



## **“RE-DIVERSIFICATION”**

### **AGENDA**

### **Monday, June 9<sup>th</sup>**

- 8:45           **Registration Opens (*Light Breakfast available*)**
- 9:15 – 9:50   **Welcome and Opening Remarks**  
*Christopher Holt, Senior Advisor, Global Absolute Return Congress (Global ARC)*  
*Tristram Lett, CIO, Integra Capital Management*
- 9:50 – 10:50   **KEYNOTE SPEAKER: HEADWINDS, TAILWINDS AND CROSS-WINDS: THE SURPRISING POWER OF THE DEMOGRAPHIC GALES BLOWING AROUND THE GLOBAL ECONOMY**  
*David K. Foot, Professor, Department of Economics, University of Toronto*  
When the Boomers entered the workforce over the 1960s and 1970s, countries such as Canada enjoyed a demographic tailwind that resulted in sustained economic growth. Now, as the Boomers gradually exit the workforce over the next two decades, that dividend is reversing. Slower economic growth is the inevitable result in such countries. This trend, combined with low birth rates in many Western - and now some Asian - countries changes the structure of demand, impacts financial markets and will lead to a new economic world order. Thus, demographics may not be destiny, but it provides a roadmap and foundation for the future of the global economy.
- 10:50 – 11:50   **2014 NID HONOUREE INTERVIEW AND PRESENTATION**  
*Jim Leech, Retired President and CEO, Ontario Teachers' Pension Plan; Chancellor-designate, Queen's University*  
**Interviewer: Claude Lamoureux, Former President & CEO, Ontario Teachers' Pension Plan**  
This honour is bestowed annually on an individual who has had a material impact on the Canadian pension landscape whether it relates to assets, investment, liabilities, governance, legal issues or political ones.  
NID is delighted to honour Jim Leech, President and CEO of the Ontario Teachers' Pension Plan from 2007-2013. He is currently Chancellor-designate of Queen's University and will assume official duties in the fall of 2014. While Jim's exceptional service to the teachers of Ontario is worthy of recognition, as was that of his predecessor, Claude Lamoureux, NID recognizes his public determination to encourage politicians to come to grips with the issues surrounding pension coverage and funding deficiencies through the co-authorship with Jackie McNish of *The Third Rail, Confronting Our Pension Failures*.  
  
We are also pleased that Jim will be interviewed by Claude Lamoureux, his predecessor at OTPP, whose name has often been put forward as a potential NID honouree.
- 11:50 – 1:10   **Lunch**
- 1:10 – 2:10   **THE DRIVE FOR ENERGY SELF-SUFFICIENCY AND BEYOND**  
*Shawn Driscoll, Vice President, T. Rowe Price Group, Inc.*  
Forecasts for U.S. energy production have risen dramatically in recent years. New technologies in oil and gas production, including hydraulic fracturing and horizontal drilling, have changed the game and transformed the economics of energy extraction in North America. Shawn Driscoll of T. Rowe Price will focus on the changing environment in North American energy production, discuss how new technologies are likely to impact global energy production; identify companies likely to emerge as winners and losers in the evolving environment; and assess the potential benefits of abundant, low-cost energy on the U.S. and world economies.



2:10– 2:30 **Dialogue Break**

2:30 – 3:30 **DE-RISKING – NOT AS SIMPLE AS IT SEEMS**

**Alan Brown**, Senior Adviser, Schroders

LDI and de-risking programmes are sometimes seen as a simple one way ratchet where hedges to interest rate sensitivity are progressively increased over time until they reach 100%. Such a process can be extremely dangerous and can easily end up re-risking the fund! This session will look at de-risking in detail. Is the ultimate goal of de-risking buy-out, self-sufficiency or something else? De-risking should be a holistic process. The liabilities cannot be looked at in isolation of the assets. It will always be important to view the fund holistically and to consider the correlation risk between the liability and asset sides of the balance sheet. And de-risking cannot be an automatic process. At each step it will be important to understand why the funding ratio has improved and use that understanding to determine what the next de-risking step should be. Standard governance models are unlikely to be up to the task and need to be re-considered.

Attributed to Einstein: "Everything should be made as simple as possible, but not simpler!"

3:30 – 4:30

**INVESTMENT POLICY PERSPECTIVES FROM TWO LARGE PENSION FUNDS**

**Moderated by: Janet Greenwood**, Senior Vice President, Investment Solutions, Aurion Capital (Shell Canada Pension Fund)

**Robert Cultraro**, Chief Investment and Pension Officer, Hydro One

**Jim Keohane**, President & CEO, Healthcare of Ontario Pension Plan (HOOPP)

How pension funds structure their investment policies can be dramatically different. In a world where the 60/40 asset mix is almost universal, we have asked two senior pension fund officers to discuss the very different ways they have approached the establishment of their investment policies and where it led them.

