

A person is sitting on a light-colored couch, holding a large newspaper open with both hands. The person is wearing a light blue shirt and dark shorts. The background is a blurred indoor setting with some plants and furniture. The newspaper has various articles and tables visible.

2019 TOP 40 MONEY MANAGERS REPORT:

INSTITUTIONAL KNOWLEDGE

As defined contribution plans mature, what investment lessons can they learn from their defined benefit parents?

By **Martha Porado**

While defined benefit plans are traditionally known for their paternalism, defined contribution pensions represent the next generation. Learning from their parents' years of investment experience, DC plans are catching up, but hurdles still exist in the quest to invest like DB plans.

The liquidity question

As more DC plan sponsors consider adding illiquid alternatives to their investment portfolio, the fundamental question is how to manage constraints, such as the requirement of daily valuation or the potential of imminent trading.

The record-keeper platforms used by the majority of Canadian DC plans were built to accommodate daily-traded funds, says Andrew Sweeney, vice-president and portfolio manager of Canadian equities at Phillips, Hager & North Investment Management. "I think we are a decade behind in DC where we are in DB, in terms of where alts are being implemented for plans."

But do DC assets need to be daily tradeable? "I think that's an important question," says Sweeney. "The daily liquidity is perceived as being quite important to plan members and so the plan sponsors place value on it based on plan members asking."

Of course, the major record keepers can produce platforms that allow for less frequent trading, he adds, noting asset managers are discussing how to fit illiquid asset classes on record-keeper platforms in a functional way.

But Erick Zanker, managing director of alternative investments at RBC Global Asset Management Inc., says it's important to avoid shoehorning an asset onto a platform it isn't designed for, at the risk of compromising that asset's distinct value. "We need to be very mindful how we think about adapting a strategy to a platform when the very nature of the strategy — it being illiquid, as an example — is what drives, to some degree, the additional return and is what clients are actually looking for."

The real deal

In the U.K., the government is steering the conversation around DC plans using alternative, less liquid assets, says

TOP 5 | FASTEST GROWING (%) - LESS THAN \$1 BILLION

CPA = CANADIAN PENSION ASSETS / ASSETS (MILLIONS) AS OF DEC. 31, 2018

Company	2018 CPA	2017 CPA	Variance
1 Foresters Asset Management Inc.	\$272.7	\$93.9	190.4%
2 Global Alpha Capital Management Ltd. (a Connor, Clark & Lunn Financial Group Co.)	\$274.1	\$147.0	86.5%
3 Hillsdale Investment Management Inc.	\$996.0	\$662.0	50.5%
4 Romspen Investment Corp.	\$355.0	\$288.5	23.1%
5 Stonebridge Financial Corp.	\$636.7	\$576.0	10.5%

TOP 5 | FASTEST GROWING (%) - \$1 BILLION TO \$10 BILLION

CPA = CANADIAN PENSION ASSETS / ASSETS (MILLIONS) AS OF DEC. 31, 2018

Company	2018 CPA	2017 CPA	Variance
1 Crestpoint Real Estate Investment Ltd. (a Connor, Clark & Lunn Financial Group Co.)	\$2,347.2	\$988.4	137.5%
2 Unigestion	\$2,762.4	\$1,853.5	49.0%
3 Neuberger Berman	\$5,477.0	\$4,368.0	25.4%
4 Setanta Asset Management Ltd.	\$1,309.3	\$1,045.0	25.3%
5 Arrowstreet Capital LP	\$7,843.0	\$6,354.0	23.4%

TOP 5 | FASTEST GROWING (%) - GREATER THAN \$10 BILLION

CPA = CANADIAN PENSION ASSETS / ASSETS (MILLIONS) AS OF DEC. 31, 2018

Company	2018 CPA	2017 CPA	Variance
1 AllianceBernstein Canada Institutional Investments	\$10,401.1	\$8,839.4	17.7%
2 Mercer Global Investments Canada Ltd.	\$17,126.0	\$15,329.0	11.7%
3 PIMCO Canada Corp.	\$17,343.0	\$15,741.0	10.2%
4 BlackRock Asset Management Canada Ltd.	\$97,812.6	\$89,505.8	9.3%
5 Sun Life Global Investments	\$13,883.7	\$12,856.6	8.0%

Source: Firms participating in the Canadian Institutional Investment Network's spring 2019 top 40 money managers survey

Maria Nazarova-Doyle, head of DC investment consulting at JLT Employee Benefits in London. Following a consultation on the subject, the government is actively encouraging DC plans to consider these alternatives and set clear policies about these investments.

