

## **CLIMATE CHANGE AND SEARCH FOR YIELD DRIVING MODELLING SPEND SAY PENSION FUNDS**

- Just two out of five believe funds are well-prepared to secure the yield they need in the face of climate change challenges
- Almost all pension funds believe technological advances enable them to adopt more sophisticated investment strategies

Climate change is seen as one of the biggest drivers in the increased spending on scenario modelling and stress testing by pension funds, new research\* from Ortec Finance, the leading global provider of risk and return management solutions for pension funds and other institutions shows.

However, its international study with pension fund managers responsible for a collective \$1.946 trillion assets under management found just 41% believe pension schemes in general are well-prepared for securing the yield they need in order to be fully funded or buy-out ready in the face of climate change challenges.

The study found 90% expect to see a rise in investment complexity and the challenges facing their funds over the next two years with almost all funds (97%) interviewed in the US, UK, Australia, Canada, the Netherlands, Switzerland, and the Nordics saying technological advances are enabling them to invest in more sophisticated strategies.

That is translating into increased allocations to green bonds and climate-specific funds – 62% plan to do so in their own funds over the next two years with 27% intending to dramatically increase allocations to green bonds and 24% expecting to dramatically increase allocations to climate-specific funds.

### **Willemijn Verdegaal, Director Strategy & Markets, Ortec Finance Climate and ESG**

**Solutions said:** “Climate change risks are dominating the agenda for pension funds having a major impact on scenario modelling and stress testing while also making the search for yield more complicated.

“Technology is however available which can help pension funds balance the demands of rising investment complexity while implementing strategies to address the issue.

“Pension funds need to manage their balance sheet effectively in order to achieve long-term objectives while dealing with short-term risks. That includes identifying major risk sources as well as looking at future pensions, contributions, and funded levels.”

Ortec Finance models and maps the relevant uncertainties in order to help pension funds monitor their goals and decisions. It designs, builds, and delivers high-quality software models for asset-liability management, risk management, impact investment, portfolio construction, performance measurement and attribution, and financial planning.

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### **Notes to editors**

\* Independent research company PureProfile interviewed 201 pension fund managers responsible for a collective \$1.946 trillion assets under management based in the US, UK, Australia, Canada, the Netherlands, Switzerland, Denmark, Finland, Norway, and Sweden using an online methodology during June 2022

### **For more information, contact:**

Phil Anderson, Perception A.

[phil@perceptiona.com](mailto:phil@perceptiona.com) 0044 7767 491 519

### **About Ortec Finance**

Ortec Finance is the leading provider of technology and solutions for risk and return management. It is our purpose to enable people to manage the complexity of investment decisions.

We do this through delivering leading technologies and solutions for investment decision-making to financial institutions around the world. Our strength lies in an effective combination of advanced models, innovative technology and in-depth market knowledge. This combination of skills and expertise supports investment professionals in achieving a better risk-return ratio and thus better results.

Headquartered in Rotterdam, The Netherlands, we also have offices in Amsterdam, London, Toronto, Zurich, New York, and Melbourne. [www.ortecfinance.com](http://www.ortecfinance.com)