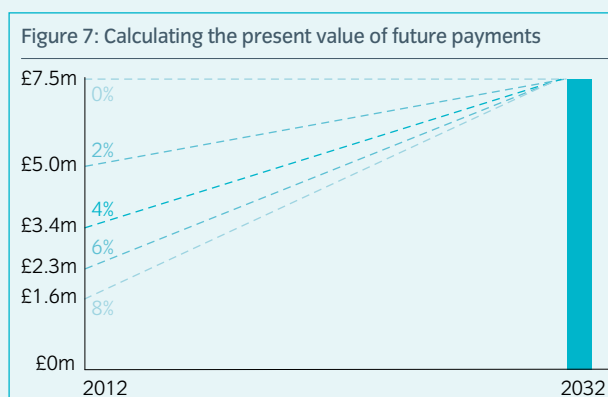


### Calculating the value today of future payments

After projecting a pension scheme's future payments, it is possible to calculate how much money will be required today to meet those future payments. This amount is known as the 'present value' of the scheme's liabilities and allows a pension scheme to assess its funding position.

The present value is calculated using **discount rates**. These rates are used to discount the future benefit payments to determine how much money needs to be put aside today in order to afford the future payment. They represent the assumed rates of investment return.

A lower discount rate, reflecting a low-risk investment strategy, would lead to a larger present value of liabilities. Discount rates are typically linked to low-risk government bond yields. As these yields have fallen in recent years, most pension schemes have experienced a dramatic increase in the present value of their liabilities. Figure 7 illustrates how different discount rates affect the present value of liabilities.



A discount rate is equivalent to an assumed rate of return. In this example, a 2032 benefit cash flow is forecast at c.£7.5m. If we use a discount rate of 4%, meaning a rate that assumes assets will grow at 4% a year between now and 2032, the cash flow is worth £3.4m in today's money. We will need more in today's money if we use a lower discount rate.

<sup>1</sup> Source: Insight Investment. For illustrative purposes only.

## HOW LIABILITIES CHANGE

In order to better manage their funding position, pension schemes must consider the factors that can affect the present value of their liabilities. There are three main factors that affect liabilities:

### Interest rates

Long-term interest rates (typically based around long-dated government bond yields) are used by most pension schemes to determine the discount rates used to calculate the present value of their liabilities. All else being equal, a fall in interest rates will lead to an increase in that value.

### Inflation

Benefit payments are usually linked to inflation, which means that rising inflation forecasts will lead to an increase in projected payments, and falling inflation will lead to a fall in projected payments. All else being equal, an increase in the expected level of future inflation will lead to an increase in the present value of liabilities.

### Longevity

If pensioners live longer than expected, a pension scheme will have to pay out more benefits over time. This will also increase the sensitivity to changes in inflation and interest rates.

The impact of time on present values is significant. Clearly the impact on liability values of changes in all three factors is greater for schemes with benefit payments that extend further into the future.

Figure 8: How the value of a pension scheme's liabilities can change<sup>2</sup>



In this example, future payments have been calculated and set out according to their links to inflation. Most pension schemes have liabilities linked to inflation. Liability risks will have the following effects on a pension scheme's liabilities:

- If expectations for future inflation rise, the present value of liabilities will **rise**.
- If interest rates rise, the present value of liabilities will **fall**.
- If longevity increases, the present value of liabilities will **rise**.

<sup>2</sup> Source: Insight Investment. For illustrative purposes only.



## HOW TO MANAGE LIABILITY RISKS

It is possible for a pension scheme to invest so that the value of its assets changes in line with changes in the value of its liabilities. This is typically known as liability hedging.

Many pension schemes use bonds to hedge some of their liability risks. Bonds offer a predictable schedule of future payments and, like liabilities, they change in value in response to movements in interest rates. A typical bond portfolio, however, provides a poor match for the longest-dated cash flows of most schemes and only provides limited protection against changing inflation. Investing in bonds also requires a scheme to use assets that could be invested elsewhere for growth.

As a result, many pension schemes are adapting their bond portfolios and supplementing them with swaps and other derivatives such as repurchase agreements (repos) to better achieve their objectives. Swaps and repos can be created and shaped for a pension scheme's specific needs, and they are capital-efficient, allowing a pension scheme to use its assets more effectively. It is common for a pension scheme to use bonds as a base for its liability matching strategy, applying an overlay of interest rate and inflation swaps to ensure that its assets and liabilities are more closely matched. An explanation of swaps and how they work is given in the appendix.

