

Interim cover: Chief Investment Officer

Steering a steady course during the onset of Covid-19

Departure of a longstanding, highly respected CIO meant that a large UK pension fund had an urgent need for skilled, credible interim cover. The Defined Benefits section had complex investments including bespoke derivatives portfolio; longevity hedging; public

and private market assets; and an income generating portfolio. The Defined Contribution section needed to maintain its market leading proposition in climate change.

Then covid-19 emerged...

Managing the three phases of an interim CIO appointment

The appointment divided into the three phases shown opposite. The first was the **take-on** phase. This was the time when relationships were built, objectives were set and knowledge was transferred. This phase is the foundation of any appointment.

The main phase was **delivery**. This included cyclical work (e.g. Trustee reporting, investment manager reviews) as well as delivery of specific projects (e.g. climate change). This is where the interim CIO's experience and technical knowledge came to the fore: *prioritising* work; seeking *agreement*; *implementing* and *reviewing* activities. Key skills included: managing service providers, challenging advice, resolving conflicting priorities and communicating progress. The interim worked flexibly increasing or reducing hours to fit with the demands of cyclical or ad-hoc work.

Additionally, the interim CIO brought in fresh thinking by identifying gaps and improving processes such as report structures.

Three phases of an interim CIO appointment



The final phase was the **launch** of the new CIO. The interim and new CIO worked together for a period, transferring knowledge of complex projects and management of the subtle relationships that are needed to be effective.

A key benefit of an interim CIO is that they are vested in the success of the new CIO and maintain energy and drive right to the end of the assignment.

What were the challenges?

The defining challenge was managing the impact of covid-19. Absence of CIO resource would have left the fund immediately exposed to market and implementation risk. For example, without a CIO, a strategic decision to sell risky assets might have been delayed losing £millions when covid-19 emerged.

The interim CIO cover meant that expert resource was applied the instant it was needed, for example to monitor liquidity as markets started to lock-up. Pitfalls were avoided and long-term strategic projects such as climate change continued uninterrupted.



What was the outcome?

**Secure scheme, happy sponsor and
appointment of a highly respected permanent CIO**

By appointing an interim CIO the pension scheme was able to maintain continuity and manage risk effectively. This proved invaluable as covid-19 set in. Furthermore, the flexibility of the appointment meant that it was easy to devote more CIO resource when Covid-19 hit and markets tumbled.

Finding a permanent CIO is tough. There is a limited pool of individuals with the right experience. The interim CIO appointment provided the client with the “breathing space” needed to find the right permanent appointment.

Want to learn more?

If you'd like to know how Investment Governance Services can become part of your team by providing CIO cover please contact us. We provide interim cover, part-time and ad-hoc cover and have the flexibility to manage cyclical work or one-off projects.

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