

Network+: breakthroughs that matter

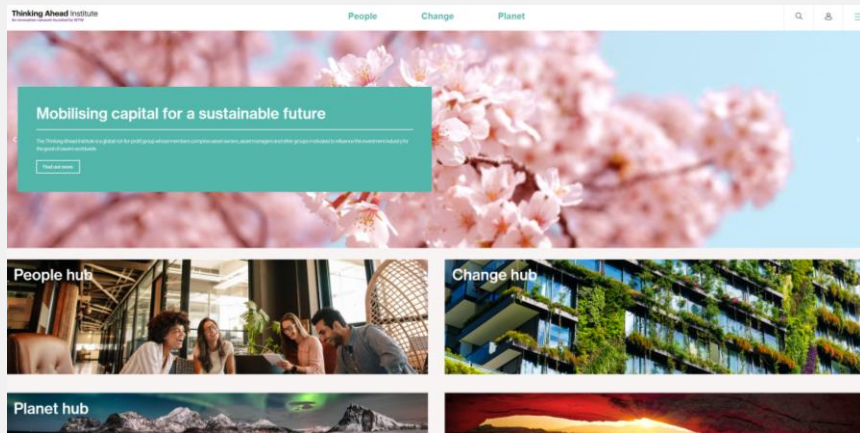
An aerial photograph of a rugged coastline. Dark, jagged rocks are partially submerged in the ocean. White, frothy waves are crashing against the rocks, creating a stark contrast with the dark water and rocks. The perspective is from directly above, looking down at the sea and the shoreline.

Introduction: what we've been up to this year

The Thinking Ahead Institute

A member-driven research and innovation partner with a change agenda

Purpose: To mobilise capital for a sustainable future



¹As of December 31, 2023

The Institute started in 2015 and now has 52 institutional investment members, comprising asset owners and asset managers, with combined responsibility for over **US\$16 trillion**.¹

TAI members | 37 asset owners | 15 asset managers

2015	2016	2017/2018	2018/2019	2020	2021	2022	2023/2024
         	     <div>2017</div> 	    <div>2018</div>  	   <div>2019</div>   	      	  <div>2022</div>    	     <div>2023</div> 	  <div>2024</div>    

What we do



Make connections

We collaborate and bring
organisations together



What we do



Tailored projects

Strategic 1-2-1 sessions and workshops to meet your needs

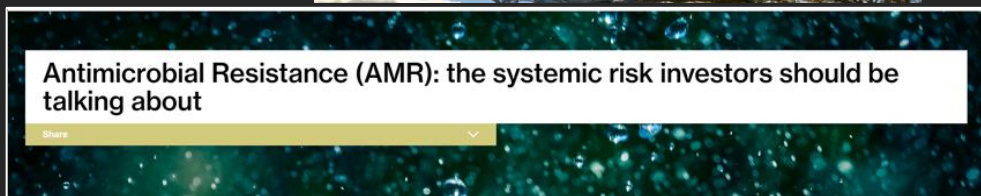
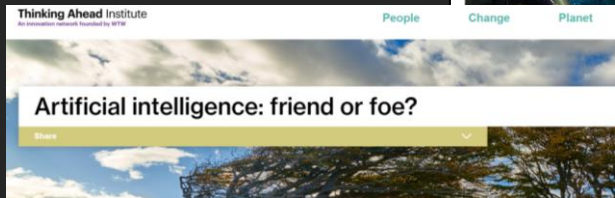
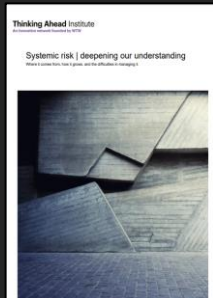
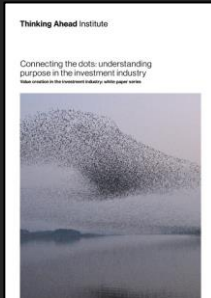
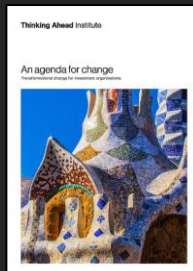


What we do



Groundbreaking research

Breakthroughs that matter



TAI global studies

Thinking Ahead Institute
An innovation network founded by WTW

Global Pension Assets Study – 2024

Global pension assets now stand at US\$55.7 trillion after growth rebound in 2023

Share

Thinking Ahead Institute
An innovation network founded by WTW

The world's largest pension funds – 2024

World's largest pension funds return to growth

Share

Thinking Ahead Institute
An innovation network founded by WTW

People Change Planet

The world's largest asset managers – 2024

World's largest investment managers see assets hit \$128 trillion in return to growth

Share

Thinking Ahead Institute
An innovation network founded by WTW

People Change Planet

The Asset Owner 100 – 2024

The most influential capital on the planet

Share



Why are we all here?

What we will cover

Introduction



**Marisa
Hall**

Asset owner best practice



**Roger
Urwin**

Beliefs



**Andrea
Caloisi**

Stewardship



**Jessica
Gao**

Fireside chat



**Vishal
Hindocha**



**Isabella
Martin**

Future of pensions



**Tim
Hodgson**

Q&A + the wrap

Asset Owner Best Practices Study

The search for cause and effect

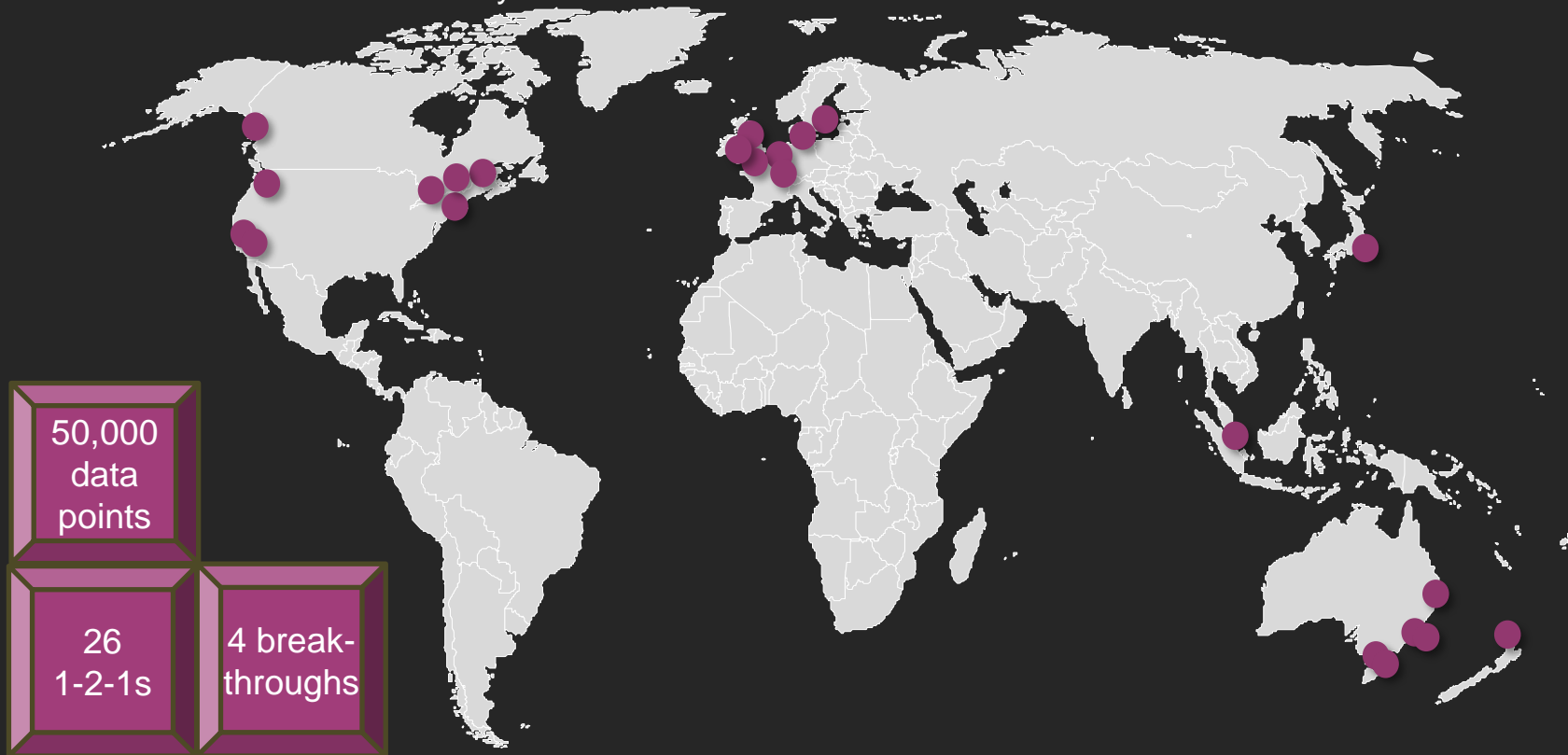


Peer Study participants and design

‘All of us are smarter than any one of us’

Total AUM	\$6.3tn
Average AUM	\$243bn

26



Peer Study takeaways

1

New thinking on allocations

- Being joined-up & portfolio diversity
- TPA (Total Portfolio Approach) & Risk 2.0 emerging
- The Alts-Plus proposition

2

New challenges on managing complexity

- Managing complexity is the #1 issue
- The soft stuff is the hard stuff is the #2 issue
- The HI x AI equation is transformational

