

EXECUTIVE SUMMARY

Fiduciary Investors Roundtable for Collaboration and Partnerships (FIRCAP)

The Fiduciary Investors Roundtable for Collaboration and Partnerships ('FIRCAP') was established in 2015 as a platform for asset owners to collaborate on innovative private market strategies. Since then, FIRCAP has hosted five meetings, including: February 2016 (Quebec City, Canada); September 2016 (London, UK, in partnership with RPMI Railpen Investments); April 2017 (Quebec City, Canada); November 2017 (New York City, USA, in partnership with the NYC Comptroller's Office); and April 2018 (Toronto, Canada).

This document outlines FIRCAP's origins, objectives and operating model.

Context

Over the past decade, pension plans, sovereign wealth funds and other long-term asset owners have increasingly recognized a need to change the way in which they invest in private markets. This has been prompted by several factors, including:

- (i) The lack of alignment between asset owners and external asset managers has become a source of concern and has driven many asset owners to re-assess their external management strategies;
- (ii) Despite widespread demand for long-term capital to support everything from innovation to infrastructure, traditional intermediated fund structures have not evolved quickly enough to provide an appropriate range of investment vehicles. The resulting global deficit of long-term capital has created opportunities for those asset owners that can find innovative approaches to structure and own investments, often in collaboration with peers;
- (iii) As a result, asset owners are increasingly looking for ways to change the nature of their relationships with intermediaries, including by reducing dependence, lowering fees, finding ways to maximize the alignment of interests with their co-investors and, in general, taking better advantage of their unique characteristics, notably deep pockets, long-term horizon and deep roots and knowledge of local markets ('home turf advantage').

This situation led many innovative large asset owners to build strong in-house investment capabilities to invest directly in private markets. The 2008 global financial crisis accelerated this trend and increased the number of asset owners moving towards what is sometimes called 'the Canadian model'. The growing number of asset owners developing in-house direct investment capacity also prompted many of them to increase collaboration with their peers. By developing closer relationships, they could both learn from each other and establish collaborative investment strategies that reduce risk and leverage their collective resources to optimize their mutual economic interests over the long run.

In 2010 the Quebec City Conference (QCC) created the Institutional Investors Roundtable (IIR) — an independent, not-for profit, invitation-only platform designed to enable high-level, direct and confidential discussions among senior investment executives of those asset owners who have, or were developing, in-house, direct private market teams¹. These asset owners (mainly pension plans and sovereign wealth funds) created the IIR as their forum to explore ways of improving their collaboration around private markets, including by sharing insights on the development of new investment vehicles and by collaborating on large scale co-investment platforms. To preserve the candour required for meaningful peer-to-peer discussions, the IIR is restricted to a group of roughly 40 of the largest global institutional investors identified by the IIR Board.

FIRCAP Mission and Strategy

While this trend began in the community of large asset owners who had relatively fewer constraints to adopting new models and relatively more capability to build in-house teams, interest in the possible advantages of changing the nature of relationships with intermediaries in private markets has expanded to a growing number of asset owners interested to collaborate around “indirect” investments (through funds and co-investment platforms) including those who, for a variety of reasons (mainly investment beliefs, governance and resource constraints or a smaller asset base), do not expect to build significant in-house teams in the medium term.

Just as with the IIR, this community of asset owners recognizes the benefits of a forum to promote peer collaboration by sharing experiences, combining resources and taking better advantage of their characteristics as long-term investors, notably by developing investment platforms with peers. There is therefore a need for an independent, not-for-profit, invitation-only forum designed by and for like-minded asset owners to enable them to work more effectively with peers to innovate the strategies and structures for accessing private market investment opportunities.

Of course, the approach to collaboration and the resultant co-investment structures will be different for asset owners who do not have the intent or ability to build significant internal teams. This is principally because they are more likely to rely on the specialized skills of advisors and consultants when identifying, developing and approving new investment structures, and are more likely to use externally managed vehicles for implementation. As a result, these asset owners also generally need to interact with a larger community to identify peers with whom they can pool resources and capital to implement the strategies. They also need to maintain a dialogue with private market asset managers to promote a process of judicious re-intermediation, as opposed to the disintermediation agenda that characterizes the “Canadian model”.