"The government is also hoping this will bolster investments in the U.K. economy — in infrastructure, social housing, all these kinds of projects. So I think it could be a win-win," says Nazarova-Doyle.

While some alternative investments may seem over the heads of many DC plan members, real estate is one asset class virtually everyone has to come to grips with at some point in their lives, says Sweeney. Indeed, he notes that's part of why pure real estate plays have been a common stand-alone option in DC plans for a while.

"Absolutely, people who manage [real estate] are thinking carefully because those asset classes are so logical for both DB and DC."

Infrastructure, another real asset, bears many of the same advantages as real estate: it often involves an income stream and is inflation-sensitive. But standalone options tend to have heavy exposure to listed infrastructure or real estate investment trusts, which don't have the same asset characteristics as physical real estate investments, says Zaheed Jiwani, principal at Eckler Ltd.

However, he adds, pure exposure to real assets does begin to creep in, albeit in a limited way, in multi-asset

TOP 40 MONEY MA

TD ASSET MANAGEMENT INC.

1

Rank 2018: **1** ▲ 4.5%

2018 CPA: \$99,717.1
2017 CPA: \$95,415.7

Total Assets 2018: \$285,183.7

BLACKROCK ASSET MANAGEMENT CANADA LTD.

2

Rank 2018: **2** ▲ 9.3%

2018 CPA: \$97,812.6
2017 CPA: \$89,505.8

Total Assets 2018: \$175,743.9

PHILLIPS, HAGER & NORTH INVESTMENT MANAGEMENT (RBC GLOBAL ASSET MANAGEMENT)

3

Rank 2018: **3** ▼ -2.9%

2018 CPA: \$63,301.6
2017 CPA: \$65,204.6

Total Assets 2018: \$307,226.6

MANULIFE ASSET MANAGEMENT LTD.

4

Rank 2018: **4** ▲ 0.1%

2018 CPA: \$49,260.0
2017 CPA: \$49,187.0

Total Assets 2018: \$118,811.0

BROOKFIELD ASSET MANAGEMENT¹

5

Rank 2018: **6** ▲ 25.1%

2018 CPA: \$38,364.0
2017 CPA: \$30,663.0

Total Assets 2018: \$124,756.0

FIERA CAPITAL CORP.

6

Rank 2018: **5** ▲ 4.9%

2018 CPA: \$32,917.7
2017 CPA: \$31,366.7

Total Assets 2018: \$80,813.0

CONNOR, CLARK & LUNN FINANCIAL GROUP

7

Rank 2018: **7** ▼ -2.7%

2018 CPA: \$28,729.0
2017 CPA: \$29,524.1

Total Assets 2018: \$66,126.8

CIBC ASSET MANAGEMENT INC.

8

Rank 2018: **9** ▼ -0.1%

2018 CPA: \$27,875.0
2017 CPA: \$27,912.0

Total Assets 2018: \$155,692.2

GOLDMAN SACHS ASSET MANAGEMENT LP²

9

Rank 2018: **15** ▲ 41.6%

2018 CPA: \$25,469.3
2017 CPA: \$17,984.0

Total Assets 2018: \$31,604.7

BEUTEL, GOODMAN & COMPANY LTD.

10

Rank 2018: **8** ▼ -12.6%

2018 CPA: \$24,866.1
2017 CPA: \$28,439.4

Total Assets 2018: \$37,437.7

TD GREYSTONE ASSET MANAGEMENT³

11

Rank 2018: **12** ▲ 0.6%

2018 CPA: \$22,880.0
2017 CPA: \$22,749.8

Total Assets 2018: \$33,229.3

GLC ASSET MANAGEMENT GROUP LTD.

