



January 6, 2021

## Message from the GPFA Chair

As we turn the page on 2020, the Global Peer Financing Association (GPFA) is truly proud of what our newly launched Association has accomplished during this past year. We recognize there are a lot of opportunities and challenges ahead of us and we look forward to further establishing ourselves in 2021.

The GPFA officially launched in July 2020 with four founding members, who combined have nearly \$1 trillion USD of assets under management, deliver approximately 3 million monthly pension checks and serve over 5 million active members. Today, six months later, we have 11 global members with combined assets of over \$6 trillion USD and over 25 million active members and other shareholders.

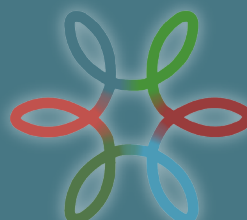
The GPFA Board of Directors is excited that the community we are providing continues to grow, and with it, enthusiasm amongst global beneficial owners. 2020 changed the business world as we knew it and highlighted the tremendous disconnect between economic reality and financial markets. While the world lost millions of jobs and saw a material reduction in GDP, the financial markets closed with strong gains in bonds and in equities.

We are learning to operate in an environment where the financial markets are flooded with liquidity as the U.S. Federal Reserve balance sheet grew by \$3 trillion USD in 2020. Interest rates are at all-time lows with over \$18 trillion USD equivalent of bonds offering negative yields, which brings the conventional 60/40 portfolio composition into question. The buy side is realizing the way we manage pension dollars looks a lot different when bond yields are negative versus the positive yields we had previously seen at the start of our careers. Beneficial owners will have a more challenging time ahead to achieve our financial targets and provide returns to our stakeholders. As such, we need to be more diligent as we have less room for error.

As the GPFA ushers in 2021, we are looking forward to welcoming other new members and most importantly working with them to build a strong global beneficial owner community. Though we do not expect to meet in person until later in the year, if feasible, we will continue to facilitate virtual meetings and discussions in order to achieve our goals. Additionally, we will continue to record our *Peer Connections* podcasts to keep the lines of communication open. Last year we created eight podcasts, covering topics from lending strategies across different program types, cash reinvestment philosophy, and credit and legal documentation, just to name a few. We received positive feedback and are looking forward to having more of these information sessions available in 2021.

As a community, we will continue to foster collaboration within our membership and focus our resources in areas that can further advance the securities financing market. We want to develop best practices, learn from each other and have our voices heard. Through networking, members can work together to identify potential opportunities for them to engage in peer to peer activity, whether that be supported directly on a bilateral basis or via agent lenders, custodian banks or prime brokers.

Better Together



An Association of Peers,  
by Peers, and for Peers



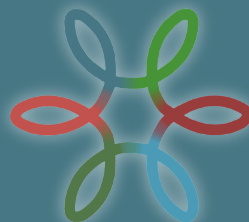
We are looking forward to building on the inclusive and innovative GPFA brand. As GPFA members get to know each organization better on an individual and institutional level, we hope they may find other ways to benefit from shared best practices and experiences by extending the network across other areas of their organizations - operational, legal, credit, technology, real estate, infrastructure and private equity etc. We will create additional opportunities to expand our conversation beyond the limits of securities financing as our membership base grows. For example, we want to embrace and support ESG trends, making positive changes globally by advocating strong ESG initiatives and creating value for our stakeholders for generations to come.

As we develop our member relationships, we also want to encourage our new members to take leadership roles within GPFA. We believe this will set the stage for growth, success and change. It will help us connect as a buy side community as we all face similar problems and challenges. If we can learn from each other, we can add value for our stakeholders.

One of the GPFA's goals for 2021 is to build on the success of 2020 and extend the culture created by the founding members to our new members. We aspire to be an association by which other market participants can access our members and generate business opportunities. We look forward to achieving common goals, creating community and encouraging the growth of peer trading activity. We all recognize that we are ***better together***.

Robert Goobie  
Chairperson  
Global Peer Financing Association (GPFA)

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