

**“SHIFTING SANDS IN A GLOBAL WORLD”
Investment Risks and Opportunities**

AGENDA

Monday, June 8th

- 1:00 pm **Registration Opens**
- 1:30 – 2:00 **Welcome and Opening Remarks**
Marlene Puffer, Partner, Alignvest Investment Management
Heather Cooke, Director, Institutional Clients, Unigestion Asset Management (Canada)
- 2:00 – 3:00 **KEYNOTE SPEAKER**
Pippa Malmgren, President and Founder, DRPM Group
This year's keynote speaker, American policy advisor, former Special Assistant to the President of the United States for economic policy and author, Dr. Philippa Malmgren, connects the dots, bringing together insights about markets, politics, policy and geopolitics that signal important and investable trends. She is often asked to brief Heads of Government and senior officials as well as CEOs and CIOs around the world on economic issues. Dr. Malmgren will kick off the dialogue with an overview of the current state of play globally – major geopolitical issues, societal pressures, developed economies' fiscal and monetary situation, evolving currency wars – and how investors should think about hedging risks and exploiting investment opportunities. She will include highlights from her new book *Signals: The Breakdown of the Social Contract and the Rise of Geopolitics*.
- 3:00 – 4:00 **THE ILLIQUIDITY PREMIUM: ARE INVESTORS BEING PAID ENOUGH GIVEN THE HIDDEN RISKS?**
Introduced by: Bruce Grantier, Former Managing Director, Pension Assets, Scotia Investment Management Ltd.
Mark Kritzman, CEO, Windham Capital Management, LLC
Investors have long recognized the importance of liquidity, but have struggled to determine how to account for it when developing and managing portfolios. The magnitude, measurability and applicability of liquidity premiums have long been the subject of debate. But does an illiquidity premium provide adequate compensation for the associated loss of investment flexibility? Also, what are the true hidden risks? As a greater proportion of portfolio assets are allocated to illiquid investments, such as private equity, real estate and infrastructure, it is more important than ever to have reliable ways to measure and manage the cost of illiquidity.
- 4:00 – 5:00 **THE RESURGENCE OF JAPAN**
Andrew Brown, Japanese Equities Product Specialist, Baillie Gifford
The reform program underway in Japan, which has become known as Abenomics, has so far failed to generate a self-sustaining economic recovery and it remains unclear whether this can indeed be achieved. Shinzo Abe's policies have had a major impact on Japanese companies, however. A sustained period of yen weakness has greatly improved the competitiveness of making goods in Japan, there are emerging signs of revival in levels of innovation, attitudes towards corporate governance are changing for the better, corporate cash balances are at record levels and returns to shareholders are well below those seen elsewhere in the world. Taking these developments into account, coupled with continued progress being made to address long standing structural issues, Japanese equities merit close attention from global investors.



5:00 **First Day Closing Remarks –**
Heather Cooke, Director, Institutional Clients, Unigestion Asset Management (Canada)

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7:00 – 9:30 **Columbia Threadneedle 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. Mingle with peers in a relaxed atmosphere in this casual lounge with a panoramic marina view fit for the gods!

Tuesday, June 9th

8:00 **Breakfast, sponsored by The Royal Canadian Mint**

8:45 – 9:00 **First Day Recap**
Marlene Puffer, Partner, Alignvest Investment Management

9:00 – 10:00 **PERPETUAL QUANTITATIVE EASING: THE UNINTENDED CONSEQUENCES**
Alan Caubergs, Senior Investment Director, Schroder Investment Management
Is the world suffering from a delusion that it is only a matter of time until interest rates 'normalize' to pre-crisis levels? Normalization is slowly being redefined to recognize that rates will not return to pre-crisis levels any time soon, perhaps not for a decade or more. The role of central banks has evolved dramatically as is evidenced by the European Central Bank's announcement early this year that it would purchase €60 billion of bonds each month until September 2016. First it was the U.S., then it was Japan and now Europe – the money printing rolls on. This session will address the long-term unintended consequences of this new "monetary orthodoxy". These consequences include risking long-term price stability and creating bubble-like price distortions in capital markets, which drive inefficient capital allocations that ultimately undermine growth and productivity.