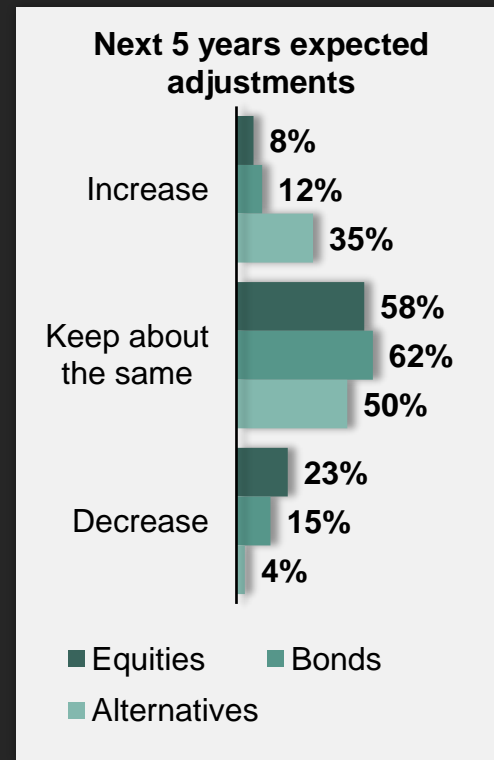
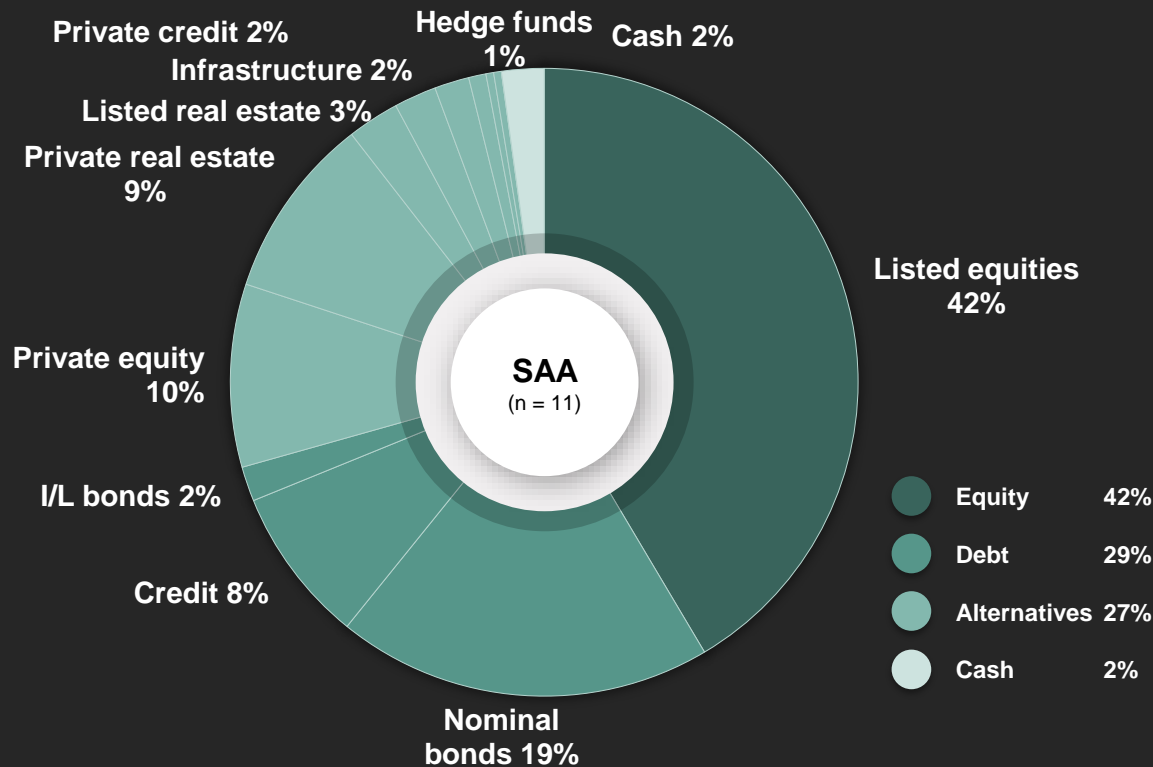
3

The 3D investing model has arrived

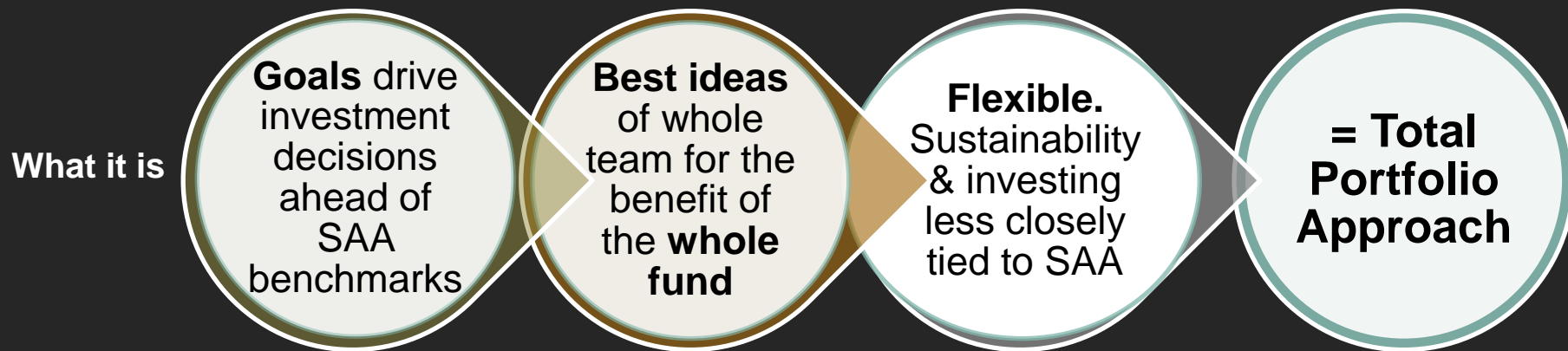
- Net zero landed quickly, but bedding in slowly
- Sustainability landing, stewardship pivoting