A potentially important source of new, more aligned structures is asset owners who have already built in-house teams and whose investment strategies or operating models provide a business rationale for investing assets on behalf of like-minded peers. These asset owners can also provide an important source of expertise and advice for others in the community.

¹ The IIR’s Board is composed of its 16 founding and strategic members, who are: the Abu Dhabi Investment Authority (ADIA), ATP (Denmark), BCI (British Columbia Investment Management Corporation, Canada), Caisse de dépôt et placement du Québec (CDPQ, Canada), CDC International Capital (subsidiary of Caisse des dépôts et consignations, France), Canada Pension Plan Investment Board (CPPIB), China Investment Corporation (CIC), Future Fund (Australia), GIC Special Investments Pte Ltd (Singapore), Hong Kong Monetary Authority (HKMA), Ontario Teachers’ Pension Plan (OTPP, Canada), PGGM (Netherlands), Queensland Investment Corporation (QIC, Australia), Russian Direct Investment Fund (RDIF), Temasek International Pte Ltd (Singapore), TIAA (USA) and Christian Racicot, as Founding CEO.

A group of leading asset owners (listed below under 'Committee of Peers') decided to support the creation of a new forum inspired by and modelled on the IIR, but customized to respond to their specific needs. This mission can be achieved if supported by four components:

1. A forum to build relationships with peers: the platform is limited to senior executives ('decision-makers') and structured around an agenda that enables the sharing of best practices and expertise and will, wherever possible, focus on concrete private market investment opportunities through peer collaboration. Given the need for consistency between investment strategy and organizational design, it will also, over time, provide opportunities for peers to share learning and discuss collaboration on operational topics and investment activities that may go beyond their private market investment programs;
2. An executive resource to support collaboration: as with the IIR, FIRCAP benefits from a dedicated executive that understands asset owners' needs and has the expertise to support their collaboration initiatives;
3. Access to other sources of expertise and capacity from the investment ecosystem: this includes the involvement, as appropriate and in a proportionate manner, of consultants, advisors and external managers;
4. A focus on tangible outcomes and aligned partners: FIRCAP prioritizes tangible opportunities to deploy capital in more aligned structures, notably through the development by peers of investment platforms and other types of peer-led structures. While implementation is likely to involve external managers, FIRCAP prioritizes peer collaboration structures created by asset owners who have in-house, direct investment capabilities that can be made available to peers, including through investment platforms.

The FIRCAP Platform

FIRCAP is an independent, not-for-profit and invitation-only platform for senior investment executives and strategic advisors of asset owners to collaborate with their peers around 'indirect' private market investment (through funds and co-investments) through high-level, direct and confidential discussions with the primary objective of increasing their long-term risk-adjusted returns:

- By sharing investment strategies, best practices and expertise to take better advantage of their characteristics as long-term investors, to better align intermediaries with the principal's interest, and to improve the efficiency of their investment activity, particularly in private markets;
- By pooling their resources and networks to explore innovative investment models or specific investment opportunities;
- By developing innovative investment vehicles suiting their strategies and constraints of scale or governance;
- By exploring and supporting innovative investment platforms developed by asset owners with strong in-house investment teams aiming at attracting capital from aligned peers on friendlier and better-aligned terms than those generally offered by the commercial asset management market; or
- Where relevant, by sharing experience and advice on how to build the institutional and human resources capacity to manage assets in-house.

An important focus of the FIRCAP is to support asset owners who do not currently have sufficient in-house resources or do not intend to invest directly in private markets on their own and who see the need to work with peers to access private market investments more efficiently and develop stronger internal capabilities.

