

RESPONDING TO

*Coverage of the 2005
Risk Management Conference.*

risk

Providing Canadian employers with adequate retirement income is an increasingly daunting endeavor. First and foremost, there's the funding challenge—soft equity markets and low-interest rates have ravaged pension fund returns, leaving many plans in a deficit position. To make up for poor performance, plan sponsors are turning to alternative investments and non-traditional investment strategies as a means of maximizing returns and realizing alpha.

But these approaches aren't without their perils, and plan sponsors are struggling to find an appropriate balance between the need to simultaneously generate returns and control financial risk.

Achieving this balance was the focus of the Seventh Annual Risk Management Conference. This year's event was hosted by *Canadian Investment Review* and the Bonham Centre for Finance, Rotman School of Management at the University of Toronto. Held at the beautiful Manoir Richelieu in La Malbaie, Quebec, the conference examined some of the key strategies plan sponsors must consider in order to manage the risk in their pension portfolios.

Speakers looked at topics such as transition management, liability-based investing and assessing credit risk in derivatives. In addition to

risk-management strategies, the conference also shone a light on some of the problems facing Canada's defined benefit pension system, including unfunded liabilities, as well as surplus and accounting issues. One presentation even examined the link between seasonal affective disorder and market movement.

Throughout the event, the discussion was always provocative and insightful. This year's coverage has captured the spirit of the conference and you'll find summaries of each speaker's presentation in the following pages. We certainly hope you find these articles both interesting and — more importantly — useful as you tackle the formidable challenge of managing the risks facing today's pension funds.

—Don Bisch, *Interim Editor*

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