Alts, complexity, leverage & diversity rising in the SAAs

40-30-30 is the new 60-40



Total Portfolio Approach. What it is. What it does



What it does

Streamlining governance

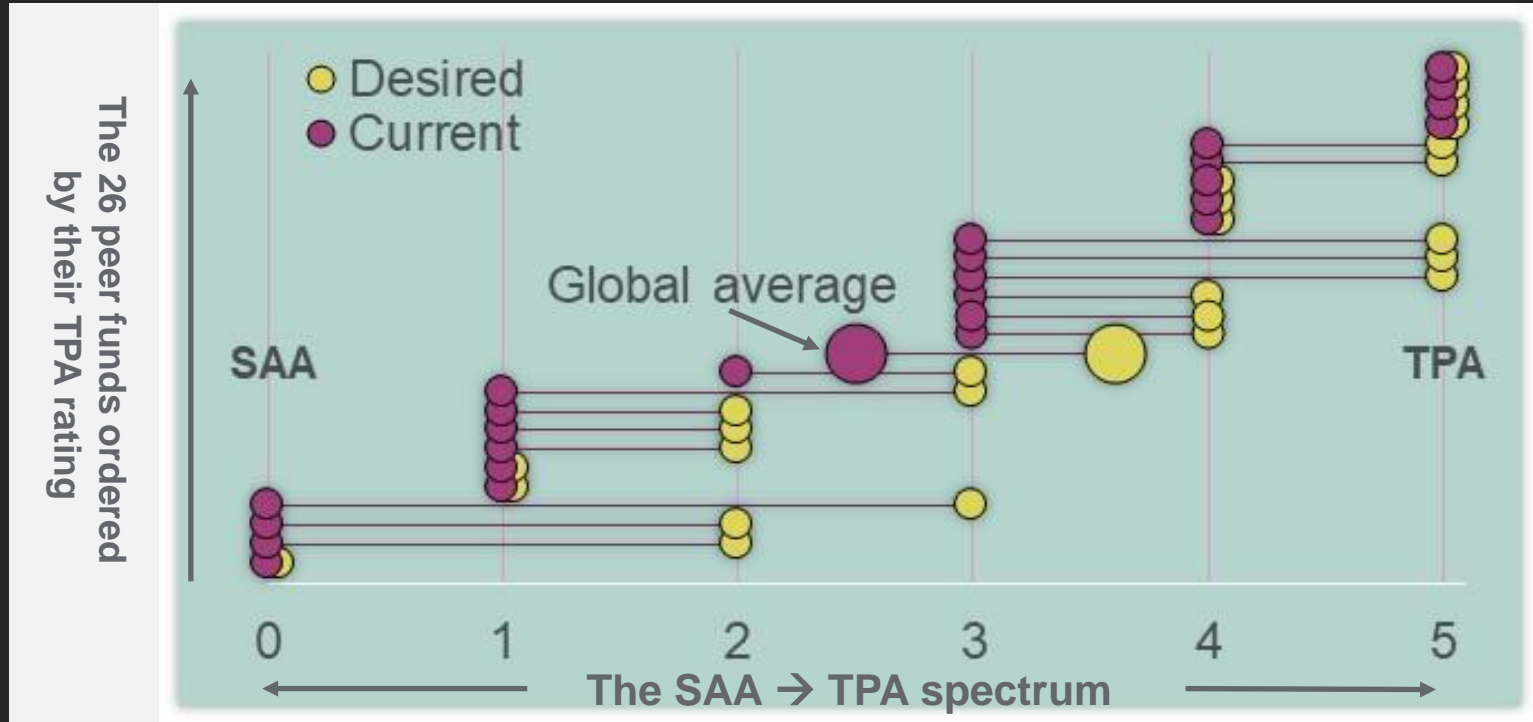
Unlocking teamwork

Integrating sustainability

Improving performance

Asset allocation approaches are not settled – SAA & TPA are competing

SAA = Strategic Asset Allocation. TPA = Total Portfolio Approaches

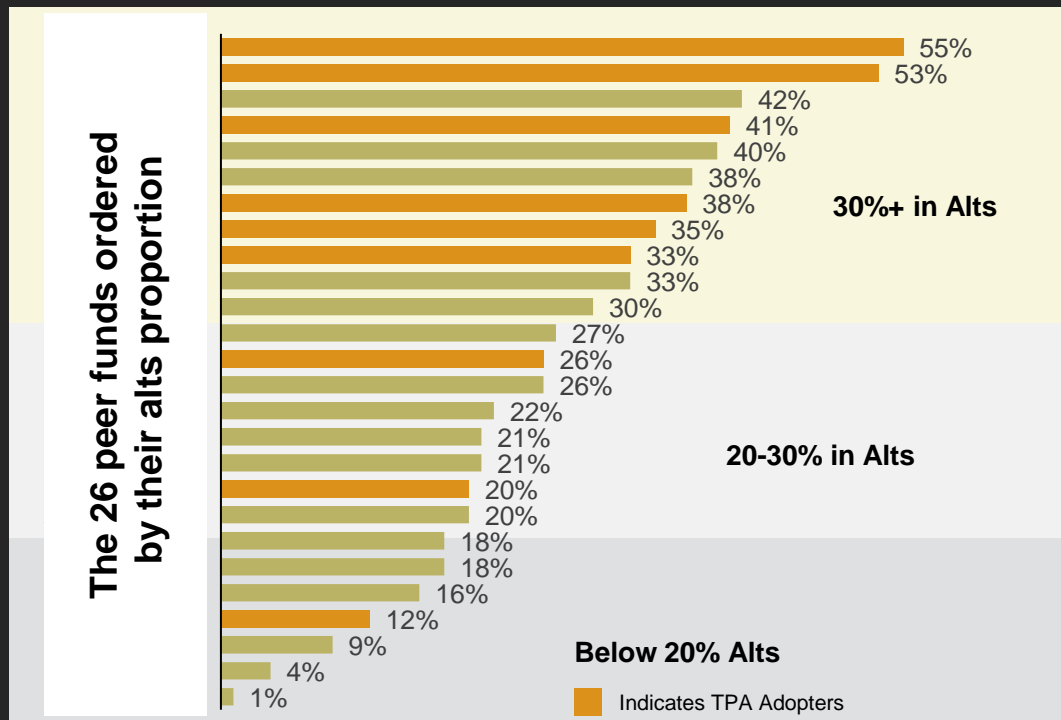


Allocation to alternatives

TPA adopters show a higher allocation to alternatives

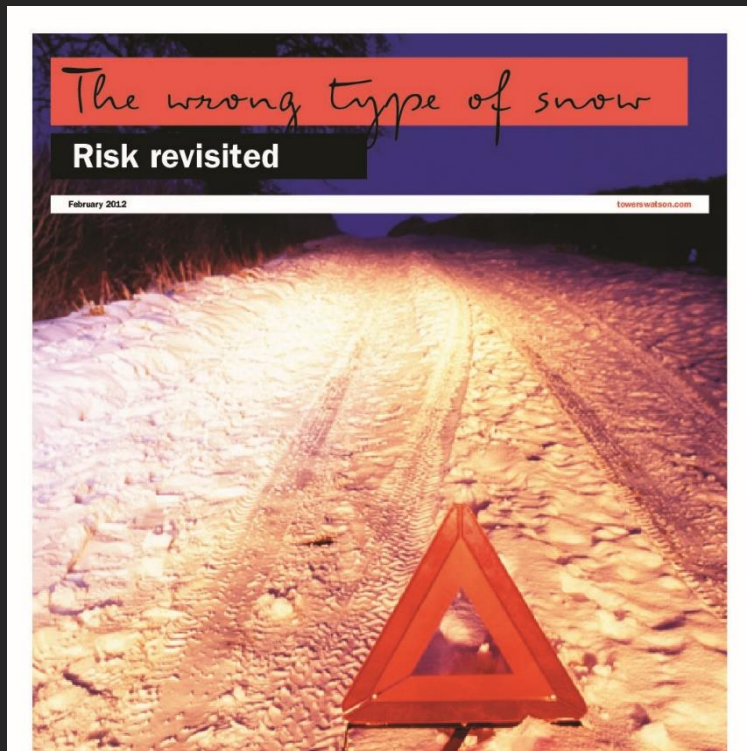
- TPA adopters average 35% alts vs non-adopters 23%
- Private market exposure and execution have outperformed.
- Drivers from stronger governance to TPA to higher alts & performance
- The Alts-Plus proposition

% Allocation to Alternatives *(Source: Global SWFs)*



Risk 2.0. Risk being done wider, softer, longer

Risk needs to be seen through multiple lenses



The right type of thinking

Risk in the investment ecosystem

Wider risk.

The whole risk is greater than the sum of parts.

Softer risk

What can't be measured can still be important

Longer risk

Long-term funds should study long-term risks

Measurement.

What gets measured gets managed.

Provenance.

Quantification needs qualification

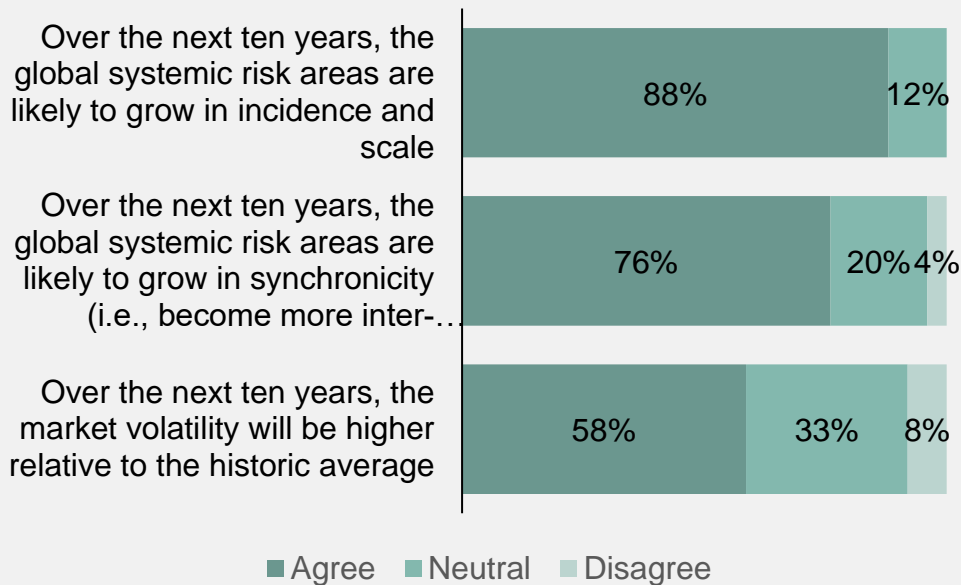
Hysteresis.

Cause & effect are rarely close together

The rise and rise of systemic risk. Geopolitics and climate. Risk 2.0

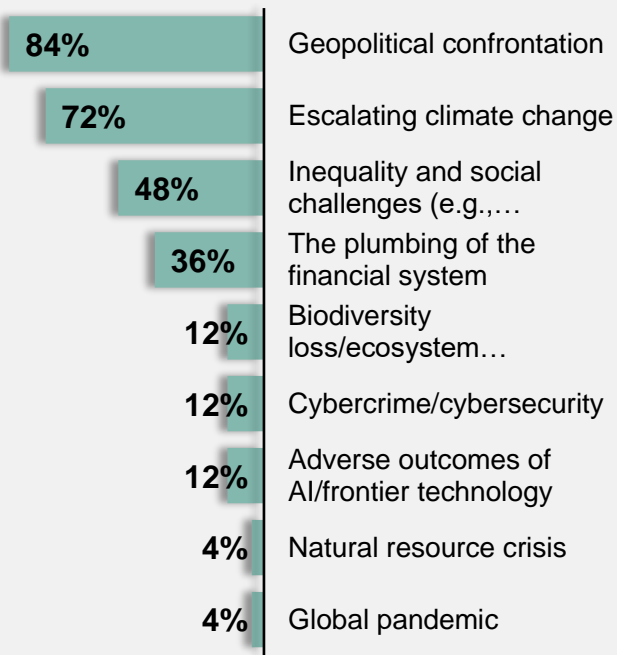
The rise of systemic risk is a defining moment for the industry. There is a gap in our thinking and practice