10:00 – 10:20 **Dialogue Break**

- 10:20 – 11:20 **THE GEOPOLITICAL IMPACT OF CHEAP OIL**
John Stackhouse, Senior Vice President, Office of the CEO, Royal Bank of Canada
 The geopolitical outcomes resulting from the precipitous decline in oil prices over the past year have been staggering. The drop in price, coupled with the collapse of the Rouble, has gone a long way towards disabling the Russian economy. Cheap oil has also weakened both Iran's and Nigeria's economy and oil-rich Venezuela was on the edge of default even before the price decline. What was at the root of the price collapse and what does that foretell for the future? Was the cause the U.S.'s new techniques for extracting tight oil, mostly from shale deposits, by horizontal drilling and hydraulic fracturing? Was it Saudi Arabia refusing to cut production to support prices in the face of falling demand, in order to hurt Iran's and Russia's economies? This session will explore the many forces at work in this important and volatile commodity.
- 11:20 – 12:20 **DARK POOLS AND HIGH-FREQUENCY TRADING (HFT): THE GOOD, THE BAD AND THE UGLY**
Moderated by: Doug Clark, Managing Director of Research, ITG
Andreas Park, Associate Professor of Economics, University of Toronto
Graham MacKenzie, Equity Trading, Liquidnet Canada
Jos Schmitt, CEO, Aequitas Innovations Inc.
 Regulators in the U.S. and Europe are stepping up scrutiny of dark pool activity, HFT and market manipulation following a spate of damaging incidents in recent months. Trades in dark pools are anonymous, and many long-term institutional investors prefer to trade "in the dark" as they see the "lit markets" as "infested" by predatory HFTs. The revelations that certain large investment banks may have secretly allowed predatory high-frequency traders to take advantage of institutional investors, undermines the idea that the "dark" is a safe haven. This session will shine light on what's going on in trading, and the effects of trading as a potential systemic risk to financial markets.
- 12:20 – 1:30 **Lunch**
- 1:30 – 2:30 **WHAT'S BEHIND THE TURMOIL IN THE WORLD'S CURRENCY MARKETS?**
Moderated by: Marlene Puffer, Partner, Alignvest Investment Management
Momtchil Pojarliev, Senior Portfolio Manager, FFTW (a BNP Paribas Investment Partner)
Michael Lewis, Currency and Asset Allocation Strategist, CIBC Global Asset Management
Shailesh Kshatriya, Associate Director, Client Investment Strategies, Russell Investments Canada
 Early this year the Swiss National Bank abandoned its policy of capping the Swiss Franc against the Euro, catching many traders and investors by surprise. The Russian Rouble has plunged against the U.S. Dollar in the face of a declining oil price and sanctions by the West. The Chinese Renminbi is now at multi-decade lows against the U.S. Dollar. And Greece may leave the Eurozone. What is behind this sudden burst of currency volatility? How should investors mitigate currency risk in the face of this increase in volatility? This session will explore monetary policies of the global central banks, falling inflation and other cause and effects of the recent upheaval in interest rate and currency markets.

*Monday, June 8 to
Wednesday, June 10, 2015*

*Queen's Landing
Niagara-on-the-Lake*

2:30 – 3:30 **FOCUSING ON TANGIBLE REAL ASSETS: REAL ESTATE, INFRASTRUCTURE, FARMLAND AND TIMBERLANDS**

Moderated by: *Janet Greenwood, Senior Vice President, Investment Solutions, Aurion Capital Management*

David Kaposi, Chief Investment Officer, Ontario Power Generation

Tom Eisenhauer, President, Bonnefield Financial

Tom Valks, Senior Investment Manager, CMHC

As institutional investors struggle to balance long-term objectives with short-term needs, one identifiable trend has been a gradual increase in exposure to real assets – real estate, infrastructure, farmland and timberlands – into their portfolios, thus challenging the traditional portfolio 60/40 mix. This session will explore the impact that an increased exposure to a range of real assets can have on a portfolio, such as reduced volatility and potentially higher returns. In addition, we explore how portfolios that focused on domestic real asset investing may benefit from considering a more global approach across different real asset categories and geographies.

3:30 – 3:45 **Dialogue Break**

3:45 – 4:45 **2015 NID HONOUREE INTERVIEW AND PRESENTATION**

Honouree: *Doug Pearce, Retired CEO, bcIMC*

Interviewed by: *Emilian Groch, Retired CEO, Alberta Teachers' Retirement Fund*

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 Douglas Pearce, the former CEO of bcIMC, who retired in 2014 after a remarkable career of nearly 35 years, of which 25 years were involved leading the investment management of British Columbia's public sector pension plans. Doug's vision led to the establishment of bcIMC, now one of Canada's largest institutional investors, and with his leadership bcIMC was successfully managed through many challenging times and events in capital markets. He created a company with an international reputation of being a prudent, ethical and responsible investor,

We are also pleased that Doug will be interviewed by Emilian Groch, recently retired as CEO of the Alberta Teachers' Retirement Fund.

4:45 **Second Day Closing Remarks –**

Heather Cooke, Director, Institutional Clients, Unigestion Asset Management (Canada) Inc.

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7:00 - 9:30 **Pavilion Advisory Group is pleased to invite you to an exclusive Dinner with Niagara Sunset Cruises on board the Niagara Belle**

Come aboard and take in the sights and sounds. Enjoy a relaxing dinner while we sail down the Niagara River on this majestic paddle wheeler. The Niagara Belle is sure to enchant many as you enjoy your time on the beautiful Lower Niagara River!

