

ISSA Symposium: Products and Product Development

A summary of the presentation
given on 4 June 2008

by

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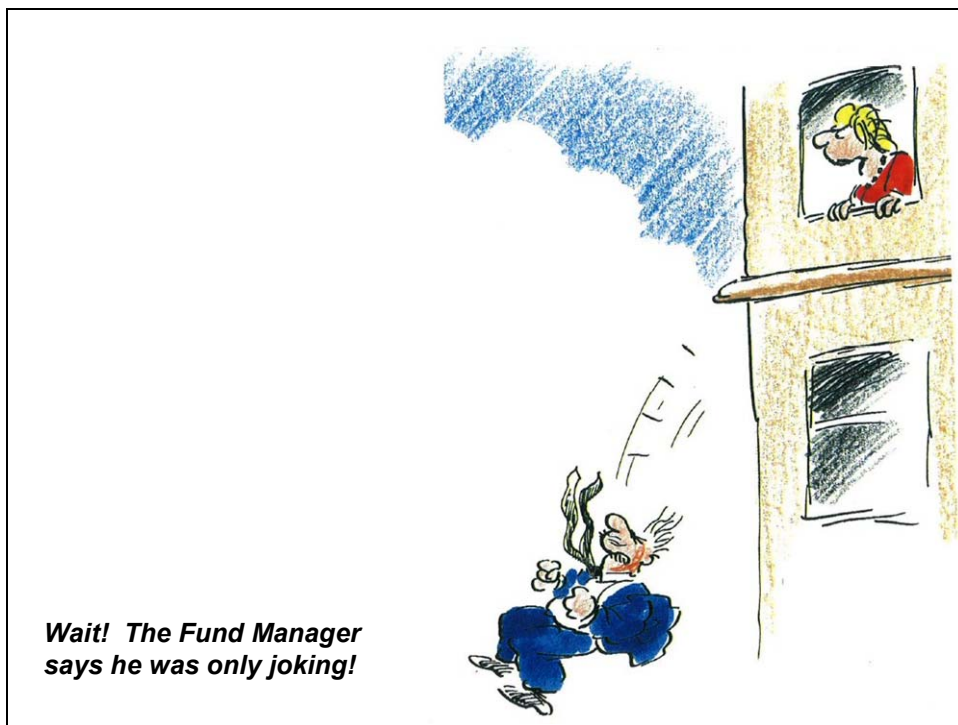


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Now, let me explain what happened to the
pension surplus since our last meeting...

