

**Institutional
Investor**
FORUMS

3RD ANNUAL

Systematic Investment Strategies Symposium

NOVEMBER 19-20, 2019 | APELLA | NEW YORK





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Is the Future of Systematic Investing Changing? Or, Not Really?

Having navigated through a rough 2018 and as we continue into an uncertain 2019, what are some of the lessons learned and challenges faced by institutional allocators interested in systematic strategies? Stakeholders have high expectations and remain hugely invested in the space, but has the potential for these strategies changed as the macro environment shifts? We look forward to discussing these issues at our upcoming Systematic Investment Strategies Symposium, November 19-20th in New York, and we hope you will join us.

Tuesday, November 19

7:45 to 8:30 a.m.

Registration and Breakfast

Apella Lounge

8:30 to 8:40 am

Welcome and App Tutorial

Apella 200

Everything you, as an attendee, need can be found on our app, including program details, speaker biographies, benchmarking survey results, information on other attendees, white papers, and access to the speaker presentations we have been authorized to make available.

Presented by:

Steven Olson, *Managing Director, Institutional Investor*

Kip Miller, *Client Services Director, Institutional Investor Forums*

8:40 to 9:00 am

Chairperson's Welcome and Benchmarking

Apella 200

What are the issues, concerns and primary interests of your peers – investment decision-makers from the larger pension plans, endowments, and foundations – when it comes to investing with systematic strategies? In this opening session and in subsequent sessions, attendees will be polled on a number of high-interest topics using an interactive electronic response system. By doing this, we will provide all attendees with useful benchmarks and unique insight into the concerns of investors. We will also strive to tee up certain points of discussion for subsequent sessions.

Co-Chairs:

Vanita Gaonkar, *Senior Investment Officer, Robert Wood Johnson Foundation*

Mohamed Farid, *Principal Investment Officer, World Bank*

9:00 to 10:40 am

Presentation Series I

Fragility In the Markets: What Are the Things that Could Cause the Markets to Break?

Apella 200

- ❖ How are quant strategies positioned today vis-à-vis pre-2007 (the “quant quake”) and pre-2008?
- ❖ What would catch most people the most off-guard?
- ❖ What is the impact of policy on market cycle?

Session Chair:

To be invited

9:05 to 9:20 am

Presentation: Be Prepared: How Trend Strategies Can Add Value to Investment Portfolios Through Economic Cycles

In today’s challenging environment of frothy equity markets and speculation surrounding the next recession, can Trend strategies help position portfolios for the future – whatever that may be?

- ❖ A review of crises of the past and how Trend can navigate various market environments
- ❖ Is equity protection possible across both long-term drawdowns and short-term corrections?

Presented by:

Oliver Schupp, *Managing Director and Head of North America, Capital Fund Management*

9:20 to 9:35 am

Presentation: Villains: Systematic Trading, HFT, ETFs, Passive, Derivatives. Fact or fiction?

Presented by:

Donald S. Tunnell, *Senior Managing Director, Partner, and Co-Director of Quantitative Investments, Wellington Management*

Innovations in markets and market structure are often blamed for pricing distortions and market fragility. This presentation will endeavor to shed light on how much of this is a convenient fictional narrative (usually when performance is challenged) versus what the facts support.

9:35 to 9:50 am

Presentation: What Could Cause Markets to Break? And What to Do About It.

Presented by:

Thomas Dobler, *Vice President- Product Strategist (MACS), Acadian Asset Management*

What could cause markets to break? In this talk we explore the current investment climate, why successful strategies of the past decade look less likely to succeed in the next, and ideas for how asset owners might address these risks in their portfolios.

- ❖ With equity markets near all-time highs and yields near all-time lows, go-forward return expectations for traditional market betas are muted.
- ❖ Strategies that have worked in the near past – growth over value, private markets over public, yield over safety – look increasingly risky today.
- ❖ Achieving real diversification, maintaining liquidity, and having the ability to be dynamic as the environment changes will be key to successfully navigating what comes next.

9:50 to 10:05 am

Presentation: TBD

Presented by: TBD

10:05 to 10:20 am

Table Discussions

Seated in small groups, delegates will share their views on the previous presentations. Do they agree or disagree, and what are the reasons for their views? Are there other factors, which should also be taken into consideration? Which factors have contributed to plan sponsors taking their respective positions and how are they changing their investment line-up and plan structure so as to facilitate better participant outcomes? As well as sharing knowledge and opinions, each table will be tasked with coming up with a set of questions or comments which they must be prepared to pose to the speakers.

10:20 to 10:40 am

Panel and Audience Q&A

The original speakers will retake the stage, answer questions, and react to comments from the table discussions.