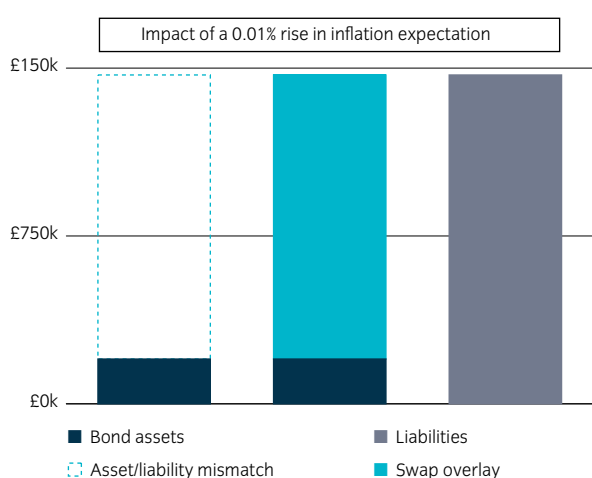
Some schemes have also implemented solutions to help manage longevity risk. These have included the purchase of an insurance policy to match benefits for pensioners, or the transfer of liabilities to an insurer. These are known as "buy-in" and "buy-out" respectively. Longevity swaps have also been widely used.

### Designing a liability hedging strategy

Important factors in the design of a liability hedging strategy include timing (when to hedge) and portfolio construction (how to hedge):

- **Timing:** Building a portfolio to offset liability risk will help stabilise a pension scheme's funding level. Investors, believing that liability risks are unrewarded, could remove them immediately. However, there are times when schemes may feel that retaining an amount of liability risk will be rewarding. An example of this might be when long-term interest rates are very low and the trustees are confident that those rates will rise within a reasonable time frame, and faster than the market already expects, helping to improve their funding level. The balance between the strength of the trustees' market view and their risk appetite will typically determine the timing/extent of the hedge.
- **Portfolio construction:** There is a range of instruments that can be used to offset liability risks and the characteristics and relative value of these instruments vary over time. Pension schemes can benefit from a dynamic ongoing approach that takes into account the relative value and suitability of different instruments to build and maintain the most effective portfolio to hedge their liabilities.

Figure 9: Hedging a pension scheme's liability risk with bonds and swaps<sup>3</sup>



<sup>3</sup> Source: Insight Investment. For illustrative purposes only.

After projecting the impact of inflation or interest rates on the present value of liabilities, it is possible to invest in specific bonds and swaps to match the impact of any changes.

Pension schemes usually do not hold enough bonds to match their liabilities, and bonds bear limited hedging characteristics. By applying swaps over a pension scheme's bond portfolio it is possible to build a more precise and effective hedge for liability risks, as shown in Figure 9 for the impact of a change in inflation expectations.

This means that when inflation or interest rates change, the pension scheme's assets will rise and fall in value in line with liabilities, effectively offsetting any impact on the scheme's funding level.

# IMPROVING THE FUNDING LEVEL

A PENSION SCHEME IN DEFICIT IS LIKELY TO NEED TO GROW THE VALUE OF ITS ASSETS FASTER THAN THE CHANGE IN VALUE OF ITS LIABILITIES. UNDER MODERN INVESTMENT APPROACHES, A PENSION SCHEME ONLY NEEDS TO USE A PORTION OF ITS ASSETS TO HELP HEDGE LIABILITY RISKS, MEANING IT CAN INVEST ITS REMAINING ASSETS TO GENERATE GROWTH.

There are typically three ways that pension schemes can improve their funding level: receiving contributions, generating returns from investments and benefiting from solvency improvements arising from a fall in the value of liabilities.

## CONTRIBUTIONS

The sponsor of a pension scheme can contribute assets, directly helping it to close its funding gap. Analysing the strength of the sponsor and its ability to keep making contributions can play a part in deciding how best to invest a pension scheme's return-seeking assets.

## GENERATING ASSET RETURNS FROM INVESTMENTS

There are a wide range of investment strategies that offer a wide range of risk and return profiles. Deciding how to invest return-seeking assets is an important element of any pension scheme's funding plan: it will depend on the target funding level, the size of the funding gap, and the amount of time the pension scheme allocates to achieving its goal.

