

Press Release

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12 months on from the LDI crisis, trustees must remain focused on what's best for members, says Quantum Advisory

A year on from the LDI crisis of 2022, and as the dust settles, Quantum Advisory, the leading independent financial services consultancy, has said that whilst trustees and schemes are starting to adapt to the different landscape, member outcomes must remain at the forefront.

George Scurr, Senior Investment Analyst at Quantum Advisory

commented: “The events of the gilt crisis have meant that trustees are adapting to, and investing in, a totally different landscape. If we look at defined benefit scheme portfolios, many trustees are de-leveraging their liability matching allocations given the focus on LDI resilience. Liquidity and collateral management have also become more material issues. This change is occurring whilst the current Chancellor, Jeremy Hunt, is encouraging pension schemes, particularly defined contribution schemes, to allocate more to private equity to bolster venturing enterprises within the UK.

“In addition, the funding position of many, particularly smaller, schemes also changed drastically leaving them in a far stronger position than they were 12 months ago. So, trustees have been left considering their long-term funding objectives in more detail - including whether their scheme can secure members' benefits with an insurer. The bulk annuity market has experienced unprecedented activity in this period because of this.”

Scurr continued: “To fully benefit from this new environment, trustees have several options depending on their schemes' funding levels and objectives – these include derisking, reviewing flight paths and asset allocations, or indeed changing their providers. Navigating these new waters requires adaptability but the focus, as always, remains what's best for the members. We've also got the Autumn statement approaching, so let's see what that brings.”

- ENDS -

NOTES TO EDITORS

About Quantum Advisory

Quantum Advisory is an independent financial services consultancy that provides solution-based pension and employee benefit services to employers, scheme trustees and members and with a focus on tailored and practical advice and support from experienced professionals.

We have offices in Cardiff, London, Birmingham, and Amersham servicing schemes and employers across DB, DC, hybrid schemes and a variety of employee benefits arrangements.

Our core services include investment consultancy, administration, actuarial consultancy, secretarial services, employee benefits consultancy, communications and health and wellbeing. Across all services we provide pro-active, solution-based thinking by investing in talented people and innovative systems.

For more information on Quantum Advisory visit
www.quantumadvisory.co.uk

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