

ROLE OF LONG TERM INVESTORS & SOVEREIGN WEALTH FUNDS

Guus Warringa
Board Member, Chief Counsel



Agenda

- Introduction APG
- Constraints long term investment
- What should be done?

Introduction APG

- Dedicated asset manager for (Dutch) pension funds
- AUM € 315 bln
- More than 4 mln pensioners
- Liability driven investor
- Long term investment: risk and return considerations

Constraints long term investment

More than 60.000 pages of new regulations in EU: huge potential cost impact

Alternative investment funds managers directive: millions of compliance cost per year and solvency requirements

Derivatives regulation: collateral demand for non cleared derivatives in stress situation approx. 50 billion euro. In addition to margin for cleared derivatives!

Financial transaction tax: more than one billion euro per year

IORP: Solvency capital requirements

And more

Constraints long term investment

- Policy makers' technical approach to regulation
- Impact on long term investment not taken into account
- No real dialogue
- No real impact assessment of regulation: total costs

Constraints long term investment

- Pension funds/dedicated investment managers same treatment as hedge funds
- Huge cost impact
- New regulations lead to risk substitution

What should be done?

- Remove regulatory barriers for long term investment
- “Light” and calibrated regime for pension funds/other long term investors

Thank you for your attention!