12

Rank 2018: **13** ▼ -4.1%

2018 CPA: \$21,559.0
2017 CPA: \$22,474.0

Total Assets 2018: \$51,898.0

FIDELITY CANADA INSTITUTIONAL

13

Rank 2018: **11** ▼ -8.4%

2018 CPA: \$21,246.0
2017 CPA: \$23,206.5

Total Assets 2018: \$125,335.8

STATE STREET GLOBAL ADVISORS LTD.⁴

14

Rank 2018: **10** ▼ -30.9%

2018 CPA: \$19,174.5
2017 CPA: \$27,745.6

Total Assets 2018: \$45,690.4

PIMCO CANADA CORP.

15

Rank 2018: **21** ▲ 10.2%

2018 CPA: \$17,343.0
2017 CPA: \$15,741.0

Total Assets 2018: \$42,861.0

J.P. MORGAN ASSET MANAGEMENT (CANADA) INC.

16

Rank 2018: **14** ▼ -16.5%

2018 CPA: \$17,321.3
2017 CPA: \$20,745.0

Total Assets 2018: \$22,173.9

MERCER GLOBAL INVESTMENTS CANADA LTD.

17

Rank 2018: **22** ▲ 11.7%

2018 CPA: \$17,126.0
2017 CPA: \$15,329.0

Total Assets 2018: \$19,331.0

WELLINGTON MANAGEMENT GROUP LLP

18

Rank 2018: **19** ▲ 1.1%

2018 CPA: \$17,047.0
2017 CPA: \$16,865.0

Total Assets 2018: \$23,029.0

BNY MELLON ASSET MANAGEMENT LTD.

19

Rank 2018: **17** ▼ -8.2%

2018 CPA: \$15,726.0
2017 CPA: \$17,124.0

Total Assets 2018: \$26,932.0

MFS INVESTMENT MANAGEMENT CANADA LTD.

20

Rank 2018: **18** ▼ -9.0%

2018 CPA: \$15,546.3
2017 CPA: \$17,089.8

Total Assets 2018: \$28,189.2

Notes: *2017 figure restated. **1.** The increase is due to various increases over the year and valuation increases. **2.** The increase is due to GSAM's acquisition of Aptitude Investment Management LP and other mandates in 2018. **3.** Following an acquisition in 2018, Greystone Managed Investments Inc. is now known as TD Greystone Asset Management. **4.** The decrease is due to various market factors and asset outflows. **5.** The increase is due to net flow and CAD/USD exchange rates. **6.** The decrease is due to the loss of some Canadian pension clients in 2018.