Views on systemic risk trajectories



n = 25

Top 3 sources of global systemic risk

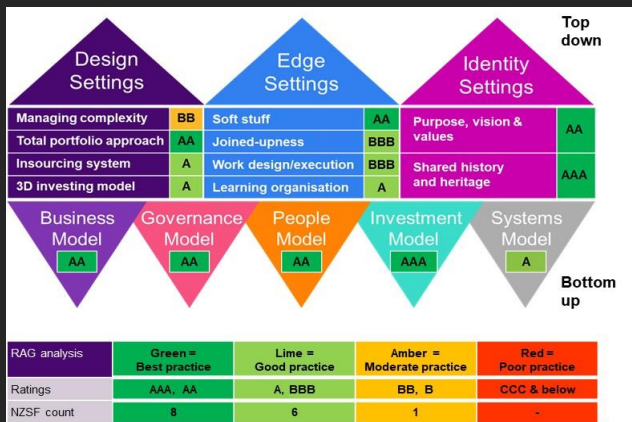


Case Study. Understanding the organisation-as-a-system

New Zealand Super and its Five-yearly Review



NZSF ratings using WTW dual lens method



Key results of the review

- Governance model ✓
- TPA ✓
- 3D investing ✓
- Soft stuff is the hard stuff ✓



Next challenges

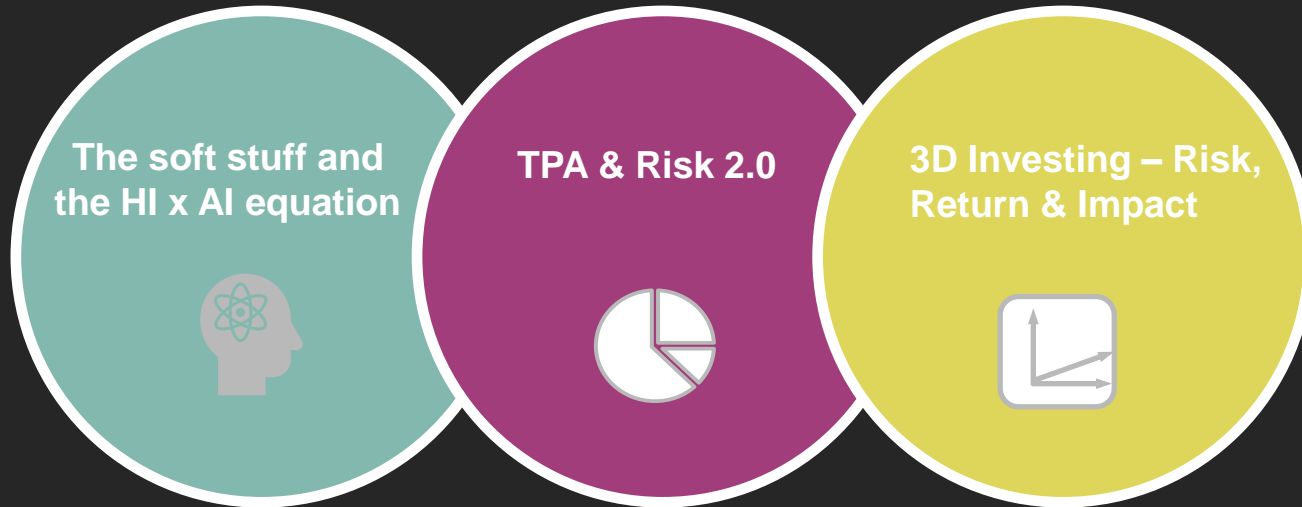
- Deepening TPA & Risk 2.0
- 3D investing & sustainable finance



WTW and NZSF Independent review

“NZ Super is operating at global best practice”

