

BENEFITS CANADA

REQUIRED READING FOR PENSION, BENEFITS AND INVESTMENT EXECUTIVES

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THE RIGHT STUFF

The 3rd Annual Benefits Canada Awards recognize Carl Otto, winner of the Lifetime Achievement Award, and other leaders in the pension industry.

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ATLANTIC CANADA

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Our annual event honoured individuals for their achievements in the pension industry and their commitment to improving the retirement savings of Canadians. Read profiles of the winners and find out who was named the Most Influential Plan Sponsor.

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"Clearly, recordkeeping has become commoditized and you therefore need scale to be profitable."

— Michael Chwalka, head of institutional sales, SEI Investments Canada

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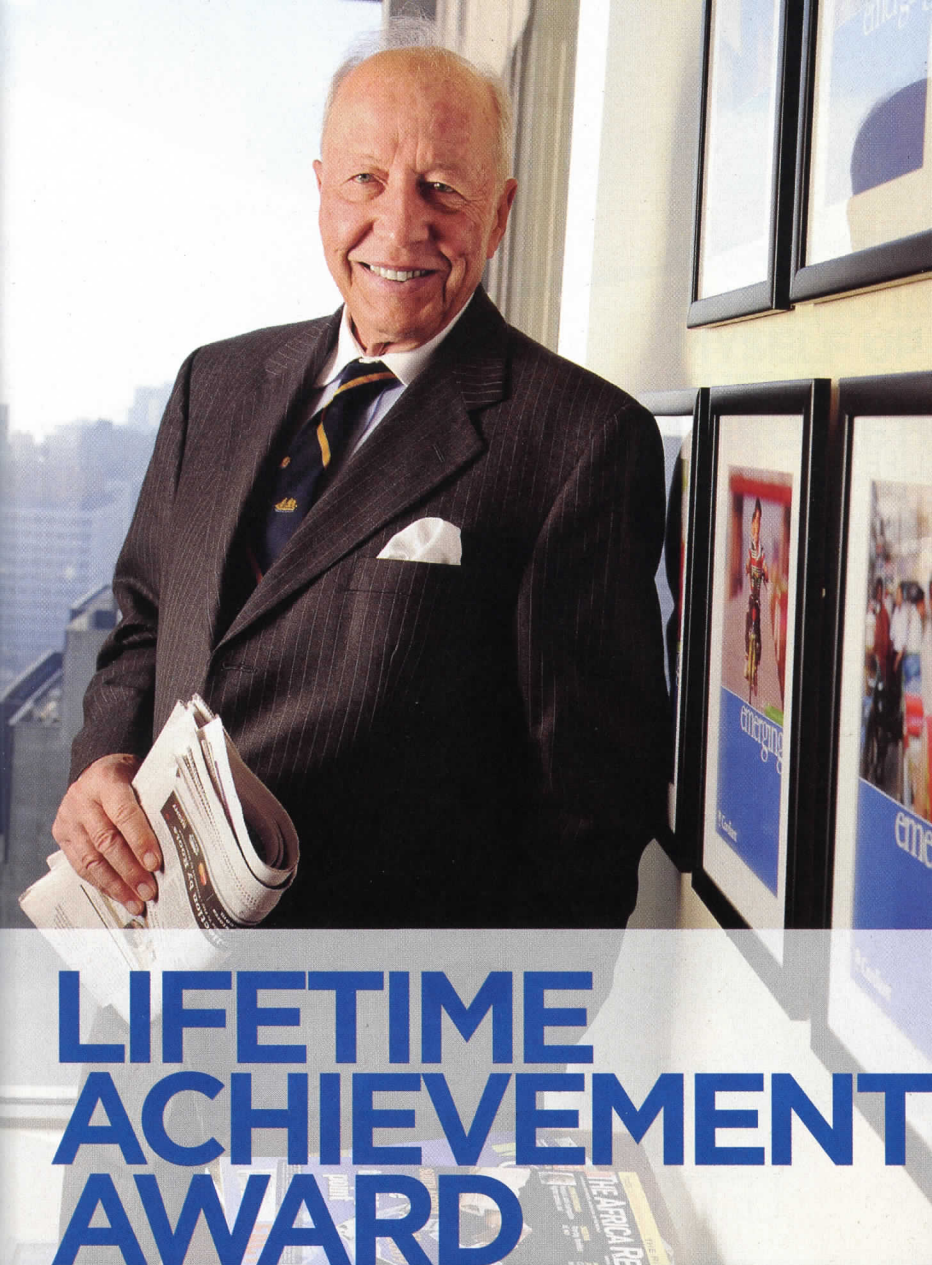
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LIFETIME ACHIEVEMENT AWARD

Carl Otto, chair emeritus of Cordiant Capital, is the visionary behind many actions and strategies that have become industry standards.

By April Scott-Clarke

Including alternative investments or global equities in a pension portfolio is becoming increasingly common, but that wasn't always the case—and Carl Otto, chair emeritus of Cordiant Capital, has been credited with having played a significant role in changing that.

In 1969, Otto co-founded Montreal Investment Management, a predecessor to AMI Partners Inc. (AMI), where he was managing director until 1996. During his 27 years with AMI, Otto led a number of innovative initiatives that pushed the boundaries of traditional fixed income and domestic and U.S. equity investing. In the late 1970s, he made a breakthrough in traditional thinking when he introduced Canadian pension funds to overseas equity markets. He expanded investment opportunities even further in the late 1980s when he had a key role in introducing real estate and structured index products to the Canadian market.

"I think Carl understood outcomes. He understood that we needed to have risk-adjusted returns and that we needed to have reduction of risk in our portfolios," says Barbara Palk, president of TD Asset Management.

Otto admits that when making bold moves in the investment industry, especially moves like these, there is always opposition—but that has never deterred him. "Did people question my judgment? Oh, all the time. The 'right' decisions usually represent the views of a small minority," he says. "Most investors run with the crowd and successful investors have to be contrarians, so you are always faced with naysayers."

Otto was also the co-founder of Fleming Canada Partners, Penreal Advisors and Quantitative Capital. Recognizing the need to further extend the breadth of investment opportunities among pension plans, he founded Cordiant Capital Inc., a fund manager focusing on emerging market private sector investments, in 1999.

With the launch of Cordiant, Otto was able to receive an exemption from the federal government that permitted participation in component loans issued by international financial institutions like the World Bank and regional development banks—without falling into the then-prevailing 30% foreign content basket. The resulting change to this legislation has allowed pension plans and other investors to participate in loan financing and has helped to raise the profile of Canada's exporters in the emerging economies.

Among his many accomplishments, Otto is a former director of the Public Sector Pension Plan Investment Board of Canada and former chair of McGill University's pension investment board. He has served as an advisor to the Alberta Treasury and was the Canadian investment advisor to two governments in the Arabian Gulf. Currently, Otto is chair emeritus for Cordiant, a member of the Lucie and André Chagnon Foundation and the J.W. McConnell Family Foundation. As though that isn't enough to keep him busy, Otto also sits on the board or acts as an investment consultant to a handful of privately held companies.

After 47 years in the business, Otto advises those getting into the industry to "pay attention to the power of growing income" and "never invest in something you don't understand—which includes derivatives, hedge funds and similar pricey and non-transparent vehicles."

And as far as a different job or career goes, there isn't another he would choose. "I enjoy the industry for its complexity and its challenges. I enjoy most of the people in the industry—except the greedy ones." **BC**

April Scott-Clarke is assistant editor of *Benefits Canada*. april.scottclarke@rci.rogers.com