

Sitting on the shoulders of giants

Strengthening DC investment strategies for the future

By **Alison Leslie**, Partner and Head of DC Investment Services

As we look ahead into 2025, we outline in this article our focus areas to improve member outcomes and our vision for the DC Investment team at Hymans Robertson.



As a partner and Head of DC Investment Services, I'm continuously working with the team to develop our ideas and looking across the entire firm to bring the best of Hymans to our clients and their members.

Our clients

We are proud and privileged to work with over 150 diverse clients across the own-trust, master trust, corporate, provider, asset manager and GPP space. We advise some of the largest own-trust schemes in the market as well as having a significant market share advising master trust clients, including one of the UK's largest commercial master trusts.

We believe that each client is different, with unique needs and beliefs, which we support with bespoke and tailored advice. Whether clients are looking to use DB surplus to fund DC, need help with placing private markets in their strategies or looking to evolve to the next stage along their responsible investment journey, one thing is key and that is resilience.

Our investment focus this year is portfolio resilience through the three Cs: **capital allocation, climate, and continuity**.



Capital allocation and near zero-cost equities

Anthony Ellis, Partner and Head of DC Investment Strategy

The decision to invest or not invest is best made on an assessment of value rather than cost. The move towards value assessment is something we are starting to see across the industry and we look forward to this approach opening up a much wider range of potential investments for schemes.

As schemes look to integrate private markets into strategies, they are also looking for ways to do this as cost effectively as possible. Architecture is one way to achieve this. A good example is obtaining low-cost passive equities for nearly zero basis points through strategies such as true index strategies.

While used commonly in other countries, their use and evolution here has just started. Over the course of the year we'll be looking at a number of ways to build resilience into strategies using examples such as this along with a range of other ideas.



Climate

Alison Leslie, Partner and Head of DC Investment Services

Our clients all have differing beliefs and are at different stages of their responsible investment (RI) journey. Many are building portfolios to target 1.5-degree outcomes by 2050. However, it is becoming clear that the 2050 target is looking increasingly unachievable unless the 2030 predicted pivot event takes place. If it does, there could be widespread disruption across various sectors, technologies, and portfolio returns.

So, how do you build resilience into portfolios to allow for this? Being clear on your high-risk exposures through several lenses is key, and having alignment to likely market outcomes informed by policy is also crucial. Our climate action transition planning can help you with this. We will be focussing on this throughout the year, through dedicated videos and publications.



Continuity

Mark Jaffray, Partner and Senior DC Investment Consultant

After more than a decade of advising clients on DC investments, the ability to move smoothly and efficiently to seize opportunities is crucial in building portfolio resilience.

White-labelling has long been important for manager selection, but other structural drivers, like decumulation strategies, will become more significant over the next few years as schemes start to build.

How do we design these to not just be a bolt-on to an accumulation strategy, but a seamless transition from one to the other, building resilience throughout the glidepath? Setting up for the entire journey, not just part of it, is crucial and using structural ways to do so will become increasingly important.

Hear more as the year progresses on how providers and clients are approaching this and innovative ways they're making it happen.

Our team – sitting on the shoulders of giants!

As we continue to grow and as DC evolves further to grasp new ideas such as private markets, low cost equity strategies and mega funds akin to some of our LGPS clients' scale, we want to harness our knowledge in these areas to benefit our DC clients.

I'm delighted **Anthony Ellis** is coming back to support the DCC team. Anthony, who is an equity member of the firm and ran the DCC practice in its early evolution, brings experience in both DB and DC. This is invaluable to us to continue to effectively manage conflicts across our team as we grow and expand our business. Anthony rejoins the team to head up our DC investment strategy workstream.

Similarly **Mark Jaffray**, who has led the DC team over the last six years, is now moving into a 100% investment-focussed role as he rolls off his tenure as Head of DC Consulting. Mark brings his actuarial background, DB experience and large client experience (including master trust provider) to benefit the team. Mark will be focusing largely on provider research, again enabling us to manage conflicts efficiently and effectively as we grow.

Sitting on the shoulders of giants indeed – I'm delighted about the strength Anthony and Mark bring to the DC Investment team, and look forward to working closely with them over 2025. Look out for more from all three of us as the year continues.

And finally...

All that remains is to thank our brilliant clients, industry colleagues and Hymans Robertson colleagues across the firm.

Watch out for the launch of our new investment-focused series of dedicated roundtable discussions and videos, coming to your screens soon.

If you'd like to find out more, please get in touch:

Alison Leslie

alison.leslie@hymans.co.uk

Anthony Ellis

anthony.ellis@hymans.co.uk

Mark Jaffray

mark.jaffray@hymans.co.uk