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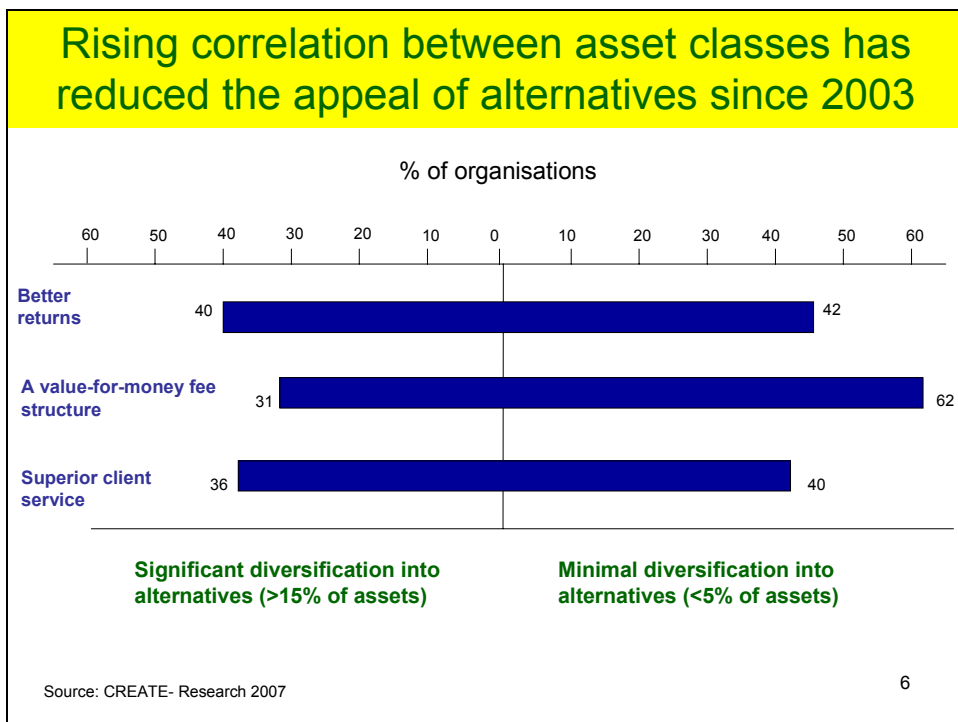
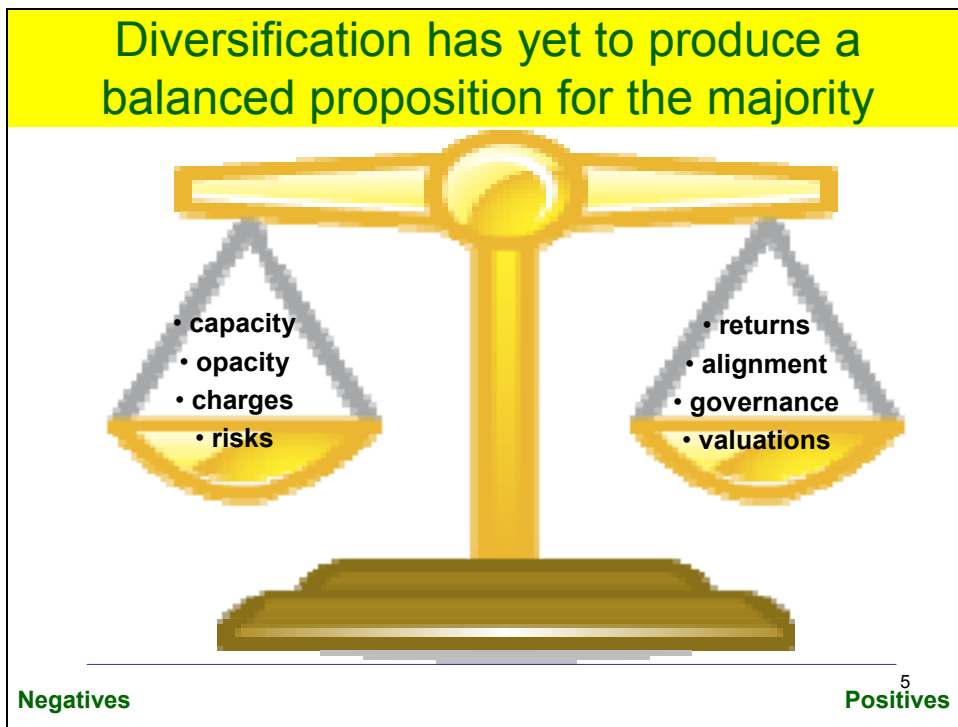
Three core themes