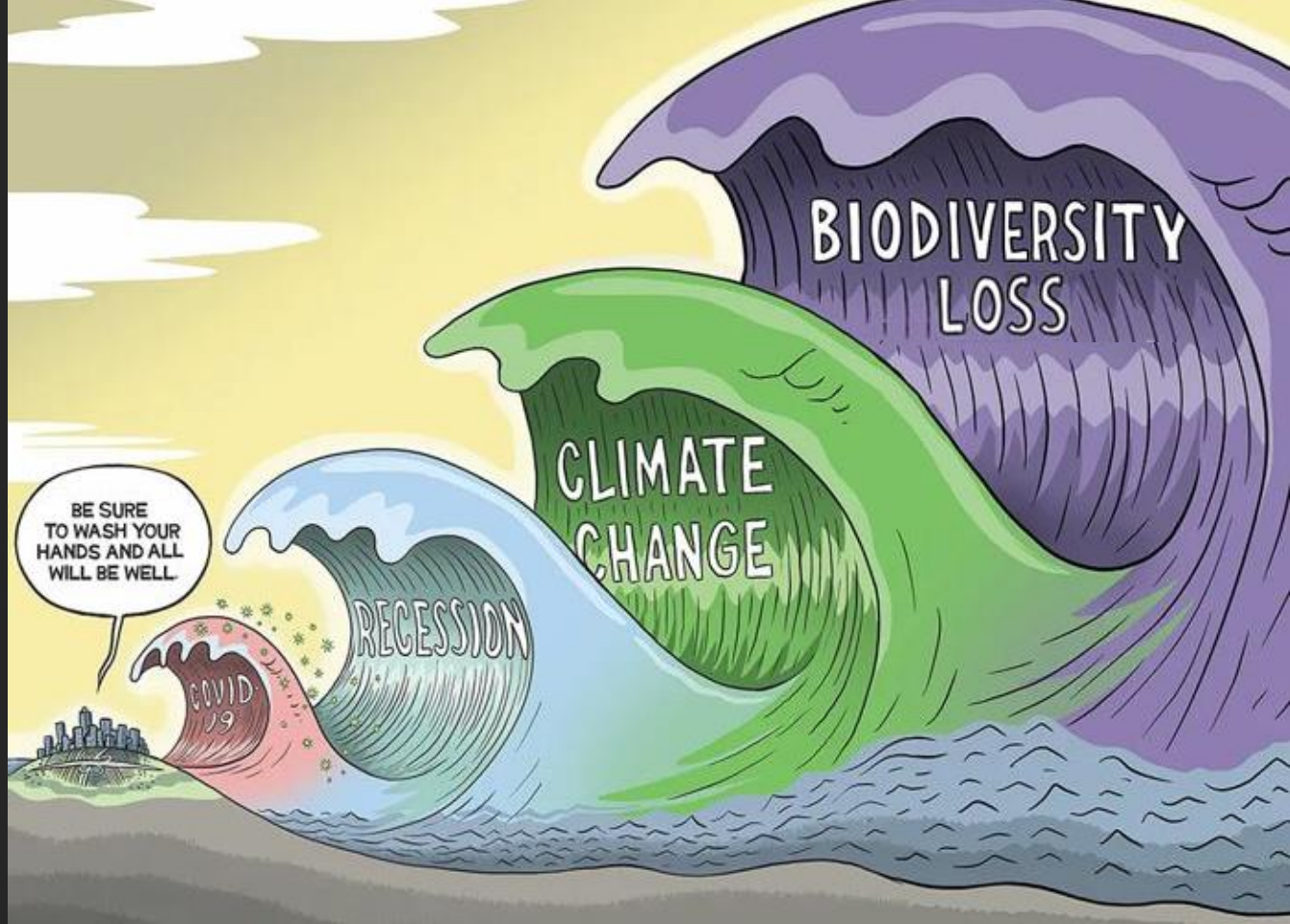
Breakthroughs that matter

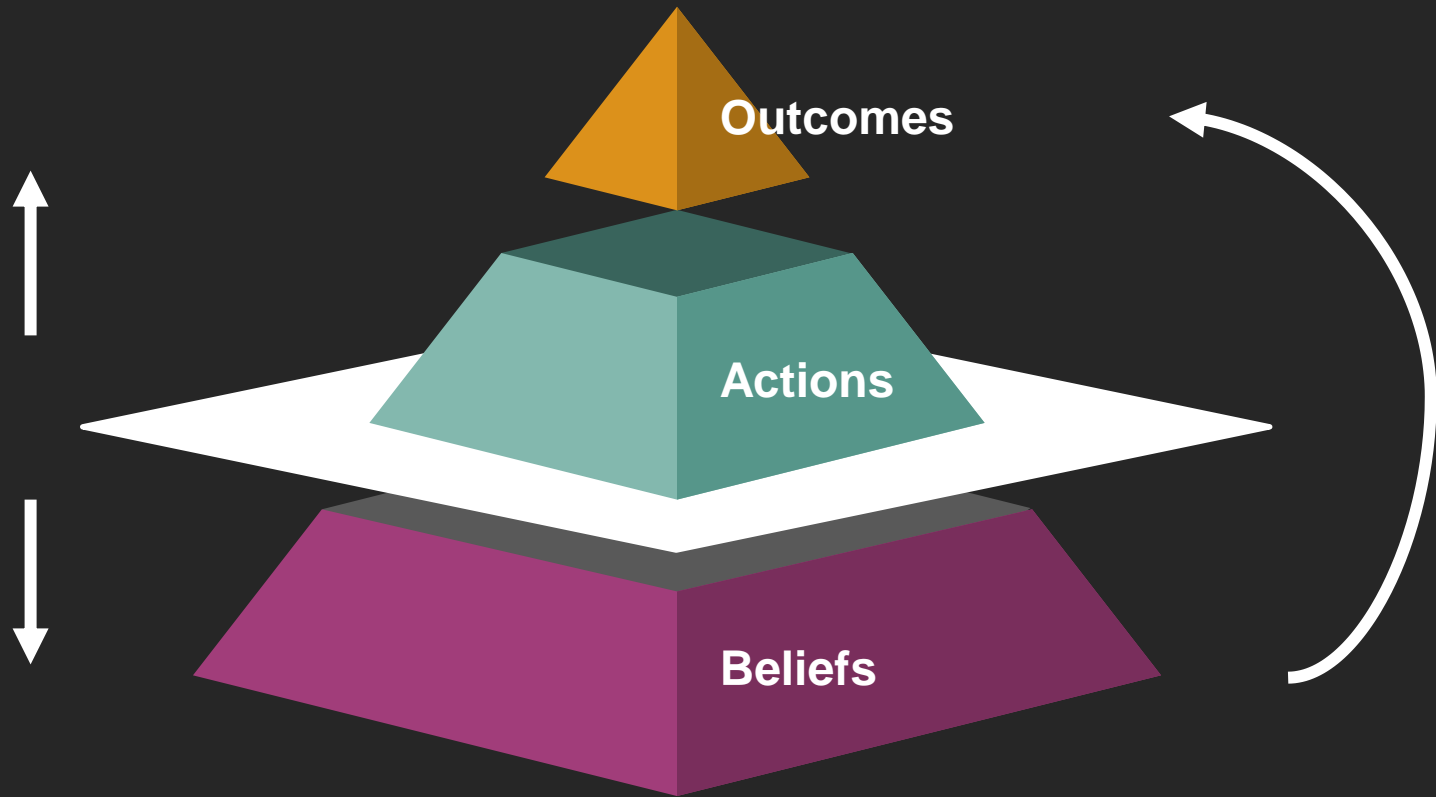


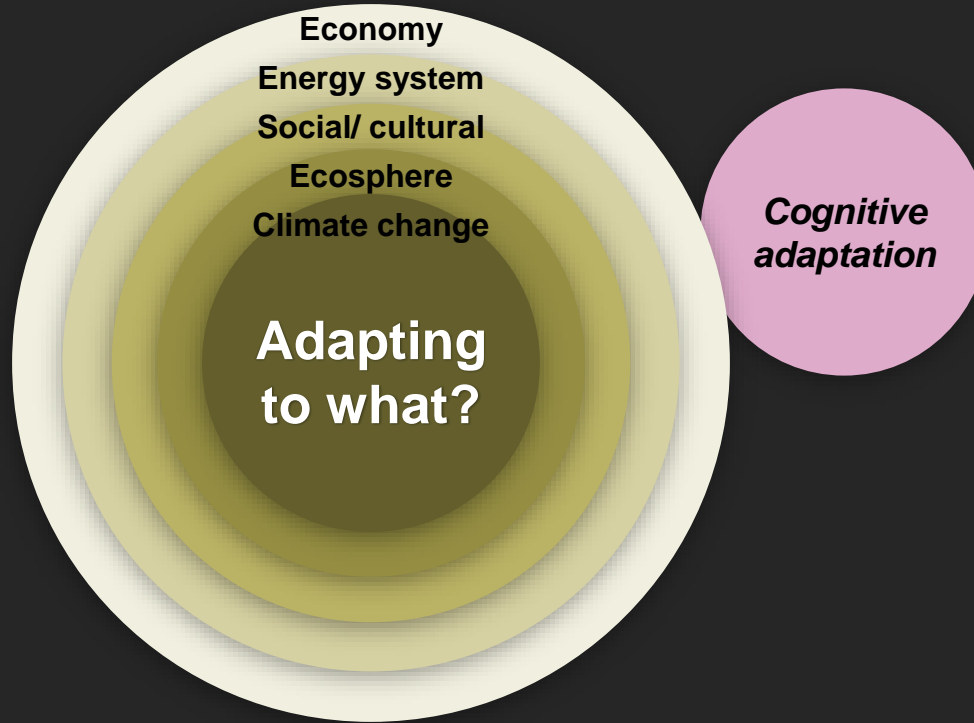
Beliefs



Waves of trouble







My organisation's purpose...

sustainability alongside
financial objectives

38%

solely focused on
financial objectives

8%

sustainability only if it
doesn't compromise
financial objectives

27%

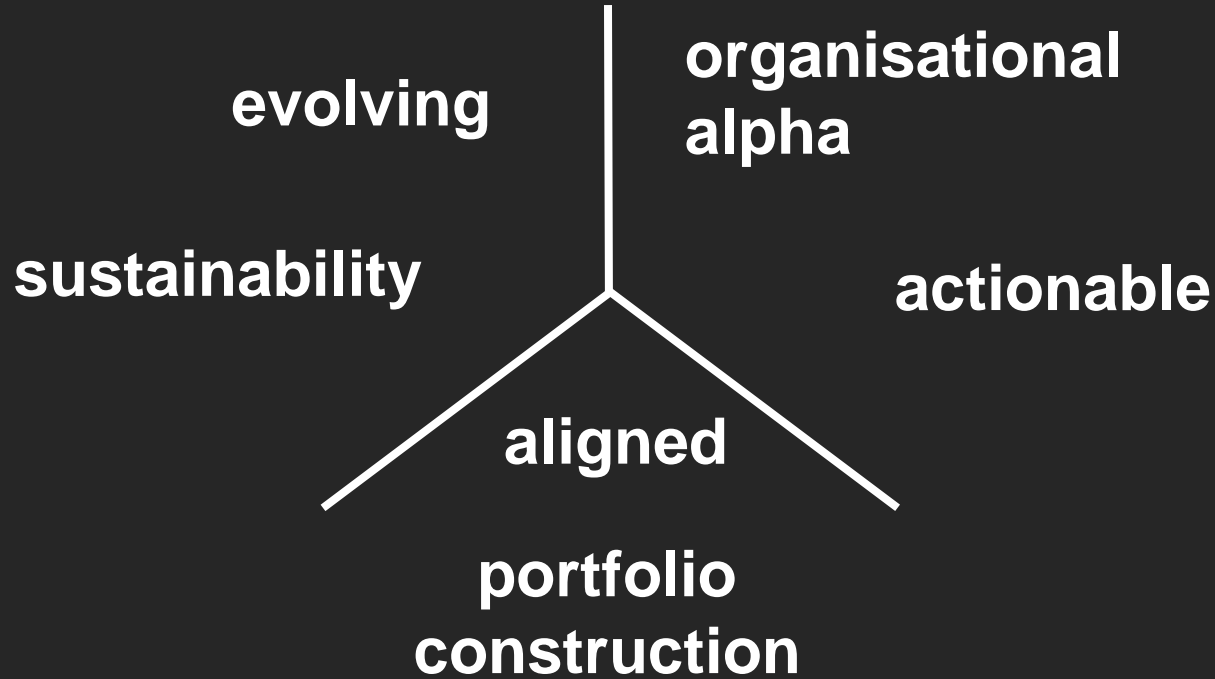
add stakeholder value
beyond financial objectives

19%

Source: TAI Global Asset Owner Peer Study 2024 (n = 26)

Option Not sure/Don't know not displayed

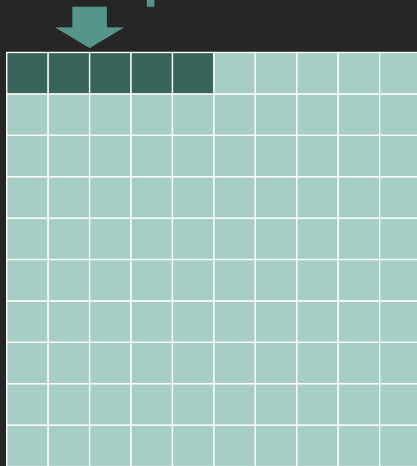
Case study - beliefs



Stewardship

A high-contrast, close-up photograph of a massive blue wave curling into a barrel. The water is a deep, vibrant blue, with white foam and spray visible at the crest and base of the wave. The wave's form is dynamic and powerful, creating a sense of movement and scale.

Stewardship resources



A significant part of the
investment ecosystem

TAI/PRI – Resourcing stewardship

Thinking Ahead Institute
An innovation network founded by WTW



Putting resources where stewardship ambitions are

Structured measurement to empower asset owner-asset manager conversations
Thinking Ahead Institute thought leadership, commissioned by PRI



Thinking Ahead Institute
An innovation network founded by WTW



The Stewardship Resources Assessment Framework

A tool to assess stewardship resource level, improving understanding of resourcing practices and empowering productive conversations on stewardship activities.