Session Chair:

To be invited

10:40 to 11:10 am

Coffee Break

Apella Lounge

11:10 to 12:55 pm

Presentation Series II

Allocators Are Searching for Downside Protection: Are Systematic Strategies the Answer?

Apella 200

Session Chair:

Enrique Cuyegkeng, *Managing Director, Public Market Investments, Ontario Power Generation*

11:15 to 11:30 am

Presentation

Presented by **Bank of America Merrill Lynch**

11:30 to 11:45 am

Presentation: Downside Protection Over Time, Or at Every Point in Time?

Presented by:

Nic Johnson, *Managing Director, PIMCO*

11:45 to 12:00 pm

Presentation

Presented by:

Michael Hunstad, *Head of Quantitative Strategies, Northern Trust Asset Management*

12:00 to 12:15 pm

Presentation: Macro-Economic Factors and The Relative Performance of Diversifying Strategies

Presented by:

Dr. Sushil Wadhvani, CBE, *Chief Investment Officer, QMA Wadhvani*

12:15 to 12:35 pm

Table Discussions

Seated in small groups, delegates will share their views on the previous presentations. Do they agree or disagree, and what are the reasons for their views? Are there other factors which should also be taken into consideration? Which factors have contributed to plan sponsors taking their respective positions and how are they changing their investment line-up and plan structure so as to facilitate better participant outcomes? As well as sharing knowledge and opinions, each table will be tasked with coming up with a set of questions or comments which they must be prepared to pose to the speakers.

12:35 to 12:55 pm

Panel and Audience Q&A

The original speakers will retake the stage, answer questions, and react to comments from the table discussions.

Session Chair:

Enrique Cuyegkeng, *Managing Director, Public Market Investments, Ontario Power Generation*

12:55 to 2:15 pm

Lunch

Riverpark

2:15 to 2:45 pm

Presentation

Machine Learning, Big Data & Investment Rationale: How Quant Managers Are Balancing Leading-Edge Technology with Investment Intuition to Enhance Their Investment Process

Apella 200

There's a lot of buzz about how quants are leveraging troves of new data, sophisticated machine learning and other cutting-edge technologies to enhance their models and uncover new sources of alpha. But do investors want – or need – to understand how and why these often obscure techniques work in practice? In this session, the speaker will discuss:

- ❖ How machine learning could be used in different aspects of the investment process and what it implies about the ability to understand performance drivers
- ❖ How research discipline can be enforced as analytical tools evolve
- ❖ When data mining makes sense – and when it doesn't
- ❖ How rapid technology change interacts with longstanding investment philosophy in practice

Presented by:

Olivia Engel, *Senior Managing Director and CIO of Active Quantitative Equity, State Street Global Advisors*

2:45 to 3:30 pm

Concurrent Workshop Sessions

Apella 203 and 207

Investors will participate in one of two breakout sessions. These sessions will explore the topics in a workshop-like format that will provide an opportunity to ask in-depth questions of subject matter experts, as well as promote the sharing of opinions and experiences of investors.

Workshop A

Systematic Strategies – A Cheaper and Faster Way to Get Alts Exposure?

Apella 207

- ❖ How do investors access and differentiate commoditized strategies from each other? Do these solutions have “behavioral alpha” that investors can access?

Workshop Leaders:

Abhishek Rane, *Senior Analyst, Risk Management, Ascension Investment Management*

Menachem Lubling, *Head of Alternatives, Highland Consulting Associates*

Workshop B

Is Cost Control By Quant Managers as Important as Alpha Generation?

Apella 203

- ❖ How much does slippage and/or costs eat into performance?
- ❖ How would you be able to evaluate managers’ capability in execution?
- ❖ When does it make sense to trade aggressively and when should trade execution be more passive?

Workshop Leaders:

Mike Dudkowski, *Managing Principal, Hightree Advisors*

Cynthia Steer, *Member, Investment Committee, ICMA Retirement Corporation*

3:30 to 3:50 pm

Coffee Break

Apella Lounge

3:50 to 4:20 pm

Presentation

Innovation in Portfolio Construction in Systematic Strategies

Apella 200

Presented by:

Philip Seager, *Head of Alternative Beta Strategies, Capital Fund Management*

4:20 to 5:00 pm

Panel Discussion

Crowding – How Much of an Impact Is It Really Having on Performance?

Apella 200

- ❖ How should we define “crowding”?
- ❖ What measures do managers use to assess crowdedness?
- ❖ Are factors still a source of return or are they viewed more now as sources of risks?
- ❖ What are the less crowded areas and markets?

