
Pension Scheme Asset-Liability Management Training Course for Trustees and Committees

19 – 30 July 2027
Cape town





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Programme Summary

Pension scheme asset-liability management is the subject of this two-week training course for trustees and investment committee members at strategic level, ending in an asset-liability strategy file for one scheme. Obligations run for decades while assets move with markets, so funding gaps open when the two are managed apart. The approach moves from governance and liability measurement through modelling, risk budgeting and allocation to hedging, manager oversight and reporting. Mars Training Centre UK delivers this programme in pension scheme asset-liability management.

The Business Case

Pension obligations are long-dated and sensitive to interest rates, inflation and longevity, while sponsors and members expect benefits to be paid. Strategies set without reference to liabilities can leave a scheme exposed to funding shocks and to decisions that cannot be explained afterwards. A documented process links policy, risk and monitoring.

- Funding Level Stability: Improves as hedging and risk budgets respond to liability sensitivity.
- Decision Traceability: Rises as beliefs, models and mandates are recorded for committee review.
- Manager Accountability: Strengthens as mandates carry measurable guidelines and review triggers.

Principles and Evidence Base

- OECD Guidelines on Pension Fund Governance: These frame the roles, duties and oversight reviewed in Sessions 1 and 9.
- IAS 19 Employee Benefits: Its measurement of defined benefit obligations anchors the liability work in Session 2.
- Asset-Liability Modelling: This technique projects assets and obligations together, and Sessions 4 and 5 apply it to scenarios and risk budgets.
- Mean-Variance Portfolio Theory: It supplies the allocation logic tested in Session 6.

Intended Participants

- Trustees and board members accountable for the investment of retirement assets.
- Investment committee members who approve policy, allocation and mandates.
- Executives who report funding and investment results to sponsors and members.
- Senior managers who commission and challenge actuarial and investment advice.

The programme serves pension and provident funds, sovereign and social insurance institutions, corporate sponsors and consultancies.



Learning Outcomes

1. Participants will be able to evaluate governance arrangements and investment beliefs against international guidance.
2. Participants will be able to diagnose a funding position from obligation measures and cash flow projections.
3. Participants will be able to construct an asset-liability model and interpret its scenario results.
4. Participants will be able to prioritise risks and set a risk budget linked to funding level.
5. Participants will be able to justify a strategic allocation and a hedging policy to a committee.
6. Participants will be able to design manager mandates and a monitoring framework.

Programme Structure

Day 1: Pension Obligations and Investment Governance

Who is accountable for investment decisions, and on what duties?

- Trustee Duties and Decision Rights
- OECD Pension Fund Governance Guidelines Review
- Investment Beliefs Statement
- Conflict of Interest Register
- Committee Terms of Reference

Day 2: Liability Measurement and Funding Position

How large are the obligations, and how well are they funded?

- IAS 19 Obligation Measurement
- Discount Rate and Inflation Assumptions
- Funding Ratio Calculation
- Member Cash Flow Projection
- Contribution Risk Review

Day 3: Objectives, Constraints and Risk Capacity

What return does the scheme need, and how much risk can it bear?

- Return Target Derivation
- Sponsor Covenant Appraisal
- Liquidity and Cash Flow Constraints
- Risk Capacity Assessment
- Investment Objectives Statement



Day 4: Asset-Liability Modelling

How do assets and liabilities behave together across scenarios?

- Stochastic Scenario Generation
- Surplus and Deficit Distribution Analysis
- Interest Rate and Inflation Sensitivity
- Longevity Risk Stress Test
- Model Validation Checklist

Day 5: Risk Budgeting and Funding Risk

Where should risk be taken, and where should it be removed?

- Funding Level Volatility Measurement
- Risk Budget Allocation
- Value at Risk and Expected Shortfall
- Downside Trigger Design
- Concentration and Counterparty Limits

Day 6: Strategic Asset Allocation

Which asset mix best serves the liabilities within the risk budget?

- Mean-Variance Portfolio Optimisation
- Return Premium Assumptions
- Growth and Matching Portfolio Split
- Alternative Asset Role Appraisal
- Rebalancing Policy Rules

Day 7: Liability-Driven Investment and Hedging

How much of the liability risk should be hedged, and with what?

- Liability Cash Flow Matching
- Interest Rate Hedge Ratio Setting
- Inflation Hedge Instruments
- Leverage and Collateral Planning
- Hedge Effectiveness Review

Day 8: Manager Selection and Mandates

How are managers chosen, instructed and held to account?



- Manager Search Scorecard
- Mandate Guideline Drafting
- Fee Structure Comparison
- Operational Due Diligence Findings
- Manager Termination Criteria

Day 9: Monitoring, Performance and Reporting

How does the committee know the strategy is working?

- Performance Attribution Report
- Funding Level Dashboard
- Policy Benchmark Comparison
- Trustee Reporting Pack
- Strategy Review Triggers

Day 10: Applying Pension Scheme Asset-Liability Management to a Case

Is the investment strategy ready for the committee to adopt?

- Applying Day 2 Funding Position to the Case
- Re-running the Day 4 Model with Case Data
- Testing the Day 6 Allocation against the Day 5 Risk Budget
- Aligning Day 7 Hedges with Day 8 Mandates
- Completing the Asset-Liability Strategy File

Methodology

The programme is built around data workshops and case analysis. Participants work on anonymised scheme data from corporate and public settings, run simple scenario models and defend recommendations before peers acting as a committee.

- Suggested activity: Building a funding ratio bridge from sample obligation data.
- Suggested activity: Comparing hedge ratios under rate and inflation shocks.
- Suggested activity: Presenting a strategy review to a simulated committee.

Capstone Output

Each participant completes an asset-liability strategy file for one scheme. It contains a funding position, a scenario model summary, a risk budget, an allocation and hedging proposal, mandate guidelines and a monitoring plan. It is used at work to prepare the committee paper that adopts or revises investment policy.



Frequently Asked Questions

Is pension scheme asset-liability management suitable for trustees without an investment background?

Yes. It is set at strategic level for trustees and committee members, and it assumes familiarity with scheme reports rather than prior modelling experience.

Which standards and methods does pension scheme asset-liability management rest on?

It rests on the OECD Guidelines on Pension Fund Governance, IAS 19, asset-liability modelling and mean-variance portfolio theory, applied to a case rather than recited.

How is the pension scheme asset-liability strategy file used at work?

You take it back to prepare the committee paper, record the reasoning behind policy and set review triggers for the strategy.

How does pension scheme asset-liability management differ from a programme on general portfolio management?

Pension scheme asset-liability management starts from long-dated obligations and funding level, while general portfolio management starts from return targets for a pool of assets.