NAGERS

CANADIAN ASSETS (MILLIONS) UNDER MANAGEMENT AS OF DEC. 31, 2018

CPA = CANADIAN PENSION ASSETS

▲ ▼ Indicates an increase or decrease in assets from 2017 to 2018

LETKO, BROSSAU & ASSOCIATES INC. 21

Rank 2018: 16 ▼-15.9%

2018 CPA: \$15,048.7

2017 CPA: \$17,896.1

Total Assets 2018: \$25,705.2

JARISLOWSKY, FRASER LTD. 22

Rank 2018: 20 ▼-12.9%

2018 CPA: \$14,291.0

2017 CPA: \$16,410.0

Total Assets 2018: \$34,373.0

SUN LIFE GLOBAL INVESTMENTS 23

Rank 2018: 24 ▲ 8.0%

2018 CPA: \$13,883.7

2017 CPA: \$12,856.6

Total Assets 2018: \$22,649.3

FRANKLIN TEMPLETON INSTITUTIONAL 24

Rank 2018: 23 ▼-10.0%

2018 CPA: \$13,149.0

2017 CPA: \$14,618.0

Total Assets 2018: \$41,197.0

LEITH WHEELER INVESTMENT COUNSEL LTD. 25

Rank 2018: 25 ▼-12.0%

2018 CPA: \$11,205.2

2017 CPA: \$12,726.8

Total Assets 2018: \$18,202.1

BURGUNDY ASSET MANAGEMENT LTD. 26

Rank 2018: 26 ▲ 3.2%

2018 CPA: \$11,110.0

2017 CPA: \$10,767.3

Total Assets 2018: \$22,163.0

INDUSTRIAL ALLIANCE INVESTMENT MANAGEMENT INC.* 27

Rank 2018: 29 ▲ 1.5%

2018 CPA: \$10,866.7

2017 CPA: \$10,703.1

Total Assets 2018: \$89,094.0

MAWER INVESTMENT MANAGEMENT LTD. 28

Rank 2018: 27 ▲ 4.6%

2018 CPA: \$10,593.8

2017 CPA: \$10,123.4

Total Assets 2018: \$49,136.6

ALLIANCEBERNSTEIN CANADA INSTITUTIONAL INVESTMENTS 29

Rank 2018: 30 ▲ 17.7%

2018 CPA: \$10,401.1

2017 CPA: \$8,839.4

Total Assets 2018: \$18,534.0

ADDENDA CAPITAL INC. 30

Rank 2018: 28 ▼-7.7%

2018 CPA: \$9,158.2

2017 CPA: \$9,920.1

Total Assets 2018: \$26,908.2

BAILLIE GIFFORD OVERSEAS LTD. 31

Rank 2018: 31 ▼-6.6%

2018 CPA: \$8,026.0

2017 CPA: \$8,595.0

Total Assets 2018: \$14,486.0

SCHRODER INVESTMENT MANAGEMENT 32

Rank 2018: NA ▲ 12.2%

2018 CPA: \$8,015.5

2017 CPA: \$7,145.4

Total Assets 2018: \$9,280.7

ARROWSTREET CAPITAL LP 33

Rank 2018: 36 ▲ 23.4%

2018 CPA: \$7,843.0

2017 CPA: \$6,354.0

Total Assets 2018: \$9,840.5

CANSO INVESTMENT COUNSEL LTD. 34

Rank 2018: 33 ▼-11.2%

2018 CPA: \$6,386.7

2017 CPA: \$7,193.3

Total Assets 2018: \$31,431.5

ACADIAN ASSET MANAGEMENT 35

Rank 2018: 35 ▼-11.2%

2018 CPA: \$6,285.4

2017 CPA: \$7,081.4

Total Assets 2018: \$7,761.4

MORGUARD INVESTMENTS LTD. 36

Rank 2018: 39 ▲ 0.9%

2018 CPA: \$5,995.3

2017 CPA: \$5,940.5

Total Assets 2018: \$11,982.6

INVESCO 37

Rank 2018: 37 ▼-6.3%

2018 CPA: \$5,837.0

2017 CPA: \$6,232.0

Total Assets 2018: \$35,179.2

NORTHERN TRUST ASSET MANAGEMENT 38

Rank 2018: 38 ▼-8.6%

2018 CPA: \$5,483.3

2017 CPA: \$5,996.1

Total Assets 2018: \$11,527.3

NEUBERGER BERMAN⁵ 39

Rank 2018: N/A ▲ 25.4%

2018 CPA: \$5,477.0

2017 CPA: \$4,368.0

Total Assets 2018: \$5,723.0

HEXAVEST INC.⁶ 40

Rank 2018: 32 ▼-29.0%

2018 CPA: \$5,464.8

2017 CPA: \$7,692.9

Total Assets 2018: \$6,993.9

POWERED BY
CANADIAN
Institutional Investment
NETWORK

Figures in this report are based on responses provided by the survey respondents. Benefits Canada assumes no responsibility for the accuracy of the data provided. All totals are subject to +/- variance due to rounding.

Source: Firms participating in the Canadian Institutional Investment Network's spring 2019 top 40 money managers survey

2018 top 40 total: **\$857,802.86**

2017 top 40 total: **\$855,731.52**

Variance: **▲ 0.2%**