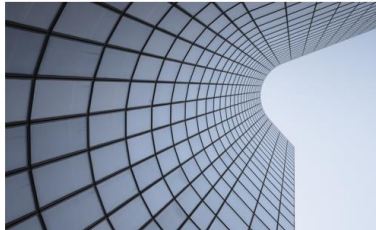


Thinking Ahead Institute
An innovation network founded by WTW

Thinking Ahead Institute
An innovation network founded by WTW



PRI/TAI Stewardship Resourcing project
Global Stewardship Resourcing Survey data report



The five pillars of effective stewardship

With a systemic stewardship focus



More measurement

More resources

Asset owner and asset managers engagement

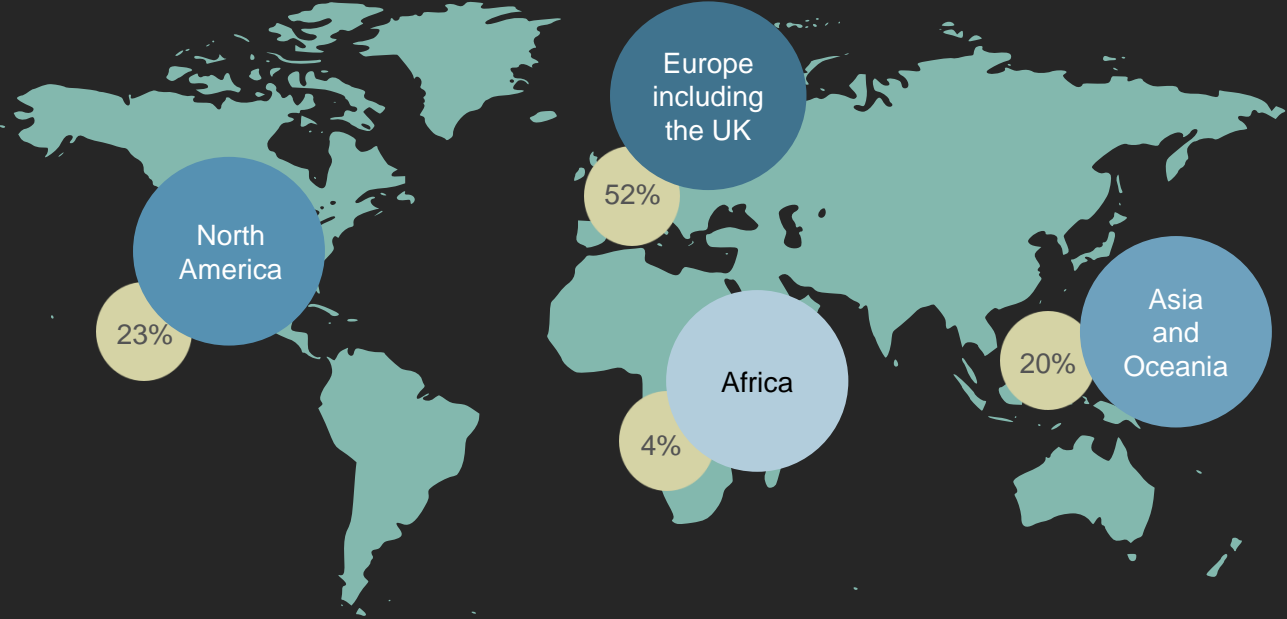
Global Stewardship resourcing survey

20

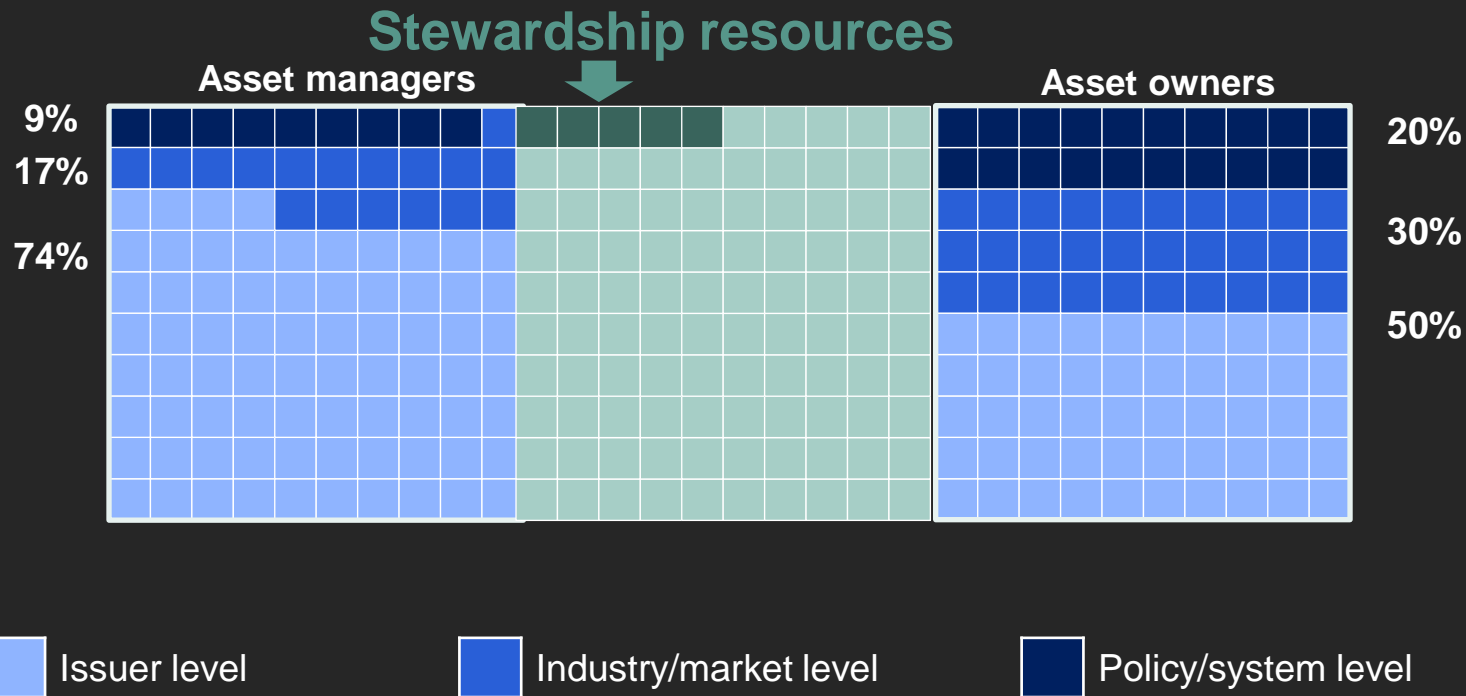
Asset owners

49

Asset managers



Stewardship resources across different engagement levels



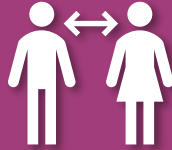
Stewardship actions

2



Build AO-AM
relationship

3



Integrate
stewardship

4



Join
stewardship
coalition

5



Focus on
system

1

Increase stewardship resources



Breakthroughs that matter – coalition stewardship effort

The Church of England Pensions Board

- 2019 tailing dam disaster in Brazil
- \$1.3trn investor coalition formed
- Demanded stricter mining safety policies
- Now part of the steering committee of the Global Investor Commission on Mining 2030

An aerial photograph of a rugged coastline. The top half of the image shows dark, jagged rocks. The bottom half shows turquoise water with white, frothy waves crashing against the shore. The text is overlaid on the top half of the image.

Fireside chat

***Vishal Hindocha in conversation with
Isabella Martin***

Vishal Hindocha

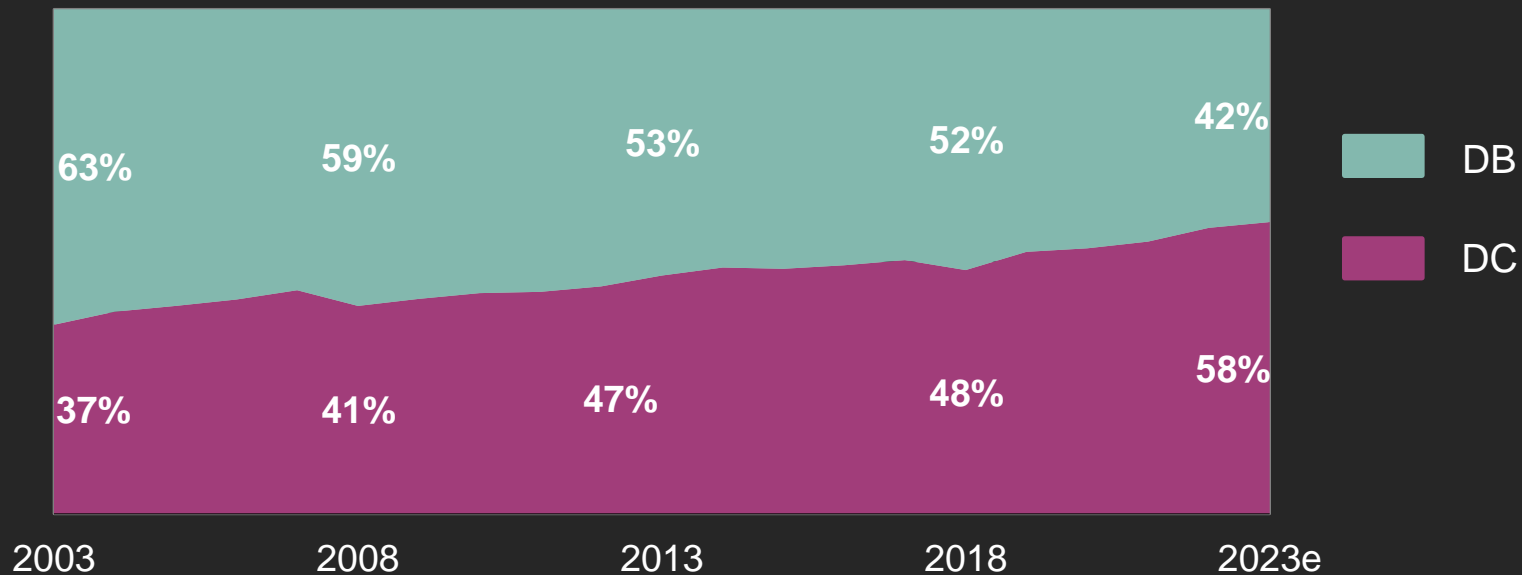
Senior Managing Director and
Global Head of the Strategy
and Insights Group,
MFS Investment Management