Wednesday, June 10th

- 7:00 **Breakfast**
- 7:45 – 8:00 **Second Day Recap**
Marlene Puffer, Partner, Alignvest Investment Management
- 8:00 – 9:00 **FOCUSING CAPITAL ON THE LONG TERM**
Moderated by: *Drew McFadzean, Director, Global Investment Strategy, OPSEU Pension Trust*
Mark Blair, Director, Fixed Income and Alternative Investments, Ontario Teachers' Pension Plan
David Tien, Senior Portfolio Manager, Global Tactical Asset Allocation, Canada Pension Plan Investment Board
Thomas Dodd, Executive Director, Pavilion Advisory Group
Many plan sponsors believe that institutional investors have a duty to invest long term, since long-term investing contributes significantly to the process of value creation through the investment value chain. Long-term investors can capitalize on opportunities and reap the rewards foregone by short-term investors. This session explores the conclusions reached by the *Focusing Capital on the Long Term* initiative, founded by the Canada Pension Plan Investment Board and McKinsey & Company, in its recently published *Long-Term Portfolio Guide*.
- 9:00 – 10:00 **RISK PREMIUMS OR POPULARITY PREMIUMS?**
Moderated by: *Bruce Grantier, Former Managing Director, Pension Assets, Scotia Investment Management Ltd.*
Roger Ibbotson, Professor, Practice Emeritus of Finance, Yale School of Management
Daniel Kim, Director of Research, Zebra Capital Management
For many years, portfolio management theory and practice focused on three distinct investment styles: size, value/growth, and momentum. Now it appears there is a fourth: liquidity. Professor Ibbotson, one of the best-known finance researchers, and Daniel Kim in 2013 published research on why liquidity should join size, value/growth and momentum as an economically significant indicator of long-run equity returns. In this session they will build upon and generalize the ideas from that award-winning "Liquidity as an Investment Style" research.
- 10:00 – 10:15 **Dialogue Break**
- 10:15 – 11:15 **EMERGING MARKET INVESTING: RISKS AND OPPORTUNITIES**
Moderated by: *Zev Frishman, Executive Vice President & Chief Investment Officer, Open Access*
Karen Bater, Senior Fixed Income Investment Specialist, Aberdeen Asset Management
Andy Rothman, Investment Strategist, Matthews Asia
Tanya Lai, Managing Director, Public Markets, Ontario Pension Board
Earning solid risk-adjusted returns continues to be one of the most pressing concerns for Canadian institutional investors. The demand for stable, long-term assets is much greater than the supply in developed markets, forcing investors to look more and more to developing markets. But with turmoil in the oil and currency markets and its related impact on developing market economies, managing currency risk in emerging market investing may become more critical.



11:15 – 12:15 **MANAGING PENSION FUND RISKS: INTEREST RATE, INFLATION / DEFLATION, LONGEVITY RISKS ...**

Moderated by: *Malcolm Hamilton, Senior Fellow, C.D. Howe Institute*

André Choquet, Senior Consultant, Financial Risk Consulting, Aon Hewitt

Andrew Spence, Head of Liquid Alternatives, Scotia Institutional Asset Management

Hrvoje Lakota, Principal, Head Strategist Dynamic De-Risking Solutions, Mercer

Risk management is increasing in importance on the list of key issues facing Canadian institutional investors, and it will be even more important moving forward, according to recent surveys. While there are well-established strategies for managing interest rate risk, equity risk and inflation risk, the challenge of measuring and managing longevity is weighing heavily on plan sponsors. How best should plan sponsors manage the interplay of all of these risks? This session will explore the current thinking on risk management.

12:15 **Recap of the Sixth Annual Niagara Institutional Dialogue and Closing Remarks –**
Marlene Puffer, Partner, Alignvest Investment Management
Heather Cooke, Director, Institutional Clients, Unigestion Asset Management (Canada)

Close of the Sixth Annual Meeting of the Niagara Institutional Dialogue

12:30 – 1:30 **LUNCHEON: TECHNOLOGY, CYBERSECURITY, INTERNET OF THINGS, BIG DATA – THE BRAVE NEW WORLD IS HERE**

Michael Chui, Partner, McKinsey Global Institute

Geoffrey King, Director/Senior Advisor, Financial Services Industry, Cisco Canada

Technology is moving so quickly, and in so many directions, that it becomes challenging to pay attention – yet technology advancement continues to drive economic growth and, in many cases, unleash disruptive change. Huge advances are being made on many fronts – automation of knowledge, the Internet of Things (IoT), advanced robotics, next-generation genomics, energy storage, to name but a few. There will continue to be ongoing disruptions to established norms, and there will be broad societal challenges – but also immense opportunities. Advances will transform life, business and the global economy.

*** Please note that, while every effort will be made to present the program as advertised, speakers, topics and timing are subject to change due to circumstances beyond our control.**