



HAVE WE LEARNED ANYTHING?

**AGENDA
Monday, June 21st**

- 9:30 **Registration Opens**
- 10:20 – 10:25 **Welcome** – *Tony Sanfelice, Niagara Institutional Dialogue*
- 10:25 – 10:30 **Opening Remarks** – *Christopher Holt, Chartered Alternative Investment Analyst (CAIA) Association*
- 10:30 – 11:15 **OPENING KEYNOTE – Richard Bookstaber, Ph.D.**
Mapping the Market Genome
 - What do we need to know about the markets to avoid future crises?
 - What are the best regulatory approaches?
 - What is the future of hedge funds and innovative financial products?
- 11:20 – 12:05 **Counterparty Risk and the New Normal**
Brad Taylor, RBC Dexia Investor Services

The events of the past two years have shone a light on the nature and potential pitfalls of counterparty risk for investment managers. The business model of collateralizing trades is changing and new entrants are offering products to mitigate counterparty risk - who are these providers and what are the merits of these models?
Among the specific topics that will be detailed:

 - A review of counterparty collateral approaches
 - A case-study on the impact of counterparty risk: Lehman Brothers
 - Discussion of the approaches currently operating in the Canadian market
- 12:10 – 1:00 **Lunch**
Sponsored by: Marret Asset Management Inc.
- 1:05 – 1:50 **KEYNOTE: Scott Patterson, New York Times Bestselling author of *THE QUANTS: How a New Breed of Math Whizzes Conquered Wall Street and Nearly Destroyed It***
Scott Patterson discusses the experiences behind the book and how he came to write it. He will also enlarge upon the main themes surrounding quant investing, the problem with 'fat tails' and the reliance upon market equilibrium. Through his fascinating relationships with key characters both before and after the writing of his book, Scott Patterson presents a revealing exploration of quants and the hot world of high frequency trading.
- 1:55 – 2:40 **PANEL: Where are the Future Opportunities?**
Barry Allan, Marret Asset Management
Rob Jackson, Highstreet Asset Management
Tristram Lett, Integra Capital Management
Lionel Erdely, Lyxor Asset Management
Moderator: Christopher Holt, CAIA
In today's environment creating portfolios has never been more difficult; Will oil go up? Is China in a bubble? What will happen with the Euro? We can go on forever. Today's institutional investors are now looking beyond the traditional investment opinions and looking for structural rationale that market inefficiencies exist and are looking for both alpha and beta opportunities to add value. This panel will focus on the changing dynamics of various financial markets – dynamics that lay objective intellectual groundwork to provide alpha/beta separation.

- 2:40 – 2:55 **Break**
Sponsored by: Integra Capital Management
- 2:55 - 3:45 **Quant Panel**
Richard Bookstaber, Ph.D., Securities and Exchange Commission (SEC)
Rob Jackson, Highstreet Asset Management
Scott Patterson, The Wall Street Journal
Dr. William Shadwick, Omega Analysis Limited
Moderator: Tristram Lett, Integra Capital Management
 Given that we are so fortunate to have two celebrated authors on the topic of quantitative investing, the developer of the widely used Omega statistic and a highly regarded Canadian quantitative investment management firm with us, we thought it would be very informative for attendees to have the opportunity to dig deeper into this fascinating topic. This will be a Q&A session with Tristram Lett moderating.
- 3:45 – 3:50 **Closing Remarks – Christopher Holt, Chartered Alternative Investment Analyst (CAIA) Association**
- 6:00 - 7:00 **Reception** at the Prince of Wales Hotel
- 7:00 – 8:30 **Dinner** at the Prince of Wales Hotel
Sponsored by: RBC Dexia Investor Services
 Special Guest Speaker: *Clark Bernat, Niagara Historical Society & Museum*
- 8:30 – 9:30 **Scotch Tasting**

Tuesday, June 22nd

- 7:30-8:10 **Breakfast**
Sponsored by: Highstreet Asset Management
- 8:10 – 8:15 **Welcome Remarks – Christopher Holt, Chartered Alternative Investment Analyst (CAIA) Association**
- 8:15-9:00 **Don Ezra, Russell Investments**
New Perspectives on the Active/Passive Debate
 Whether to invest actively or passively shouldn't be an emotional decision, nor should it be based on analyses of the US equity market alone. Don presents a framework to decide when it would make sense to consider a departure from passive, to fit your own circumstances and beliefs.
- 9:05 – 9:40 **Active vs. Passive Debate**
Resolution: Hedge funds are worth the fees they charge
Greg Burgess, Newhaven Asset Management
James McGovern, Arrow Hedge Partners
 Following the British parliamentary model of debate, we have two highly qualified MPs who will debate this resolution. The Rt. Hon. James McGovern, Founder and CEO of Arrow Hedge Partners Inc., leader of the Government will argue in favour of the resolution. The Hon. Greg Burgess, Portfolio Manager, Newhaven Asset Management, leader of the Opposition will argue against the resolution. The Hon. Tristram Lett will act as Speaker of the House.
- 9:45 – 10:30 **The Right Answers to the Wrong Questions: A Brief History of Mathematics in Finance**
Dr. William Shadwick, Omega Analysis Limited
 In the physical sciences, mathematical models allow us to predict and control the future in a range of important circumstances. As Nobel Laureate Eugene Wigner said, this "leads in an uncanny number of cases to an amazingly accurate description of a large class of phenomena."
 Not so in finance (at least so far)! Dr. Shadwick will survey the history of attempts by economists to repeat the success of modeling in the physical sciences. This is a story of missed opportunities

