Honorable Mention

By Editorial Staff *Thu, Oct 20, 2016*

Brief or late-breaking items from or about AXA, BlackRock, ING, Voya Financial, Shlomo Benartzi, Lafayette Life, Goldman Sachs, Jack Bogle, WISER, Prudential Investments, Morningstar and PitchBook.

AXA and BlackRock to manage €10bn each for ING pension fund

In the largest institutional contract win in the Dutch market this year, the €26bn closed-end defined benefit pension fund of the ING financial group has outsourced its liability-matching portfolio to AXA and BlackRock, offering each about €10bn, IPE.com reported.

"Pensioenfonds ING was facing the same material challenges of most Dutch institutional investors in optimally hedging its interest-rate and inflation risks with the fixed income portfolio," said Hanneke Veringa, head of the client group in the Netherlands for AXA Investment Management (AXA IM).

AXA IM intends to help other institutional investors benefit from its balance sheet management experience, said Julien Fourtou, the firm's global head of multi-asset client solutions.

"We will further expand this service to those facing similar constraints, where both funding and regulatory objectives must be met in a cost-efficient manner, while ensuring the boards of the pension funds remain in full control," he said. The ING Pension Fund said it conducted an extensive selection process before signing deals with BlackRock and AXA IM.

The fund's return portfolio – which focuses on creating an adequate return for pensions indexation – had already been outsourced, ING said. Reporting on the investment and currency risk management is outsourced to the The pension's treasury portfolio continues to be run by Florint Capital Cardano will handle reporting on the investment and currency risk management. Investment policy will not change, according to ING Pension Fund.

Pension funds and insurance companies continue to face the challenge of low-yield environment where inflation was low but expected to rise. Last August, the ING Pension Fund said that it would increase its inflation cover to 25% from 8.5% of real liabilities over the next four years, and expand its matching portfolio allocation to 75% from 70%, at the expense of investments in its return portfolio.

Voya, Shlomo Benartzi partner on behavioral economics research

Voya Financial, Inc., has launched Voya Behavioral Finance Institute for Innovation, a research initiative focused on consumer financial decision-making and retirement savings behavior, the company said in a release.

"The Institute will test a number of novel concepts that could translate into large-scale solutions to help people save more and achieve better retirement outcomes," the release said. Its work will "merge behavioral science with the speed and scale of the digital world."

Behavioral economist Shlomo Benartzi, professor and co-chair of the Behavioral Decision-Making Group at UCLA Anderson School of Management, has been engaged as a senior academic advisor, along with John W. Payne of Duke University's Fuqua School of Business.

Rick Mason, senior advisor at Voya Financial, will help coordinate the efforts for the company. Research will be conducted in laboratory, panel and field settings and applied at Voya's plan sponsor clients and distributors.

The institute's researchers will examine how to improve outcomes in areas such as savings rates, participation in workplace plans, portfolio diversification, creating sufficient retirement income and preventing so-called leakage from retirement plans, when participants cash out their savings after leaving a job.

The launch of the Voya Behavioral Finance Institute for Innovation included a forum in New York City on Oct. 18, where Nelson and Benartzi joined Voya executives, clients and distributors, along with members of the media, for a discussion on the Institute's first white paper, "*Using Decision Styles to Improve Financial Outcomes – Why Every Plan Needs a Retirement Check-Up*."

The paper, written by Benartzi, examines the two primary decision-making styles—Instinctive and Reflective—that people use. The two styles, which correspond to "fast" and "slow" processes described in Daniel Kahneman's bestseller, *Thinking, Fast and Slow* (Farrar, Straus and Giroux, 2011) will help interpret data collected from the online activities of retirement plan participants and can inform a sponsor about the overall "health" of its plan.

Lafayette Life adds Goldman Sachs index option to its FIA

Lafayette Life, a provider of whole-life insurance, annuities and retirement plans and unit of Western & Southern Financial Group, Inc., has enhanced its Marquis SP, a single-premium, deferred, fixed indexed annuity, according to a release.