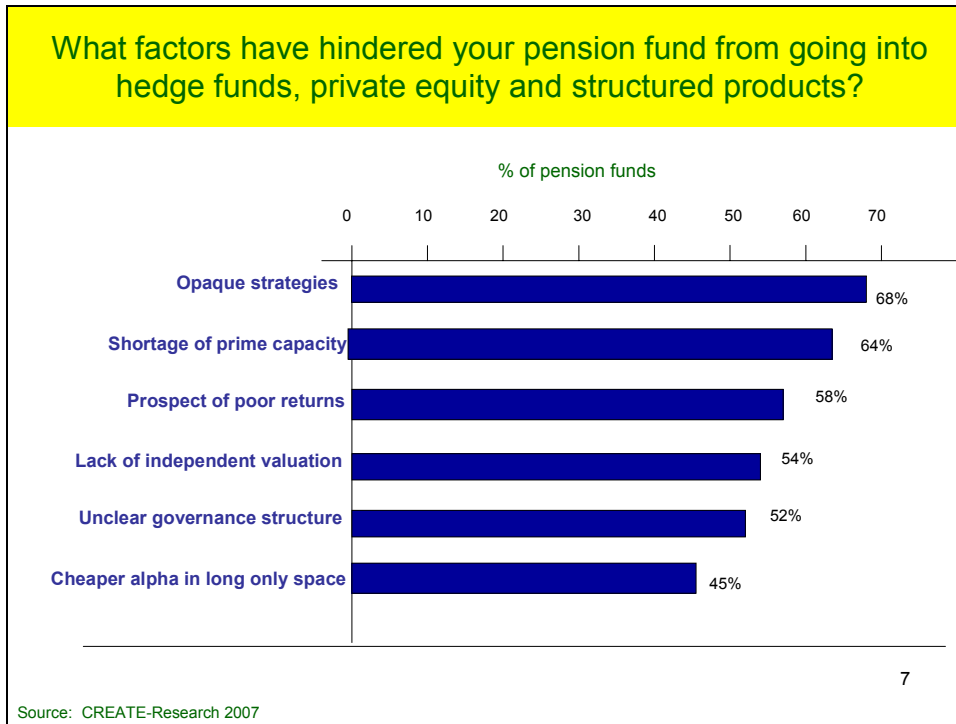
- *Benefits of diversification into alternatives have not been clear cut so far*

“The ‘Yale’ effect created an army of lemmings: most of whom will not live to experience it”

A US pension fund

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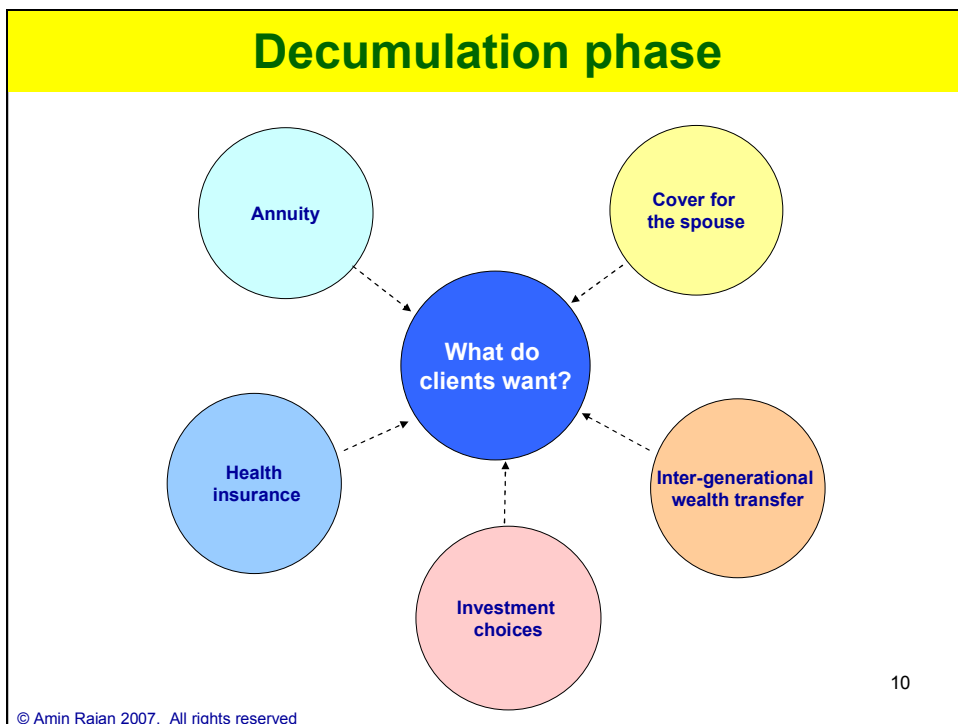
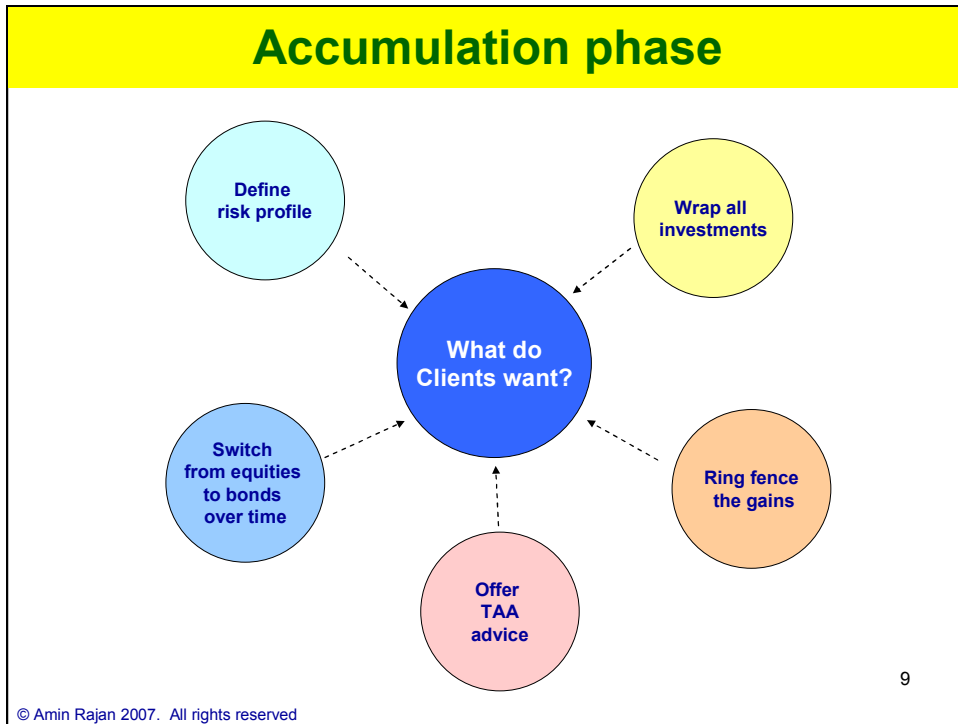
Three core themes

