

# Accounting standards & pension investment decisions

Sub heading

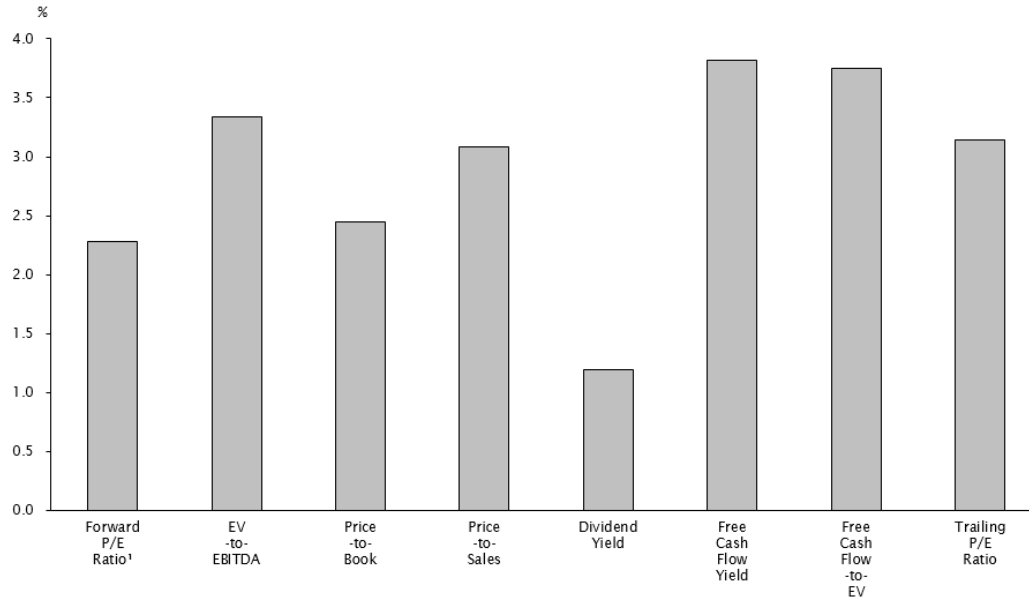
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"Critics say, 'You're making people change their behaviour', well, exactly. That's what accounting is all about. If they don't change their behaviour, why bother?"

Sir David Tweedie,  
Former chair IASB  
Interview with The Independent  
July 2002

# Exploring perceptions

## Picking the Right Valuation Multiple (1952-2017)

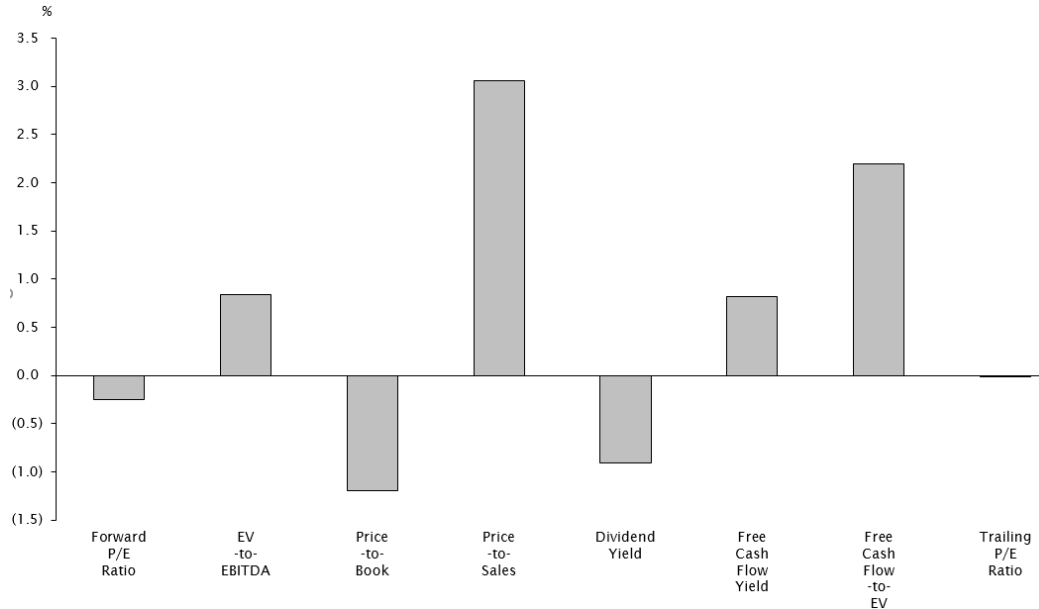


Large-Capitalization Stocks  
Relative Returns to the Best Quintile of  
Select Valuation Factors  
Measured Over One-Year Holding Periods  
1952 Through October 2017