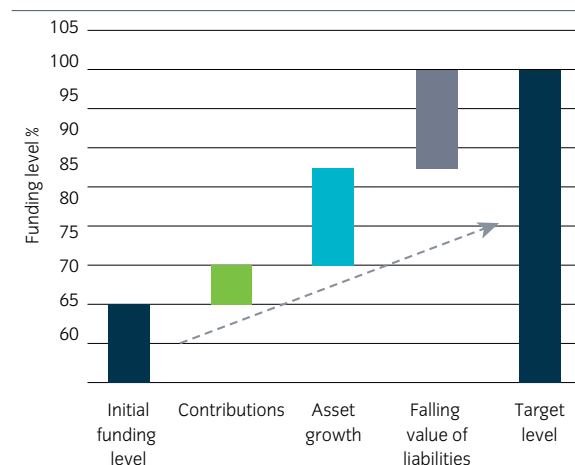
The most effective strategies typically incorporate the following:

- **Diversification:** it is possible to reduce risk without affecting potential returns by diversifying across a range of return-seeking strategies
- **Dynamism:** market conditions change, and adapting an investment portfolio through time can maximise efficiency and potential returns
- **Downside protection:** seeking to minimise losses may reduce the risk of a pension scheme's funding level being adversely affected during volatile markets

## SOLVENCY IMPROVEMENTS AFTER A FALL IN LIABILITIES

If interest rates rise faster than the market expects, or inflation expectations fall the present value of the scheme's liabilities will fall. The scheme's funding level will therefore improve if it has not fully hedged these liability risks. As discussed in the previous section, this could lead pension scheme trustees to wish to wait for higher rates before implementing a liability hedge.

Figure 10: How can a pension scheme improve its funding level?



For illustrative purposes only.

# HOW TO IMPLEMENT LDI

## WHAT TO CONSIDER

The principles behind LDI and specifically liability hedging are relatively straightforward, but in reality implementation can be complex. Before embarking on a liability hedging strategy for your pension scheme, there may be several factors to consider.

### The market

Market dynamics can affect the implementation of LDI solutions in several ways, as discussed on page 7. The balance between the strength of the trustees' view on the prevailing levels of interest rates and inflation and their risk appetite will typically determine the timing/extent of the hedge.

Depending on the circumstances, it could be worth either waiting or moving quickly to implement the best LDI solution for a pension scheme. Some pension schemes put an LDI solution in place and establish market triggers: when the triggers are hit, the hedges are extended to take advantage of better conditions. Triggers might also be set against a pension scheme's funding level, or against specific time periods.

The choice of hedging instrument is also an important market factor. For example, the difference in yield between physical assets and broadly equivalent derivatives can change, making one better value than the other at different times. In recent years it has become more economic to use gilts instead of swaps to hedge some longer-dated liabilities, and many pension schemes have used gilts to match their liabilities to take advantage of the cost benefit.

### The structure

If a pension scheme asks an asset manager to implement an LDI approach, they may opt for a pooled fund solution, where the scheme uses a range of pooled funds as building blocks to offset its liability risks, or a segregated mandate, where every factor is designed and implemented by the asset manager specifically for the scheme. The suitability of either solution will depend on a pension scheme's resources and requirements.

- A pooled fund LDI solution benefits from simple governance and low costs because it allows a pension scheme to use pooled funds as building blocks to construct a hedge for its liability risks. Pooled LDI solutions can be flexible, adaptable and cost-efficient, making them potentially suitable for all kinds of pension schemes, but they generally offer a less precise liability hedge than would be possible under a segregated mandate.
- A segregated LDI mandate is highly flexible, capital efficient and easily adaptable to changing conditions. It can make use of a wide range of instruments and strategies (sometimes beyond interest rate and inflation hedging) and provide high levels of hedge precision. The mandate's capital requirements can be managed in the most efficient way for the scheme. It can also be managed and evolved to best capture market opportunities and adapt to changing circumstances. Such an approach is complex and requires a larger governance commitment from the client and their advisers, typically limiting such mandates to larger pension schemes with extensive resources.

### The asset manager

LDI solutions are complex and can transform a pension scheme's entire investment approach. They require a manager with extensive knowledge of pension schemes' requirements, current market conditions and the range of market instruments available, especially in the fixed income and derivative markets.