- Benefits of diversification into alternatives have been far from clear cut

- *The current credit crisis is a mixed blessing*

“Things that count, often cannot be counted. Things that can be counted, often don’t count”

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Going forward: innovation challenges (1)

The diagram features a central illustration of a woman in a grey blazer and a man in a dark suit, both looking at a tablet held by the woman. Six dashed arrows point towards this central image from the following text labels: *Customisation?* (top), *Risk-return features?* (top-right), *Liquidity?* (bottom-right), *Volatility?* (bottom), *Transparency?* (bottom-left), and *Simplicity?* (top-left).

"We are very cynical of the word innovation: it stands for the latest con trick"

Source: Tomorrow's Products for Tomorrow's Clients © CREATE-Research 2006. All rights reserved A Dutch pension fund

Going forward: housekeeping challenges (2)

The diagram features a central cartoon illustration of a man in a grey suit and red tie, with his arms outstretched and a slightly stressed expression. Eight solid lines radiate from him to the following text labels: *Clear investment process?* (top-left), *Risk Controls?* (top-right), *Absolute returns?* (middle-right), *Organisational stability?* (bottom-right), *Transparent Portfolios?* (bottom), *Independent valuations?* (bottom-left), *Performance measurement?* (middle-left), and *Performance attribution?* (top-left).

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Source: Convergence and Divergence © CREATE-Research and KPMG International 2007. All rights reserved

Three core themes

- Benefits of diversification into alternatives have been far from clear cut
- The current credit crisis is a mixed blessing

- *After two tipping points, we either accept the world as it is, or change it*

“The reasonable man adapts himself to the world; the unreasonable one persists in trying to adapt the world to himself. Thus all progress depends on the unreasonable man...”

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George Bernard Shaw

“I was spreading some risk around, and apparently it all wound up in your portfolio”




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**Trust is earned, not ascribed :
deeds matter more than words**

Track-record? *Alignment?* *Replicability?*

Trust = Credibility + Synchronicity + Stability



“In my relations with others, I listen to their words, but I look to their actions”

Confucius

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