4:30

**Closing Remarks –**

**Christopher Holt**, Senior Advisor, Global Absolute Return Congress (Global ARC)

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5:30 – 7:00

**WINE ALPHA: A TRUE "BOTTOMS-UP" ANALYSIS**

Noses vs. Numbers *Brought to you by: Schroders Investment Management*

Like all assets some wines outperform their benchmarks! Quantitative investment models rank stocks based on factors to create portfolios with expected returns and risks. Can wines be ranked as well to gain an expectation of the quality a vintage and its wines will become? Many variables affect wine quality- general variables like the amount of sunshine, its incidence through the growing season, the daytime and nighttime temperatures, the amount of rainfall and when it occurred, and the harshness of the previous winter. Specific vineyard variables such as position on a hillside, the acidity of the soil, its richness and the amount of sand and loam contained therein, how well it is drained, as well as how closely the vines are planted to one another, the amount of cropping which occurs and the sugar level of the grapes at harvest all have profound effects on the quality of the resultant wine. And that is not taking into account the skill of the winemaker!

The staff at Schroders has developed such a model for ranking wine. Join them in a competitive wine tasting where we will break into small groups and use our noses and palates to rank wines against the computer. Schroders will be importing some very special wines to "study" during this event. This indeed will be a fun competition with prizes for the winners.

7:00 – 9:30

**Russell Investments** is pleased to invite you to an exclusive Dinner at Bacchus Lounge Patio, Queen's Landing

Enjoy hearty home cooked favourites with a godly twist. Bacchus, the god of the grape and pleasure, is honoured throughout this elegant lounge. Relax, mingle and network with peers in this casual lounge with a panoramic marina view fit for the gods.



## **Tuesday, June 10<sup>th</sup>**

- 7:00            **Breakfast**
- 7:45 – 8:00    **First Day Recap**  
*Christopher Holt, Senior Advisor, Global Absolute Return Congress (Global ARC)*
- 8:00 – 9:00    **FEATURE SPEAKER: CREDITISM: ARE WE DOOMED OR WILL ROBUST ECONOMIC GROWTH RE-EMERGE?**  
*Richard Duncan, Author of: The New Depression: The Breakdown of the Paper Money Economy*  
How will excessive credit creation impact the current account deficit caused by falling energy imports and potential exports, and what will be the net impact on energy markets going forward? Will this have consequences for creditism in the US? Will this exacerbate deflation? Central banks are managing economic variables but the historic transmission channel are completely different now that asset prices are the target as opposed to consumer spending. Will it ever be possible to get back to a more "traditional" form of managing economic demand? Will falling energy prices be the major spark that ignites economic growth and solves not only the creditism issue but also the demographic ones? Can creditism ever end?
- 9:00 – 10:00   **INVESTMENT PRINCIPLES: BELIEFS AND TRUTHS**  
**Introduction by: Bruce Grantier, Former Managing Director, Pension Assets, Scotia Investment Management Ltd.**  
*Charles H. Brandes, CFA, Chairman, Brandes Investment Partners, L.P.*  
Combining personal experiences and the tenants of value investing, Mr. Brandes offers his unique perspective on the principles for successful long-term performance. Brandes shares how he got started as a pure value investor, having met and mentored with the father of value investing himself – Benjamin Graham – then dedicating his practice to the strategy on a global scale over 40 years ago. He also examines how value investing has outperformed other styles, and how stock price declines should create opportunities rather than panic.
- 10:00 – 10:20   **Dialogue Break**
- 10:20 – 11:20   **JAPANESE EQUITIES BEYOND ABENOMICS**  
*Andrew Brown, Japanese Equities Product Specialist, Baillie Gifford*  
During the past year the yen has weakened significantly, allowing Japanese manufacturing to be re-priced by world markets. Company earnings have rebounded strongly and signs have emerged that growth is spreading into the broad domestic economy. The first two 'arrows' of Abenomics (monetary stimulus and flexible fiscal policy) appear to have generated the desired effect, but skeptics wonder whether recent economic activity and signs of inflation are sustainable. The presentation will appraise Abe's achievements so far, highlight noteworthy developments that auger well for the future, and identify the areas to which investors should pay particular attention.  
  
While the Japanese market performed strongly in 2013, there is debate amongst investors about its fundamental health. Several global businesses, with long runways of secular growth ahead of them and whose fortunes are not dependent on the success of Abenomics, continue to remain underappreciated by the market. Many of these businesses are global in their operations and **outlook and prioritize** share holder returns, in contrast to the traditional Japanese keiretsu companies. The presentation will also highlight attractive growth opportunities and argue that the existence of a "Japanese discount" is unjustified.