FIRCAP Participants

Participation is strictly limited to those institutions and individuals identified below:

- (i) 'Eligible institutions': institutional investors (pension funds, sovereign wealth funds and other asset owners) that are interested in exploring new investment models and new ways of collaborating with peers around "indirect" investment (through funds and co-investment platforms). FIRCAP is not open to investors whose mandate involves managing a significant proportion of assets for third parties.
- (ii) 'Eligible participants': senior investment executives (individuals with 'signing authority') of eligible institutions, their plan sponsors, or their consultants and strategic advisors.
- (iii) 'Eligible observers': senior executives from external managers may participate in individual FIRCAP meetings when relevant to specific subjects proposed for discussion by eligible participants. Their attendance is permitted on the basis that they can contribute their expertise and resources to achieve the objectives defined by a fiduciary investor participant of FIRCAP. No marketing activities are permitted.

A list of past participants of FIRCAP meetings is available [here](#).

Participation Fee

Participation in the FIRCAP meetings and the QCC is free of charge for eligible participants and observers (see definition in 'FIRCAP participants' above).

FIRCAP Format and Funding

- (i) FIRCAP's agenda, format, guest list and content are determined by the participants themselves, informed by a Committee of Peers (more information below), with the sole purpose of fulfilling its mission. No participant or group of participants has disproportionate rights or influence in FIRCAP.
- (ii) No promotional or sales activities are permitted within the FIRCAP meetings, although FIRCAP is available as a forum for discussing the pros and cons of new service models where these are deemed of value to participants.
- (iii) FIRCAP is apolitical in its activities and does not engage in any political advocacy nor does it speak on behalf of participants.
- (iv) All discussions held within FIRCAP are confidential to allow participants to explore openly investment ideas and opportunities in depth.
- (v) FIRCAP is funded by QCC, a not-for-profit organisation founded in 2003 whose mission and objectives are described in more detail below.
- (vi) No sponsorship of FIRCAP is permitted.
- (vii) FIRCAP will be funded by revenues paid to QCC by sponsors of the QCC. Sponsors of the QCC do not have access to FIRCAP meetings (see definition of eligibility in "FIRCAP participants" above) or influence its agenda.

FIRCAP Committee of Peers

FIRCAP's Committee of Peers is the decision-making body that advises on FIRCAP's policies, including those relating to content and eligible participants. It is envisaged that the group will grow to 12 members, to be chosen among peers by the existing committee members who are:

- Dennis Wallace, Managing Director – Strategic Relationships and Portfolio Intelligence, OP Trust (Canada);
- Paul Bishop, Investment Director, RPMI Railpen Investments (UK);
- Paul Manias, Managing Director – OMERS Platform Investments, OMERS (Canada);
- Dale Martin, Head of Illiquid Alternatives – Colorado Fire and Police Pension Plan (USA)
- John Panagakis, Head of Asset Management Business Development, TIAA (USA);
- Jim Pittman, Senior Vice President – Private Equity, BCI (Canada); and
- QCC, represented by Tom Rotherham-Winqvist (Vice President), Gordon Hagart (Special Advisor) and Christian Racicot (CEO & Chair of the Committee of Peers)

FIRCAP Advisory Committee

The Advisory Committee supports FIRCAP by providing strategic advice, market insights and introductions to eligible institutions. The Advisory Committee is currently composed of: Bart Heenk, Managing Director – Avida International; David Parrish, Partner – Jackson Walker LLP; Tim Hodgson, Head of Thinking Ahead Group 2.0 – Willis Towers Watson; and Dan Carroll, Founding Partner – Brooklands Capital Strategies.

About QCC

QCC is a not-for-profit organization whose mission is to support private investment activities producing societal benefit by addressing a specific need in the market place. Its modus operandi is to create customized, by-invitation-only forums to create action-oriented communities of aligned stakeholders that are each aimed at solving specific market dislocations, and to support them logistically and financially. QCC has so far established the Institutional Investors Roundtable (IIR); the Tech Innovation Platform (TIP) and FIRCAP.

QCC is a not-for-profit corporation supported by the Governments of Canada, Quebec and Ontario, and by private sponsors, including Business Development Bank of Canada, Deloitte and National Bank of Canada.