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in which the right answers to the wrong questions have had a large impact on shaping the financial landscape we now inhabit.

10:30 – 10:45

Break

Sponsored by: KPMG

10:45 – 11:30

PANEL – Managed Accounts: What is the value proposition now?

Nathanael Benzaken, Lyxor Asset Management

Lionel Erdely, Lyxor Asset Management

Dave Finstad, Independent Consultant

Moderator: Christopher Holt, CAIA

Since the market collapse and a number of very serious hedge fund frauds, the interest in using managed accounts as the preferred implementation vehicle for hedge fund investments has skyrocketed. There is an uneasy relationship between investors who desire them and managers that are lukewarm about providing them. This session will explore these issues with acknowledged experts in the field on both the buy and sell sides.

11:35 – 12:20

PANEL: Managing Liquidity in Turbulent Times

Gerry Boychuk, Hamilton Municipal Retirement Fund

Philip Falls, UBC Investment Management Trust

John Ilkiw, Consultant (formerly CPPIB)

Moderator: Christopher Holt, CAIA

Three chief investment officers who are responsible for very different kinds of investment funds will relate their experiences in the recent market turbulence and how it affected their need for liquidity, whether it was essential or unnecessary. They will discuss how the market events altered their views on the disposition of the liquidity profile of their funds and what they are likely to do about going forward.

- Planning liquidity requirements in a cash negative vs. cash positive portfolio
- Which assets get sold when contributions, interest, dividends & other cash sources dry up
- How to meet cash needs to fund commitments from illiquid strategies
- Meeting mark-to-market requirements with no liquidity
- Managing cash in a low interest rate environment

12:25 – 1:15

Lunch

Sponsored by: BMO Exchange Traded Funds

1:20 – 2:05

What We Did Right and What We Did Wrong: Have We Learned Anything?

Dr. Bob Kamp, Telus Corporation

Bill Moriarty CFA, UTAM

Dr. Marlene Puffer, NAV CANADA

Moderator: Christopher Holt, CAIA

Three senior investment officers discuss their experiences during the market upheaval of 2008 and 2009. What areas of their investment policies and strategies did they learn were deficient in this time of extreme stress and which worked as they were expected to? These real life experiences will be very informative.

- Have they got the right kind of investment organizations managing their assets?
- Were there expensive operational failures?
- Can leverage be helpful and if so, what kind?
- Will they be making asset mix policy changes?

2:10 – 2:55

The Supply of Liquidity by the Federal Reserve During the Recent Crisis

Dr. Asani Sarkar, Federal Reserve Bank of New York

When stocks are added to the S&P500 index, their beta (with respect to the market) increases, indicating an increase in systematic risk. Previously, this puzzling result has been explained by behavioural biases of investors. We show that the change in systematic risk of stocks added to the S&P500 index can be explained by its pre-addition fundamentals, such as changes in earning and

market cap. We argue that investors are sometimes slow to recognize improvement in company fundamentals and events such as index additions serve to "verify" such improvements.

2:55 – 3:10

Break

Sponsored by: CAIA

3:10 – 3:55

Environmental Alpha: Institutional Investors and Climate Change

Dr. Angelo Calvello, Environmental Alpha LLC

- Sources of risk and drivers of returns
- Taxonomy of investments
- Sources of alpha
- Approach for fiduciaries

4:00 – 4:45

Carbon Counts: assessing the carbon footprint of Canadian institutional portfolios

Steven Price, WWF-Canada

Dr. Elisabeth Bourqui, Mercer

Julia Langer, Toronto Atmospheric Fund

- Managing the risks and opportunities associated with climate change and carbon emissions is an emerging practice. Awareness is growing. New tools are being developed. More research into the impact of carbon management and overall emissions on company performance is now recognized as best practice.
- Asset owners and their investment managers ought to become increasingly sophisticated in the way they consider, approach, measure and manage climate related risks.
- This session will aim at understanding how asset owners can undertake a carbon footprint analysis of their portfolio, and consider introducing related criteria into the selection and evaluation of fund managers.

4:45 – 4:55

Closing Remarks - Christopher Holt, Chartered Alternative Investment Analyst (CAIA) Association