11:20 – 12:20 **NIAGARA INSTITUTIONAL DIALOGUE INVESTMENT COMMITTEE MEETING ON ABSOLUTE RETURN STRATEGIES**

**Moderated by: *Emilian Groch*, Chief Executive Officer, Alberta Teachers' Retirement Fund Board, Chairman of Pension Committee**

***Robert Doll*, Chief Equity Strategist and Senior Portfolio Manager, Nuveen Asset Management**

***Alex Johnson*, Head of Absolute Return Fixed Income, FFTW (a BNP Paribas Investment Partner)**

Investors are focusing on absolute return strategies to offset the expected lower forward-looking returns from fixed-income markets and the potential downside volatility of equities. The NID pension committee, under the able stewardship of Emilian Groch, has invited two firms to present the features of these strategies. The committee is interested in selecting one or both to utilize in the management of a portion of its assets. Each firm has been asked address issues such as expected return, volatility, risk control, leverage, liquidity and appropriate benchmarks in its respective specialty strategy and also its place in the overall asset context of a pension fund.

12:20 – 1:30 **Lunch**

1:30 – 2:00 **DEBATE: BE IT RESOLVED THAT: "INVESTMENT CONSULTANTS PROVIDE LITTLE OR NO DEMONSTRABLE VALUE IN THEIR RECOMMENDATIONS FOR MANAGER SELECTION"**

***Don Raymond*, Managing Partner, PhD., Alignvest Management Corporation – Prime Minister**

***Don Ezra*, Special Consultant – Leader of the Opposition**

***Hugh Innes*, Chair, Reikai Charitable Foundation – Speaker of the House**

Almost all plan sponsors rely on investment consultants to assist them in culling, selecting, hiring and monitoring investment management organizations. But do these consultants provide value in the managers they recommend? Until recently, one could only surmise the answer to this important question over a considerable period of time and in the context of multiple situations.

To debate this topic we have been fortunate to bring to NID two very senior individuals from the investment industry who, between them, have over 70 years of experience. This promises to be a very enlightening and entertaining discussion on this important topic.

2:00 – 3:00 **INFRASTRUCTURE – JOURNEY OF AN ASSET CLASS**

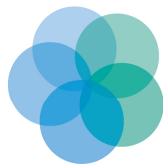
***Gregory J. Smith*, President & Chief Executive Officer, InstarAGF Asset Management Inc.**

Fifty-seven trillion dollars of infrastructure investment will be spent globally by 2030. That's \$7,000 for every man, woman and child alive today. Already, Canadian institutions are global leaders in this sector with over \$50 billion allocated. But has the asset class delivered on its initial promise of steady, low volatility yield?

In this session we will explore how infrastructure investments performed during a declining global interest rate environment, through the global economic crisis when all assets classes seemed to be highly correlated, and in the current economic environment.

In addition, we will explore how infrastructure will develop, mature and respond to growing global demand in the future; whether there are social and economic consequences of more private investment in essential infrastructure; the future direction of the asset class from an investor's perspective; and how the science of "demand management" such as traffic forecasting and price elasticity have evolved over the years.

3:00 – 3:15 **Dialogue Break**



3:15 – 4:15 **FEATURE SPEAKER: EXTREME LONGEVITY RISK: THE NEXT “BLACK SWAN” EVENT?**

**Dr. Aubrey de Grey**, Chief Science Officer, SENS Research Foundation

It may seem premature to be discussing the comprehensive medical conquest of human aging when so little progress has been made in simply postponing it. However, two facts undermine this assessment. The first is that aging happens throughout our lives but only causes ill-health after middle age. This shows that we can postpone ill-health without knowing how to prevent aging completely. The second is that regenerative medicine is now advancing from a futuristic twinkle in a few visionaries' eyes to a realistic strategy for addressing numerous medical conditions. In this conversation, Dr. de Grey will explain why therapies that can add 30 healthy years to the remaining lifespan of typical 60-year-olds may well arrive within the next few decades.

4:15 **Closing Remarks –**

**Christopher Holt**, Senior Advisor, Global Absolute Return Congress (Global ARC)

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5:45 Transportation to Helicopter Pad (Meet in the main lobby at 5:45 sharp)  
Helicopter Ride in association with: **Royal Canadian Mint**

6:30 Transportation to the Rainbow Room (Meet in the main lobby at 6:30 sharp)

7:00 - 9:30 **Kew Advisors and Causeway Capital, invite you to an exclusive Dinner Overlooking Niagara Falls in the Historic “Rainbow Room”**

A fixture on the landscape since 1929, the reputation of this Niagara Falls restaurant has made the Rainbow Room the preferred dining location of Hollywood Legends and Royalty through the years. Notable guests have included King George VI and Queen Elizabeth. The restaurant is now graced with the influence of Chef Massimo Capra, the creative force and Executive Chef of two iconic Toronto restaurants Mistura and Sopra Upper Lounge. The culinary philosophy behind The Rainbow Room is simple; use the best to create the best. The rich bio-diversity in Niagara guarantees the finest ingredients from fruits and produce to game and meats. This ideology and mantra has not only propelled Chef Massimo to his rank among the top Chefs in the World, but has also solidified the Rainbow Room's reputation as one of the finest dining establishments in Niagara.