Future of pensions



The future is DC



Source: Global Pension Asset Study 2024, Thinking Ahead Institute



PENSIONS

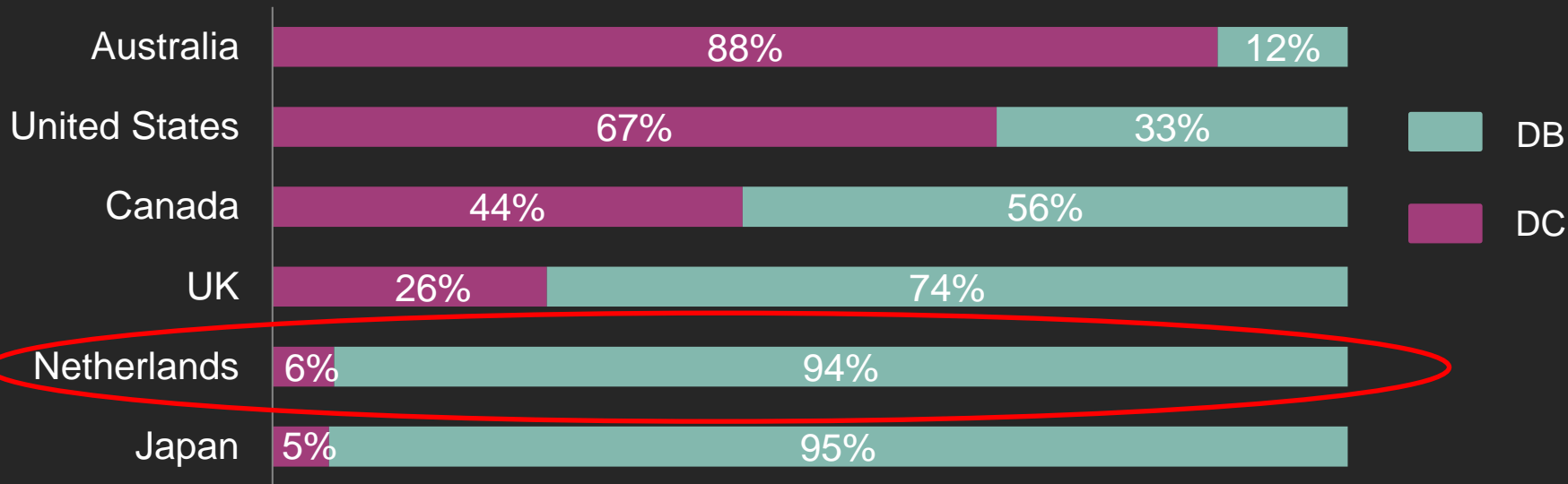
Reimagining pensions

WTW white paper

October 2024

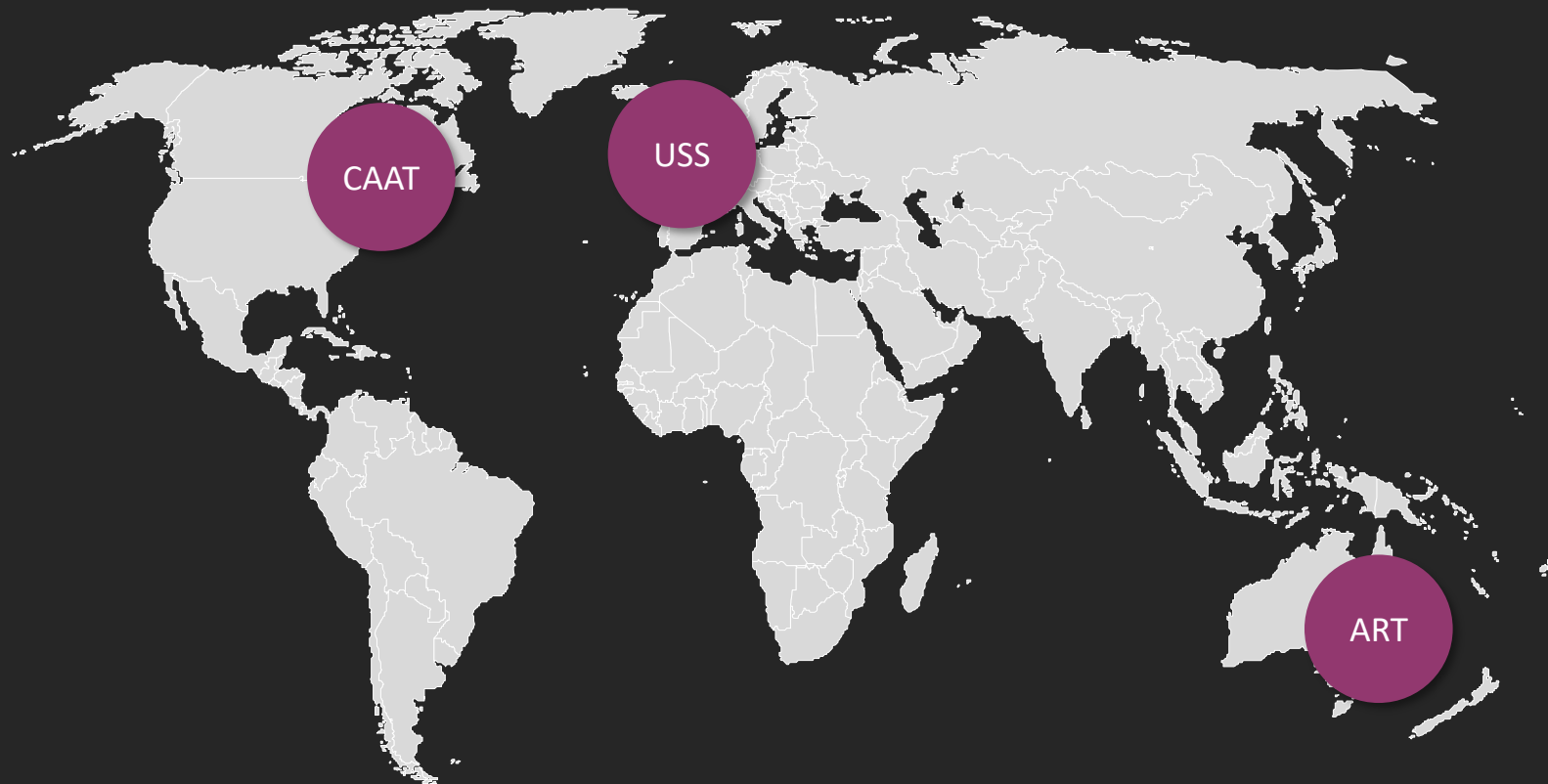
WE NEED HYBRID

The Dutch agree...

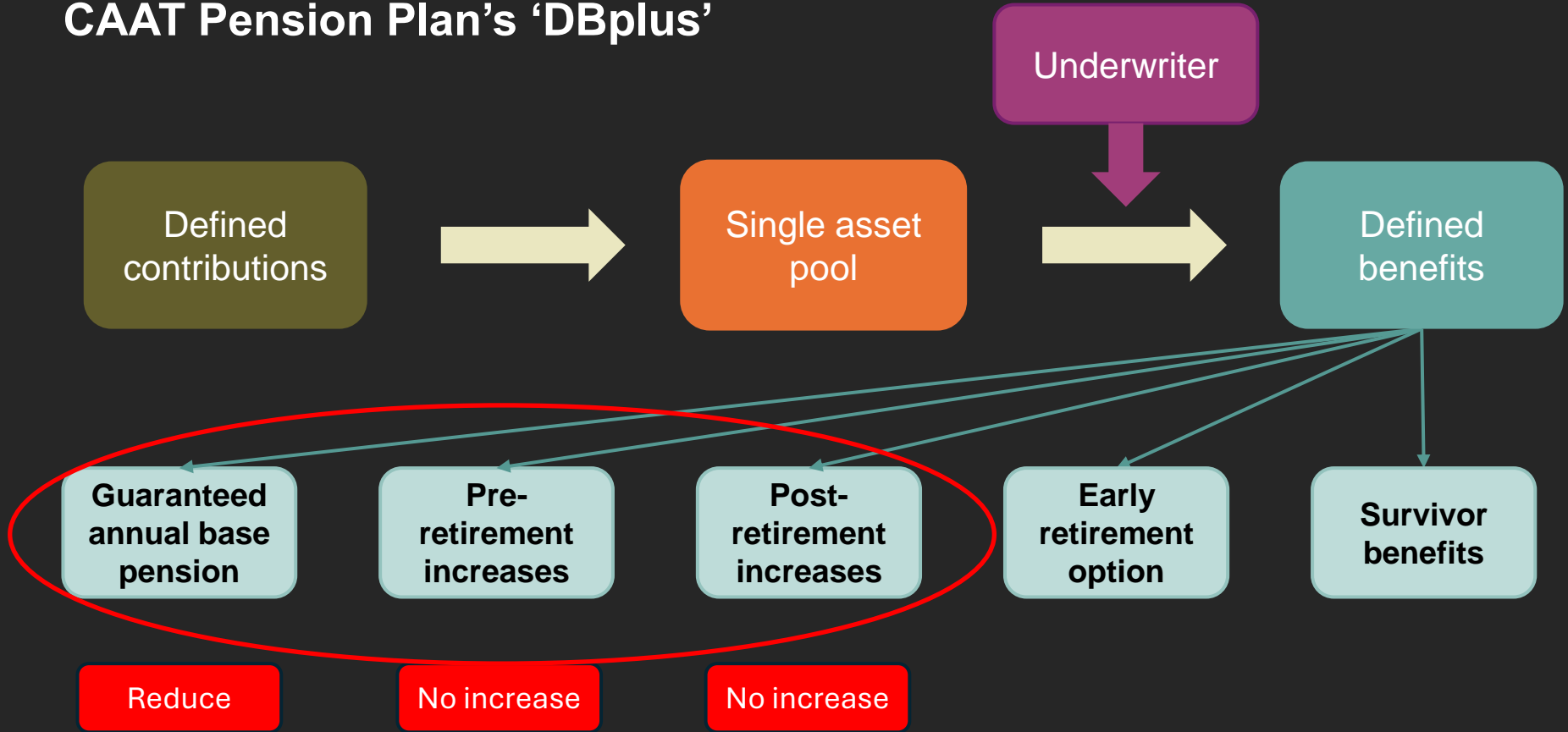


Source: Global Pension Asset Study 2024, Thinking Ahead Institute

Three hybrid case studies



CAAT Pension Plan's 'DBplus'



