Conference Report

Name: Joel Swaan

Conference: Shareholders Association for Research and Education (SHARE) 2021 Investor Bootcamp

Dates: February 16 & 23, March 2 & 9, 2021

Location: Online

SUMMARY

As Chair of the Disability Benefits Plan Investment Committee, I had the privilege to attend the virtual SHARE 2021 Investor Bootcamp through a motion passed by DBPIC. The online training sessions were held over four weeks, with one lesson per week. The third session was held at the same time as a Provincial Executive meeting, so I did not participate in the live event, but I requested and was sent a link to a recording of the session which I watched at a later date.

The first session, "Introduction to Pension Investment & Governance", was offered as part of the SHARE Investor Summit 2021. It covered the duties of trustees, covered key documents, laws, and regulations, outlined the roles of pension committees, and began teaching about Environmental, Sustainable, and Governance (ESG) investment principals, which would also be addressed later in the bootcamp.

Some key takeaways from this session:

- There are two key aspects of a trustee's legally mandated fiduciary obligation to the beneficiaries of the trust: Duty of Loyalty (which requires acting in the interests solely for the beneficiaries, doesn't allow for any conflicts of interest, and is central to the legal obligations of pension fiduciaries), and Prudent Standard of Care.
- Governing documents include a Trust Agreement, a Funding document, a Statement of Investment Policies and Principles (SIP&P), a Conflict of Interest Policy, and a Responsible Investment Policy. Trustees are encouraged to look for gaps and contradictions between the documents.
- Asking the right questions of outside advisors is important. Understanding the answer is also important, which means asking follow-up questions and clarifying jargon may be necessary, regardless of the scheduled time available within the meeting.

The second session was "Investment 101". It covered investment beliefs and policy; asset classes, diversification, and allocation; and monitoring the fund's asset manager.

Some key takeaways from this session:

- Risk Tolerance determinants include: Liquidity (keeping sufficient cash on hand to meet funding needs), Income needs (balancing contributions to the plan with benefit payments, looking to use investment earnings to pay benefits), Time Horizon (length of time benefits will be needed for),

Legal and Regulatory (which may limit the types of investments that can be made), and ESG Considerations (how ESG principles are factored into investment decisions).
- Performance measurement of investment managers are defined in the SIP&P. Common elements include relative performance as compared to market indices, absolute performance objectives, and looking at the long-term past. Look to see if investment results are within the constraints, are meeting long-term objectives, and if managers are performing well.

The third session was “Intro to Actuarial Science”. Topics included pension plan funding, the role of actuaries, and where the burden of decision-making lies.

Some key takeaways from this session:

- Ongoing financial analysis is a continuous balancing act – true costs are never known until the last benefit is paid out. Taking in enough contributions, making investment choices, and making benefit decisions that are supportable are factors that need to be constantly reviewed.
- Trustees don’t need to know actuarial science but do need to make a reasonable effort to ensure the advice they are relying on is provided by appropriately qualified individuals.

The final session was “Responsible Investment”, which focussed on incorporating environmental, social, and governance (ESG) factors in investment decisions, and aligning investors with broader societal objectives.

Some key takeaways from this session:

- Responsible investment approaches include asset selection (screening assets, looking for best-in-class, ESG integration, fossil-fuel-free portfolios, sustainable real estate, green infrastructure), capital stewardship (exercising your rights and influence as an investor to support the ESG performance of companies and assets you are invested in), and asset manager selection and oversight (make sure they are providing the information you need to properly evaluate responsible investment performance and strategies).
- Responsible Investment should be embedded into investment policy: include a statement of investment beliefs/principles, articulate whether there are sectors or investments that will be screened out of the portfolio, reference relevant international standards for investee companies, outline expectations of investment managers with regards to ESG integration and stewardship, including how proxy voting rights will be executed.

I would highly recommend this Bootcamp – should it be offered again – to as many trustees as can partake as possible, especially newer trustees. As a final thought, within the guiding documents for the DBP Investments, there are not strong, clear guidelines or recommendations regarding ESG beliefs or policies. As we examine these principles further, there may be a desire to be clearer in the guiding documents in these areas.

Respectfully submitted,

Joel Swaan, DBPIC Chair