## Wednesday, June 11<sup>th</sup>

7:15 **Breakfast**

7:45 – 8:00 **Second Day Recap**

**Christopher Holt**, Senior Advisor, Global Absolute Return Congress (Global ARC)

8:00 – 9:00 **TRENDING IN PENSIONS-OUTSOURCING THE CIO FUNCTION**

**Jeffrey Scott**, Chief Investment Officer, Wurts & Associates

**Interviewer: William W. Moriarty**, President & CEO, University of Toronto Asset Management

Many plan sponsors have concluded that the governance, structuring, investing, monitoring and administering their pension plan has become too complex and time consuming a function for them to handle without expert assistance. Outsourcing the function to some degree is a trend that is well established in the UK and Europe. Over 6000 pension plans in the US have chosen to adopt this process in the last two years.

This approach has yet to make its presence felt in Canada, but it will be soon taking hold here.

Two experts will discuss the raison d'être and complexities of this relatively new activity; one is a global consultant and the other has restructured the multi-asset investment management function at a sizeable pension and who is also a member of the Ontario government's Working Group charged with creating a framework to facilitate pooled asset management for Ontario's public sector.



- 9:00 – 10:00 **BOND STRATEGIES FOR THE NEXT RATE CYCLE**  
*Erin Bigley, Senior Portfolio Manager-Fixed Income, AllianceBernstein*  
After decades of falling interest rates and elevated bond market returns, a transition is underway. Rates are rising from their historic low levels, hurting bond returns at a particularly challenging time—as an aging population seeks to maximize returns from their retirement savings without taking undue risk. This session explores ways to break from traditional bond management constraints to improve outcomes within bond portfolios over the next cycle: delivering more balanced beta, identifying alpha opportunities with positive convexity and hedging against the downside.
- 10:00 – 10:15 **Dialogue Break**
- 10:15 – 11:15 **TWO WAYS TO APPROACH INVESTMENT IN REAL ESTATE**  
**Moderated by: Terri Troy, Chief Executive Officer, HRM Pension Plan**  
*Kate Giordano, Head of Property Multi-Manager - Americas, Aberdeen Asset Management - Non-domestic real estate*  
*Peter Zabierek, Chief Executive Officer, Presima*  
This session will examine two different approaches to investing in real estate—directly or indirectly. The diversification potential of each approach will be highlighted and discussed. Are there differences in return potential between the two approaches that are related to the illiquidity premium? Are there ways to offset the weaknesses of each approach with the others' strengths? Why would an investor favour one over the other?
- 11:15 – 12:15 **BEATING A COURSE AGAINST CANADA'S ECONOMIC HEADWINDS**  
*Benjamin Tal, Managing Director & Deputy Chief Economist, CIBC World Markets*  
Demographics, globalization and cheap money have created a new world order. But with economic recovery finally appearing to take hold around the globe, where does Canada fit in to this world order? Will the Canadian economy succumb to the same demographic trends that have hobbled many other industrialized economies, or is Canada uniquely positioned to prosper in the future? Is Canada over-exposed to resurgent economic nationalism among its trading partners? What are the prospects for the mega cycle in commodities and what does it mean for Canada's energy sector? Will ultra-easy monetary policy come back to haunt Canadian borrowers in the next decade?
- 12:15 **Recap of the Fifth Annual Niagara Institutional Dialogue and Closing Remarks –**  
*Christopher Holt, Senior Advisor, Global Absolute Return Congress (Global ARC)*  
*Tristram Lett, CIO, Integra Capital Management*
- Close of the Fifth Annual Meeting of the Niagara Institutional Dialogue**
- 12:30 – 1:30 **BARCLAYS GEOPOLITICAL DIALOGUE LUNCH – THE ENERGY-LED REVOLUTION IN GEOPOLITICS**  
*Helima Croft, Head of Commodities Research, Barclays*  
Since the dawn of the industrial revolution, energy has been at, or near, the epicentre of most major global conflicts. With the cost (e.g. oil prices) and externalities (e.g. coal pollution in Beijing) of traditional energy rising, the world is reevaluating its energy policies. Cresting demand in post-industrial economies, newly-discovered energy reserves, new extraction technologies, and new forms of energy (gas, solar, wind etc.) have dramatically changed the global balance of power. Helima Croft is a former lead analyst with the CIA and is widely known as one of the world's foremost authorities on the intersection of energy and geopolitics. Croft will share her views during the NID Annual Geopolitical Lunch Dialogue.