USS hybrid pension structure

Retirement Income Builder (DB)

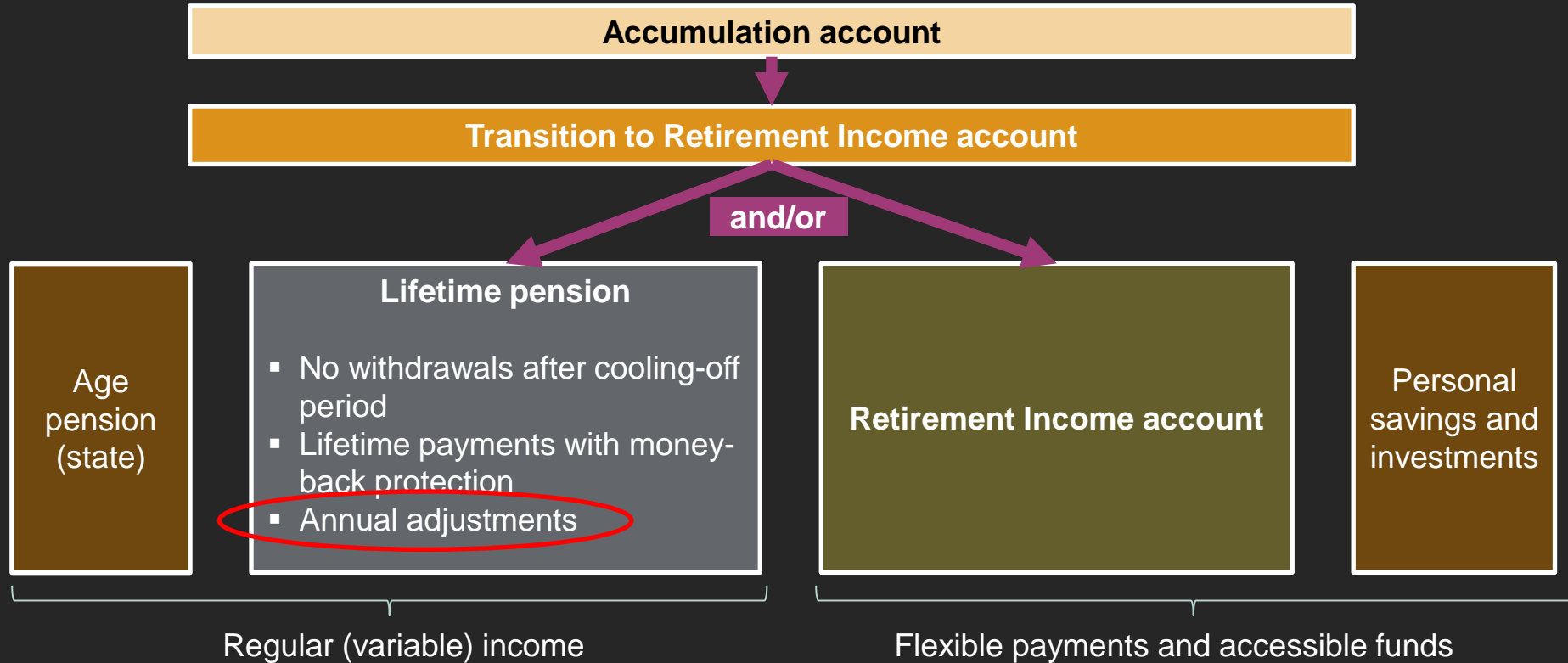
- Guaranteed income for life
- Salary threshold applies
- Capped increases
- Includes life cover and ill health cover

Investment Builder (DC)

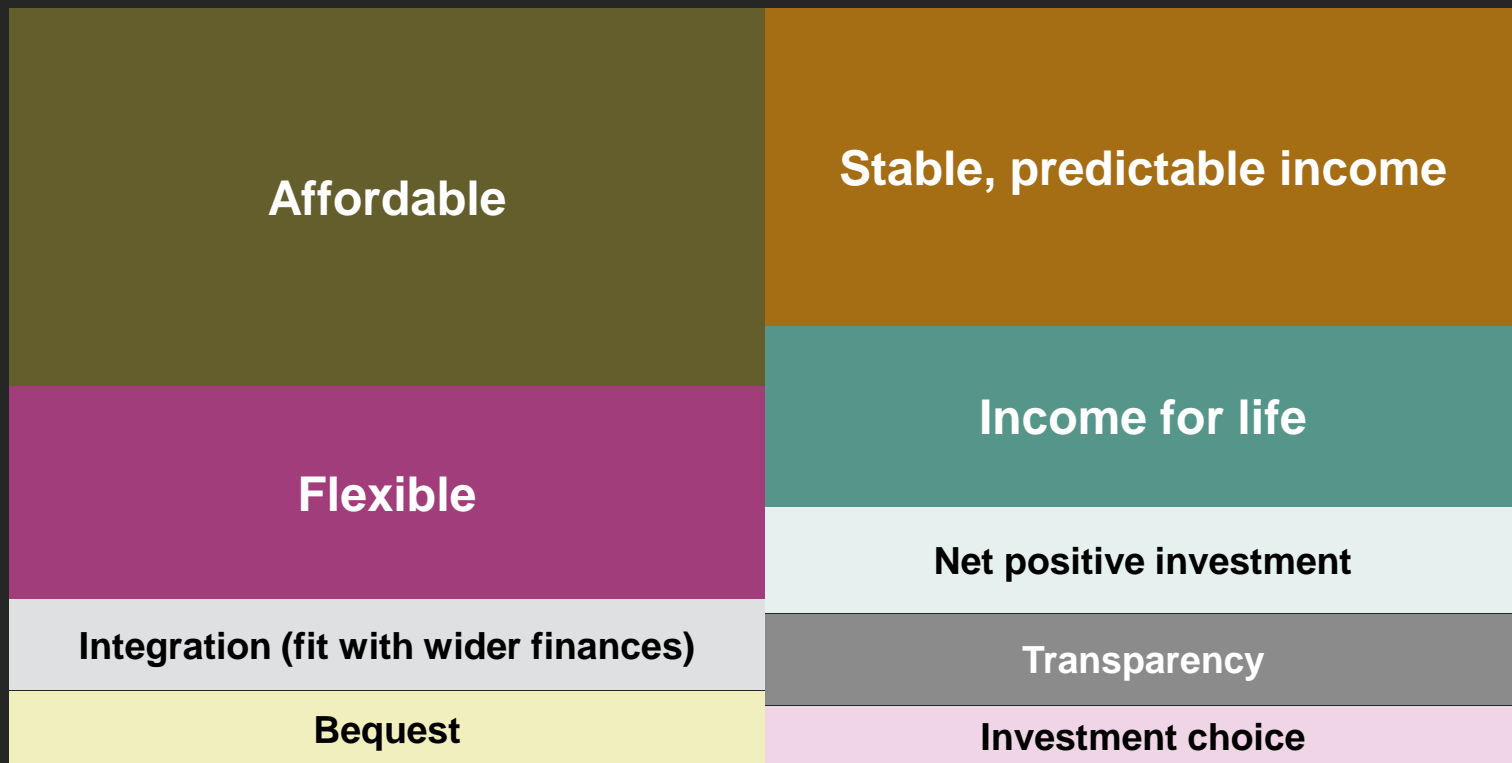
- A top-up to DB
- Employee and employer contributions above the salary threshold
- Flexibility in accessing capital
- Choice of investment

- 
- Lumpsum
 - Drawdown
 - Annuity

QSuper, now Australian Retirement Trust, Lifetime Pension



What does good look like?



Source: [Pensions aren't what they used to be](#), Thinking Ahead Institute

Breakthroughs that matter

HYBRID

The wrap up



What sort of organisations become members



They are **innovative** and **inquisitive**...

...and want the opportunity to **engage on trends, context, new thinking and its application** to their futures...



They are **client / member-focused**...

...and want the chance to **deepen their understanding** of what the leading **investment organisations of tomorrow** want and need...



They have a **purposeful culture**...

...and are up for **contributing to the industry through giving and getting within the Institute**...

Connect:

Find out who we are, what we do and the
connections we foster



www.thinkingaheadinstitute.org