Source: Empirical Research Partners

# Exploring perceptions

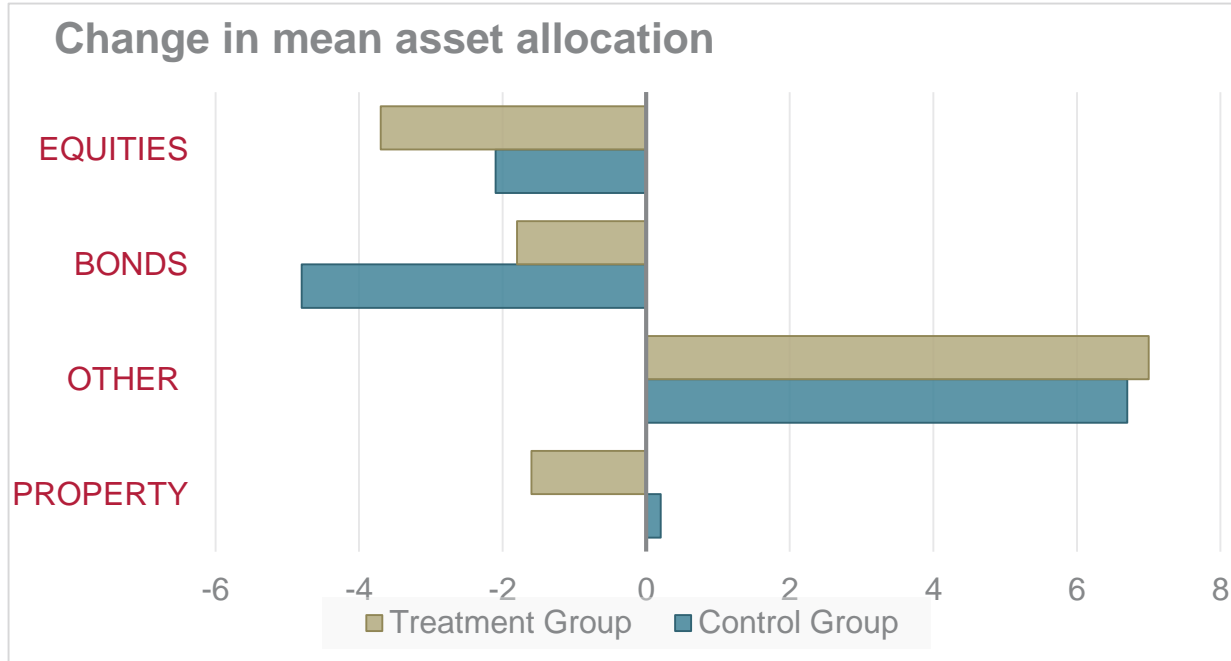
## Picking the Right Valuation Multiple (2012-2017)



Large-Capitalization Stocks  
Relative Returns to the Best Quintile of Select  
Valuation Factors  
Measured Over One-Year Holding Periods  
Five Years Ending October 2017

Source: Empirical Research Partners

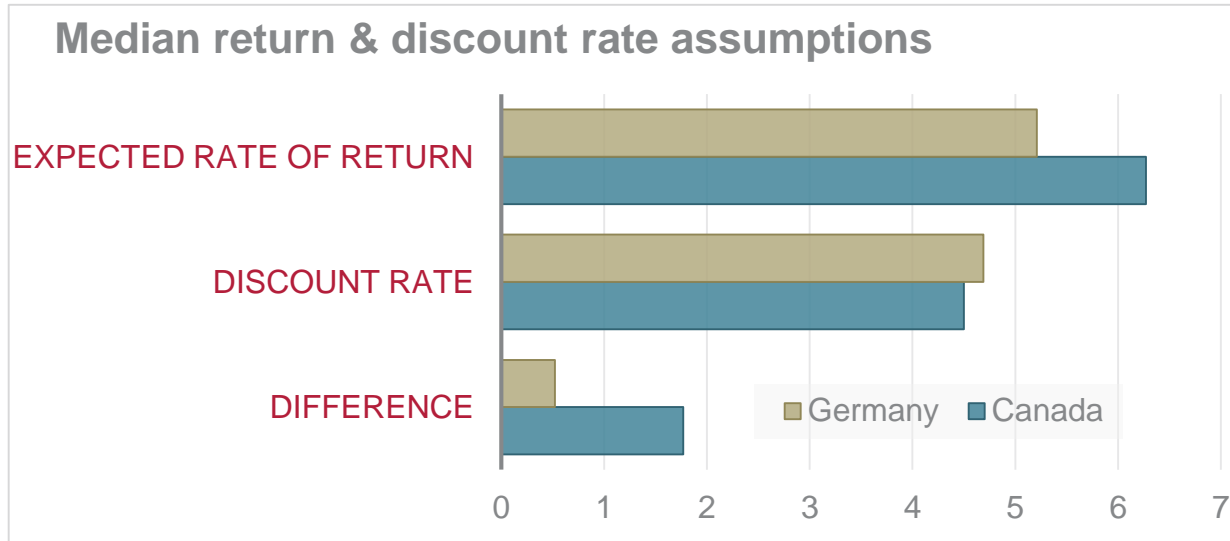
# Information value in “Other”?



# Expected rate of return effect

## IAS 19 maths

Net pension interest income = (ERR% x Plan assets) – (Discount rate x DBO)



- Perception is important
- What is the impact of the financial crisis?
- Is the shift into other assets a risk reduction strategy?
- Do expected rate of return assumptions drive equity weightings?

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