

Value for Money in DC Pensions

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Global and Local Strength



- Founded in Switzerland in 1872
- One of the world's largest insurance companies, with AUM of €300 billion.
- Highly rated for financial strength and security; AA- Standard & Poor's



- A stable & solvent financial institution regulated by the CBI
- Leading employee benefits provider
- Funds under management of over €24 billion

Source: Zurich Life, December 2018. Financial strength ratings are for the Zurich Insurance Group.

What is governance?





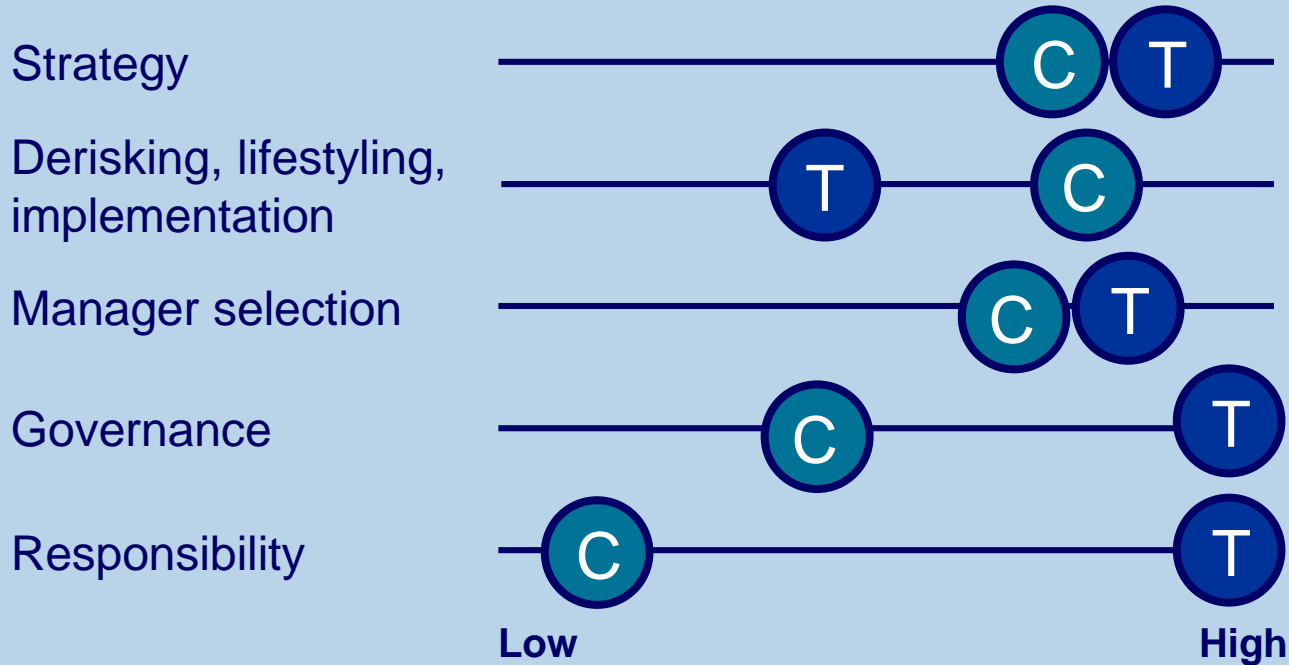
Doveryai, no proveryai

“Trust but verify”



Trustee Level of engagement

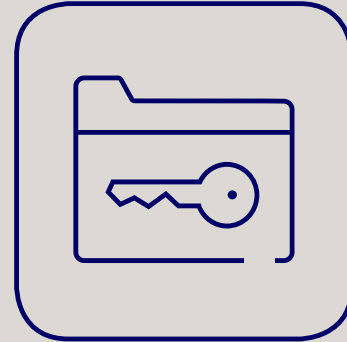
C Consultant / Adviser **T** Trustee



IORP II

What's new?

- Enhanced governance requirements
- Increased disclosure and communication requirements
- Effective Risk Management
- Fit and proper standards for trustees and Key Function Holders
- Consider ESG factors for investments



Risk Management is in our DNA

- Adhering to the enhanced governance set out in IORP II



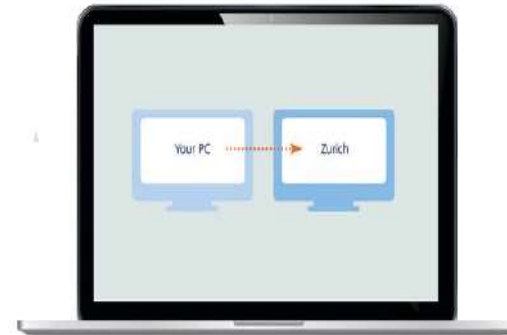
- Good Governance drives better outcomes and
- Value for Money



Group Payroll Management System (GPMS)

Speed - Secure - Streamlined - Support

- An easy-to-use facility
- Transfer monthly pension contribution data direct to the Zurich system
- Easy way to notify us of new joiners and leavers