Moderator:

Mohamed Farid, *Principal Portfolio Manager, World Bank*

Panelists:

David Huang, *Investment Associate, Helmsley Charitable Trust*

Kyle Schmidt, *Senior Portfolio Manager, Teacher Retirement System of Texas (TRS)*

Jeremy Heer, *Senior Portfolio Manager, Strategy, The University of Chicago*

5:00 pm

Cocktail Reception

Little River

6:00 pm

Evening Free for Private Functions

Wednesday, November 20

8:00 to 9:00 am

Breakfast Discussion Tables

Apella 203 and Apella 207

At peer-moderated tables of 8-10 participants, delegates will share their opinions and compare notes on a number of important issues identified by Advisory Board members as worthy of discussion. Delegates will be asked to contribute to the overall discussion with the intention of sharing information and learning from others' experiences.

Table 1: Risk Factors – Let the Machine Decide!

Risk Factors are the backbone of fund quant analysis, but in the world of “alternative” risk factors there tends to be little agreement on what these factors are (value to one is not necessarily value to all). Join us as we explore using powerful AI techniques and a database of risk premia to create a custom universe of alternative risk factors... with only a little human oversight.

Discussion Leader: Phil Moran, *Associate Portfolio Manager – Absolute Return and Diversifying Strategies, UPS Group*

Table 2: Risk Parity for Portfolio Construction

Discussion on the use of risk parity to achieve balance in a diversified portfolio, along with leverage, volatility and asset class considerations.

Discussion Leader: Patrick Tang, *Senior Investment Analyst, Margaret A. Cargill Philanthropies*

Table 3: The Growth and Challenges of Systematic Fixed Income Investing

Discussion Leader: Joaquin Lujan, *Co-Head, Alpha Strategies, State of New Mexico Public Employees Retirement System*

Table 4: Smart Beta to Smart Alpha: What Is the Next Smart Strategy?

Discussion Leader: Steve Xia, *Senior Managing Director, Head of Quantitative Research & Analytics, Guardian Life Insurance Company*

Table 5:

Discussion Leader:

9:00 to 9:30 am

Reporting Back on Table Discussions

Apella 200

The leaders of each of the breakfast roundtable will have four minutes to recap one or two key points from that discussion so that all Symposium attendees are able to share in what was discussed.

Moderated by:

Co-Chairs:

Vanita Gaonkar, *Senior Investment Officer, Robert Wood Johnson Foundation*

Mohamed Farid, *Principal Investment Officer*, **World Bank**

9:30 to 10:00 am

Investor Perspective: The Value Proposition of Factor-Based Strategies

Apella 200

What role do these strategies play in institutional investors' portfolios? Why should allocators implement them now? What is the value proposition of factor-based strategies in terms of:

- ❖ Cost
- ❖ Tracking error
- ❖ Volatility
- ❖ Implementation challenges

Presented by:

Ted Wright, *Principal Investment Officer*, **Los Angeles County Employees Retirement Association (LACERA)**

10:00 to 10:45 am

Panel Discussion

Manager Selection for Systematic Strategies Managers: How Is It Different?

Apella 200

There might be two camps on this issue. One side arguing that "nah, there's no difference when identifying, evaluating and ultimately monitoring systematic or quant managers". The other side might reply, "uh, Earth to Planet Transylvania, there are significant differences". Let's find out.

- ❖ Fundamental v. quant managers
- ❖ How can smaller firms compete with the army of researchers at the largest firms?
- ❖ Can larger firms take advantage of capacity-constrained strategies, or is this the exclusive domain of the smaller firms?
- ❖ Are investors trying to time the allocation?

Moderator:

David Sheng, *Senior Portfolio Advisor*, **Aksia, LLC**

Panelists:

Panayiotis Lambropoulos, *Portfolio Manager*, **Hedge Funds**, **Employee Retirement System of Texas**

Farhan Nayani, *Senior Investment Analyst*, **Ontario Power Generation**

Jason Rector, *Senior Analyst*, **State of Wisconsin Investment Board**

Additional Panelists to be invited

10:45 to 11:10 am

Coffee Break

Apella Lounge

11:10 to 11:30 am

Consultant Perspective

Apella 200

Presented by:

Christopher Solarz, CFA, CPA, CAIA, *Managing Director, Cliffwater LLC*

11:30 to 12:45 pm

Investors' Panel: What's Worth Paying For?

Apella 200

- ❖ Can investors disaggregate the market and do a better job of paying for skilled advice as opposed to implementing hidden beta strategies or simply expecting random outcomes?
- ❖ Is true alpha becoming even more valuable?

Moderator:

Jon Spinney, *Chief Investment Officer and Vice President-Quantitative Investing, Vestcor Investment Management Corporation*

Panelists:

Howard Hodel, *Investment Officer, Risk Management, Hawaii Employees Retirement System*

John Reilly, *Senior Vice President, Investments, Sampo International*

Additional Panelists to be invited

12:45 to 2:00 pm

Lunch

Apella 207

2:00 pm

Forum Concludes