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Canadian Investment Review

PHOTO: MICHELLE QUANCE

GETTING TO KNOW *Danny Ip*

JOB TITLE: Director of investment risk and analytics, the TTC Pension Plan

JOINED THE TTC PENSION PLAN: 2022

PREVIOUS ROLE: Investment manager, the Hydro One pension plan

WHAT KEEPS HIM UP AT NIGHT: The complacency found in CFA Institute members with little to no experience for catastrophic events like 1987's Black Monday, leading to an 'everything will be fine' mentality

OUTSIDE OF THE OFFICE HE CAN BE FOUND: Balancing his exercise between jogging, badminton and a bit of soccer, even though he admits his skill level can sometimes leave him stuck as the goalie

TTC PENSION PLAN ON TRACK TO REMOVE SURPRISES FROM RISK ASSESSMENT

BY BRYAN MCGOVERN

In the institutional investment sector, risk management means thinking about a lot of doom and gloom, but for Danny Ip, the job is more about being prepared for what could happen tomorrow rather than forecasting what storms lie ahead.

The TTC Pension Plan's director of investment risk and analytics employs an analytical approach to measuring portfolio performance and auditing risk scenarios, thanks to actuarial science. "It's not about forecasting what happened, but just in case, what if that happened? And then what would be the possible impact? And then you ask yourself, 'Now are you prepared?'"

Preparation is key, says Ip, whereas forecasting can leave institutional investors vulnerable by trying to predict events they can't know will happen. "The bigger risks should be, what could actually surprise you?"

The data revolution has taken industries around the world by storm. But in a new reality for financial research, is it possible there still isn't enough data for the work needed today? Ip thinks so. "The way that people [analyze] data will continue to innovate it . . . but first of all, you have to have enough data."

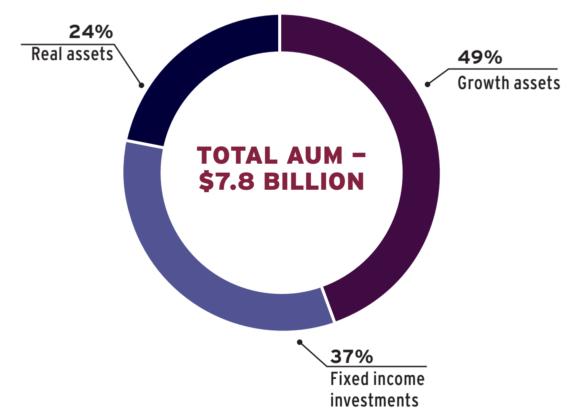
Despite analytical tracks dating back to the 1950s, the specificity of historical data sometimes doesn't go far enough, he notes. The analytical evolution of financial research will be supported by artificial intelligence tools analyzing existing information, but Ip worries about the amount of data and its integrity.

His attraction to the subject led him to study statistics at the University of Toronto, but early on in his studies he learned about actuarial science and it changed his perspective. With a major in statistics and a minor in actuarial science and economics, he was ready to embark on a journey through the world of finance.

In his first role at Aon, Ip developed an interest in the investment side of the business. He credits his second role at Mercer for exposing him to asset liability study projects. After 10 years as a senior analyst and then an investment manager at the Hydro One pension plan, where he reviewed performance and evaluated risk scenarios, he was ready for a move.

The offer from the TTC plan allowed him the freedom to take risk analysis to the next level. In the role, he proposes ideas, which are reviewed and then deployed in collaboration with the team. "I have a lot of freedom, I would say, to try things that I would like to try."

*THE TTC PENSION PLAN IN NUMBERS**



*AS AT DEC 31, 2022

It has been a smooth transition between roles, says Ip, noting he has been pushed to be more creative in his first year at the plan. Since it has holdings in several hedge funds that can't be reviewed day to day, he and his team must know the style of these funds and create approximations to evaluate risk.

"In this case, I'll have to try to think about what would be a good approximate portfolio to mimic the performance of those hedge funds before I can actually conduct the risk analysis."

While Ip hasn't worked at a large investment organization, he believes smaller team environments have allowed him to perform different roles and become more knowledgeable in the various aspects of pension management. "You can learn a lot more because you have to wear different hats [and] work on many different areas and projects. At bigger teams, . . . [workers] may have to be more [specialized] in certain areas."

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