Communications

- Scheme on-boarding, launch campaign
- New joiner pack, member booklets & fund guides
- Employee presentations, one to ones, online tools, print materials

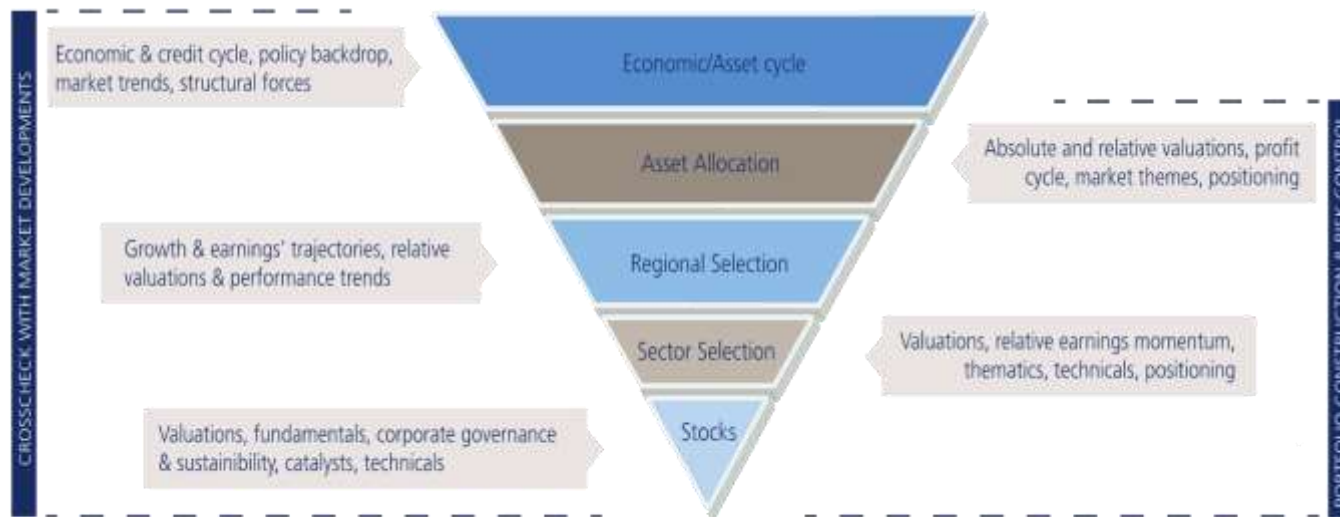


30 Years of Outperformance

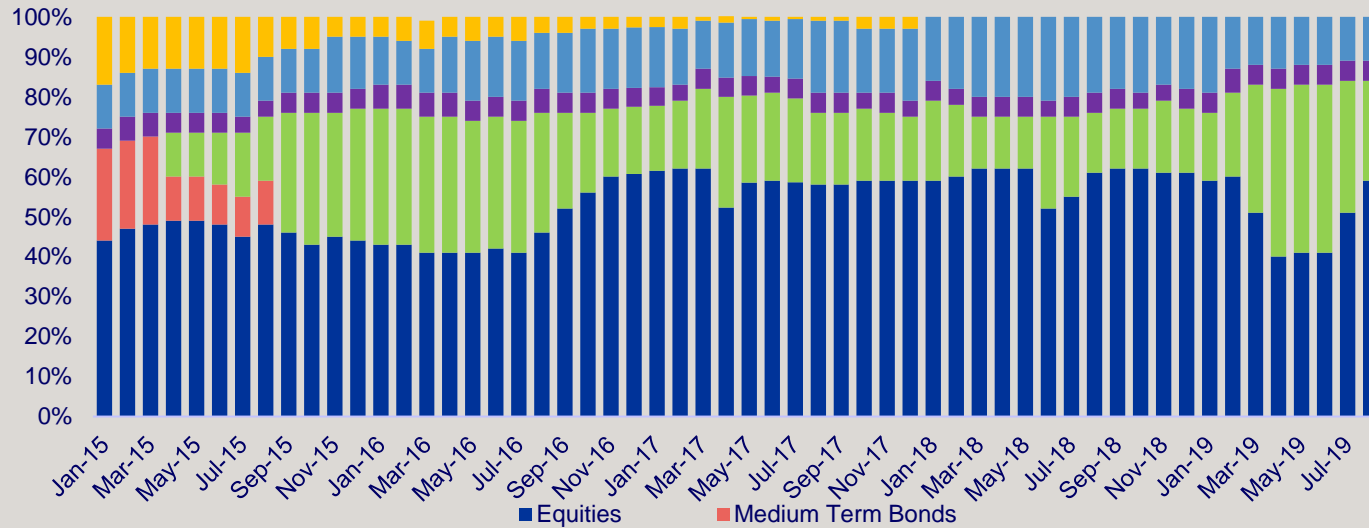


Source: Zurich and MoneyMate, September 2019. Performance figures quoted are from fund inception date of 1/11/1989 until 01/09/2019. Annual management fees apply; the fund growth shown above is gross of any annual management charge. Returns are based on offer to offer performance and do not represent the return achieved by individual policies linked to the fund.