Selecting the right asset manager could be the most important factor in a pension scheme's decision to adopt an LDI approach.

# FREQUENTLY ASKED QUESTIONS

## **DOES IMPLEMENTING AN LDI APPROACH MEAN GIVING UP THE POTENTIAL FOR RETURNS?**

Not necessarily: LDI is about adjusting the investment profile of a pension scheme so that it is more likely to meet its liabilities. Applying an LDI approach will improve the pension scheme's risk management. By using partially-funded instruments such as swaps, it is possible for an LDI strategy to reduce risk effectively while keeping substantial capital allocated to return-seeking investment strategies to help improve funding levels.

## **IS LDI ONLY FOR LARGE PENSION SCHEMES?**

No. The principles behind LDI are applicable to pension schemes of all types and sizes. The size of a pension scheme may influence how best to implement an LDI solution: for example, a smaller pension scheme could opt for a solution using pooled funds, which are simpler in terms of governance.

## **DOES LDI MEAN GIVING UP CONTROL OF INVESTMENT DECISIONS RELATING TO LIABILITY HEDGING?**

Many asset managers offer a choice of levels of service, allowing investors to choose between segregated or pooled mandates with differing levels of control retained by the pension scheme or delegated to the asset manager.

## **DOES LDI USE COMPLICATED DERIVATIVES?**

Most LDI approaches use derivatives, but they do not need to be complicated. The derivatives market today is one of the largest in the world, and the ubiquity and flexibility of derivatives mean that they are a central feature of twenty-first century risk management. Leading LDI managers are highly experienced at managing the risks associated with derivatives through processes including the management of counterparty risk through collateralisation.

## **IS LDI ONLY FOR PENSION SCHEMES WITH A SUBSTANTIAL DEFICIT?**

No. An LDI solution adjusts the investment profile of a pension scheme so that it is more likely to fulfil its liabilities. Even if a pension scheme has only a small deficit, an LDI solution can increase the probability that the scheme will reach full funding. A scheme in surplus can also benefit from the reduced funding level risk that an LDI solution can provide.

## **HOW CAN AN LDI SOLUTION OFFSET SO MUCH RISK WITH ONLY A SMALL PART OF A PENSION SCHEME'S TOTAL CAPITAL?**

If an LDI solution uses swaps or other partially-funded instruments, it is possible to offset substantial risks for a pension scheme using only a small portion of its assets, as explained on page 4. When a swap is created, it is worth exactly the same amount to both parties in the agreement. However, both parties agree that as the contract value changes through time, they will exchange the difference. This means that whatever the underlying value of the liabilities being hedged, the scheme only needs to set aside a portion of that amount to pay for future changes in the value of the swap contract (see the appendix on page 11 for an explanation of swaps).

## **DOES AN LDI SOLUTION ONLY FOCUS ON RISKS TO LIABILITIES? WHAT ABOUT RISKS TO ASSETS?**

An LDI approach will consider both asset and liability risks holistically. However, the first step of implementing an LDI solution is typically to consider liability risks as these can have the largest impact on pension schemes' funding levels. After considering the liability risks and how they might be mitigated, an LDI solution will take into account the existing asset pool and its attendant risks, as well as the ways that the assets may be invested to achieve an appropriate growth rate in line with the pension scheme's goals.

# APPENDIX

## HOW SWAPS WORK

INVESTING IN SWAPS ENABLES A PENSION SCHEME'S ASSET PORTFOLIO TO RISE AND FALL IN VALUE TOGETHER WITH CHANGES IN THE VALUE OF ITS LIABILITIES. SWAPS ARE PARTIALLY FUNDED, SO THIS CAN BE DONE WITHOUT TYING UP THE MAJORITY OF THE SCHEME'S ASSETS. THIS MEANS THAT SCHEMES CAN HEDGE LIABILITY RISK WHILE INVESTING IN RETURN-SEEKING ASSETS TO HELP IMPROVE THEIR SOLVENCY.

A swap is an agreement between two parties to exchange payments in the future. In its simplest form, an interest rate swap involves two parties entering into a contract to exchange interest payments based on an agreed underlying principal amount.

A pension scheme seeking to access bond-like returns would typically use an interest rate swap to receive a fixed rate of interest from a bank. In exchange, the scheme would pay the bank a variable rate of interest linked to a market rate such as Libor. If the market rate falls, the value of the swap contract will increase for the pension scheme: this is because the scheme will still receive the fixed rate from the bank, but the variable rate it has agreed to pay in return will fall.