Lafayette Life has added one- and two-year, point-to-point allocation options associated with the GS Momentum Builder Multi-Asset Class (GSMAC) Index, sponsored by Goldman Sachs. The new options are in addition to Marquis SP's three-year, point-to-point allocation option associated with the GSMAC Index.

The GSMAC Index utilizes a volatility-control design. The annuity's account value can never decline due to index performance, and there is no interest-rate cap or interest-spread fee on the GSMAC index.

Bogle, Hounsell to discuss retirement financing at town hall in Philadelphia

Jack Bogle, founder of the Vanguard Group, will appear in a public town hall discussion in Philadelphia on October 26. The discussion will focus on how Baby Boomers, Gen Xers, and Millennials can better prepare for retirement.

The discussion, to be held at the WHYY radio and television studios, will accompany a screening of "*When I'm 65*," a documentary exploring the psychology, sociology, and future of retirement. It will air on public television station WHYY on Sunday, November 13, at 7:00 PM.

Pennsylvania Secretary of Banking and Securities Robin L. Wiessmann will deliver opening remarks and WHYY's Mark Eichmann will moderate the discussion of a distinguished panel:

- Jack Bogle, The Vanguard Group
- Dr. Andrew Hill, Economic Education Advisor, Federal Reserve Bank of Philadelphia
- Cindy Hounsell, President, Women's Institute for Secure Retirement (WISER)
- Dr. Joseph Friedman, Professor of Economics, Temple University

The town hall is free and will be held at WHYY's studios, 150 North Street, Philadelphia, on October 26 at 6:00 PM. No tickets are needed; however advance registration is required.

Visit www.whyy.org/events. For more information about "*When I'm 65*," visit www.wi65.org

The filming of "*When I'm 65*" was funded by Detroit Public Television, the Investor Protection Trust, the Investor Protection Institute, and the Pennsylvania Department of Banking and Securities.

Lower fund fees at Prudential Investments

Prudential Investments has reduced expenses for several of its mutual funds, including the Prudential Total Return Bond Fund, with $17.1 billion in net assets. The list also includes the Prudential Global Total Return Fund, Inc.

In the past five years, Prudential Investments has administered several fee reductions, the equivalent of $30.2 million in savings to investors through Aug. 31, 2016.

Prudential Investments is the mutual fund group of PGIM, a top 10 global investment manager with more than $1 trillion in assets under management and the global investment management business of Prudential Financial, Inc.

PitchBook to be wholly-owned by Morningstar

Morningstar, Inc. has agreed to buy PitchBook Data, Inc., a nine-year-old firm that delivers data, research, and technology covering the breadth of the private capital markets, including venture capital, private equity, and mergers and acquisitions (M&A).

Morningstar invested early in PitchBook and already owns about 20% of the company. PitchBook will maintain its brand and identity and will continue to be led by founder and chief executive officer John Gabbert, according to a Morningstar release.

The company expects to pay approximately $180 million (subject to working capital adjustments) for the remaining ownership interest in a transaction that values PitchBook at $225.0 million.

Morningstar president Kunal Kapoor, a director of PitchBook since 2012, will become chief executive officer of Morningstar effective Jan. 1, 2017.

Data on private capital markets is difficult to find and often in non-standard formats. PitchBook has comprehensive private market datasets and robust research process. PitchBook's client count has more than tripled over the past three years (to more than

1,800), and sales bookings have grown by a compound annual growth rate of more than 70 percent for the five years ended Dec. 31, 2015.

The company's PitchBook Platform and user interface allows clients to access data, discover new connections, and conduct research on potential investment opportunities. PitchBook covers the full lifecycle of venture capital, private equity and M&A, including the limited partners, investment funds, and service providers involved. PitchBook will allow Morningstar to apply its core data and software capabilities to private and institutional investors for the first time.

Based in Seattle, PitchBook had $31.1 million in revenue for the trailing 12 months ended June 30, 2016. The company has more than 300 employees located in Seattle, New York, and London. Morningstar originally invested$1.2 million in PitchBook as a Series A Preferred investor in September 2009 and another $10.0 million as a Series B Preferred investor in January 2016. Subject to customary closing conditions, the two companies expect the transaction to close in the fourth quarter of 2016.