Zurich Investment Process



Active Asset Allocation Fund evolution

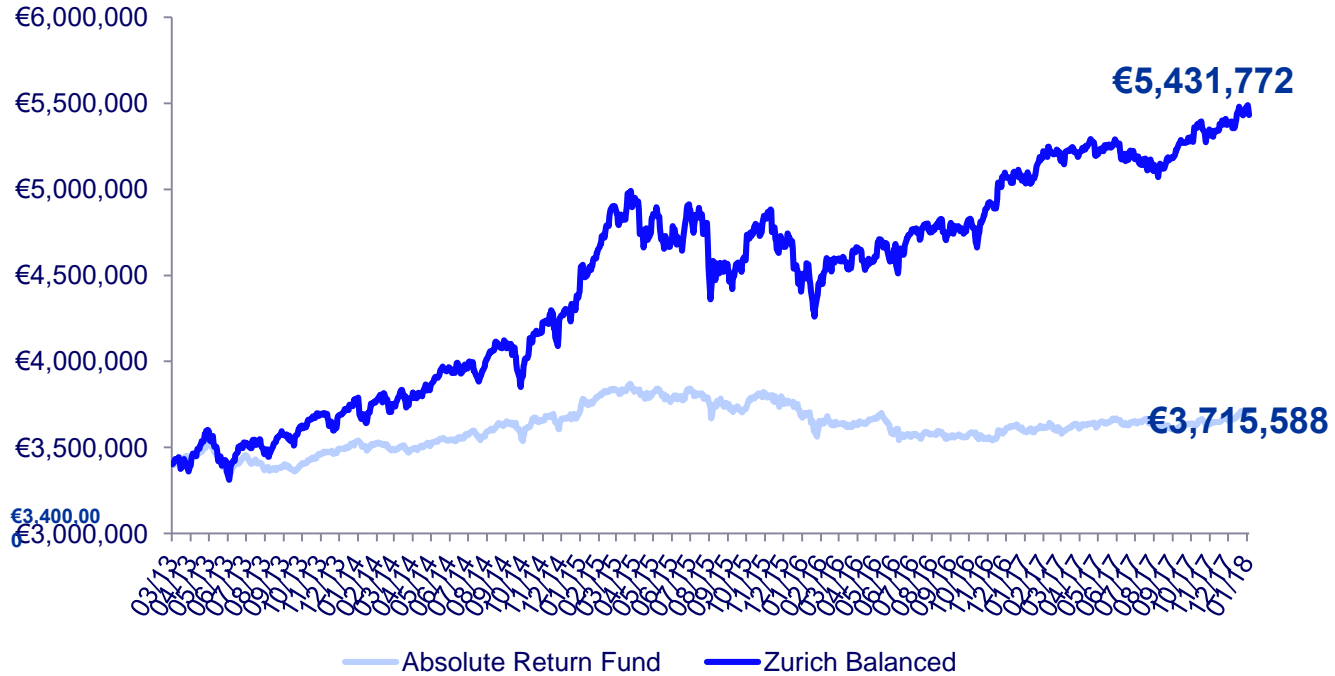


“

Volatility should be viewed simply as the cost of good long-term performance, not a risk to be avoided.”



Case study 1



Doing well and doing good...

- not philanthropy
- long-term value
- positive impact on society



What is ESG?

Examples of ESG Factors

Environmental

- Natural resource use
- Carbon emissions
- Energy efficiency
- Pollution/waste
- Sustainability initiatives

Social

- Workforce health/safety
- Diversity
- Employee training
- Human rights
- Privacy/data security
- Community programs

Governance

- Board independence
- Board diversity
- Shareholder rights
- Management compensation policy
- Business ethics

MSCI ESG Ratings



MSCI ESG Research
used by 46 of the top
50 global asset
managers



Converted by
Zurich/Bloomberg to a 1
to 10 scale (with 10
being the highest rating)



Higher ratings generally
result in higher
profitability, lower tail
risk, and better risk
management

Equity Matrix



	P/E Ratio X	Dividend Yield %	EPS Growth %	ROE %	ESG (1 – 10)
Microsoft	26	1.3	13	38	10
Walmart	24	1.8	4	19	5
Apple	19	1.2	9	74	7
Zurich	13	4.9	10	13	9
Ryanair	12	0	31*	15	3
Royal Dutch Shell	11	6.4	25	11	7
BP	10	6.5	9	10	5
Volkswagen	6	2.8	5	11	1

Doveryai, no proveryai

“Trust but verify” US President, Ronald Reagan

“Verify and Verify” US Secretary of State, John Kerry



DC Pension Schemes

- Good Governance drives better outcomes
- and
- Value must be added



Thank you