This is important for an LDI strategy because the present value of swaps can change in line with the present value of a pension scheme's liabilities. If the market rate falls and both the value of the interest rate swap and the present value of liabilities are linked to the same rate, both will increase. This means the impact on the pension scheme of falling interest rates is offset.

Other types of swap work on the same principle, but link the payments exchanged to a specific measure: for example, inflation swaps will link payments to an inflation measure such as the UK Retail Price Index. These can be used to offset the impact of changing inflation expectations on the value of liabilities.

Repurchase agreements (repos) work in a similar way to swaps. One party sells a government bond to another, and agrees to buy the bond back in the future. The value of the repo changes in line with the value of the underlying bond. This provides another means of offsetting the impact of changes in interest rates or inflation expectations on the value of liabilities.

Swaps typically have clear advantages over bonds for a liability hedging strategy. First, swaps are created and tailored for particular circumstances, which means they can be used to target a specific liability profile. Second, swaps are partially-funded: a bond portfolio would require the pension scheme to invest a substantial amount of assets in bonds, but under a swap contract there is no need for such a significant allocation of assets, as assets are only finally exchanged when a contract matures (see below for information about collateral). The pension scheme is therefore free to invest assets elsewhere.

### SWAPS AND RISK

Swaps contain an element of counterparty risk. This is the risk that the counterparty with whom the scheme has traded defaults on their obligation to pay the scheme. To mitigate this risk, the parties exchange collateral at regular intervals to reflect the intrinsic unrealised value of the contract.

For example, if interest rates fall after agreeing an interest rate swap, the pension scheme in our example above would have an unrealised gain that is not due for payment until the contract expires. To mitigate the risk of the bank counterparty defaulting on its payments when the contract matures, the bank would post additional collateral as surety against the contract. Typically collateral is posted by whichever party is "out of the money". It is considered good practice and is becoming standard market practice to minimise risk by posting only cash or high-quality government bonds as collateral.

## ABOUT INSIGHT INVESTMENT

INSIGHT INVESTMENT IS A LEADING ASSET MANAGER FOCUSED ON DESIGNING INVESTMENT SOLUTIONS TO MEET OUR CLIENTS' NEEDS. LAUNCHED IN 2002, INSIGHT IS RESPONSIBLE FOR ASSETS UNDER MANAGEMENT OF £289BN<sup>4</sup> ACROSS LIABILITY DRIVEN INVESTMENT, CURRENCY RISK MANAGEMENT, ABSOLUTE RETURN, FIXED INCOME, CASH MANAGEMENT, MULTI-ASSET AND SPECIALIST EQUITY STRATEGIES.

Insight is committed to providing a broad spectrum of investment and risk management solutions, partnering with clients to build sophisticated portfolios to achieve their desired outcomes. Insight's ability to create tailored and highly cost-effective solutions makes our proposition compelling for a wide range of investors, including pension schemes, insurers, sovereign wealth funds and individuals.

Our award-winning investment and client service teams have a long-standing record that demonstrates their success, whether a client needs a wide-ranging holistic solution or a specific strategy to achieve their goals.

### AWARDS

In 2014, Insight was named LDI Manager of the Year at the European Pensions Awards; for the fifth consecutive time at the Financial News Awards for Excellence in Institutional Asset Management; and for the second consecutive time at the UK Pensions Awards. It was also named Overall Defined Benefit Investment Manager of the Year at the mallowstreet Awards. Previous awards include Investment Manager of the Year at the UK Pensions Awards in 2013; LDI Manager of the Year at the FT Business PIPA Awards 2007, 2008, 2009, 2010 and 2011; European Specialist Investment Firm at the Funds Europe Awards 2011; and LDI Manager of the Year at the European Pensions Awards 2010. In 2014, Insight was ranked as the leading LDI provider by UK consultants in the Greenwich Associates Survey for the fourth consecutive year.

Please note that the value of investments and any income from them will fluctuate and is not guaranteed (this may be partly due to exchange fluctuations). Investors may not get back the full amount invested.

<sup>4</sup>As at 30 June 2014. Assets under management are represented by the value of cash securities and other economic exposure managed for clients.

# FIND OUT MORE

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