Institutional Investor

INSTITUTIONAL INVESTOR SUMMIT

DACH

By Asset Owners, For Asset Owners

5 - 6 November 2019

The Dolder Grand | Zürich, Switzerland

INSTITUTIONAL INVESTOR INSTITUTE

BY ASSET OWNERS, FOR ASSET OWNERS

"RISK IS LIFE, LIFE IS RISK.

ONLY DEATH CORRESPONDS TO SUSTAINABLE EQUILIBRIUM. ANY INTERESTING OUT-OF-EQUILBRIUM SYSTEM (BIOLOGICAL, ECOLOGICAL, SOCIETAL, ECONOMIC AND SO ON) IS PRONE TO DOWNSIDE AS WELL AS UPSIDE RISKS, THE NON-CERTAIN OUTCOMES THAT GIVE RISE TO DISRUPTIONS AS WELL AS OPPORTUNITIES"

SUMMIT KEYNOTE SPEAKER: PROFESSOR DIDIER SORNETTE, CHAIR OF ENTREPRENEURIAL RISKS, SWISS FEDERAL INSTITUTE OF TECHNOLOGY

Our economic system, to use Prof. Sornette's words, does seem to be "out of equilibrium". Asset owners are facing an unprecedented environment, characterised by persistently low rates and a backdrop of low Eurozone growth, a potential recession and ongoing global geopoltical tensions.

Where's the upside in that? Join your peers to debate and find out.

PROGRAMME ADVICE

The following investment officials were kind enough to help us compile this year's most important topics for our 2019 agenda.

Summit Co-Chairs

Beat Wüst, Head of Asset Management, **Gastro Social**
Grégoire Haenni, Chief Investment Officer, **CPEG**

Advisory Board

Claudia Emele, Head of Investment, Managing Director Investment Foundation, **Avadis**
Christoph Zimmerman, Head of External Investments, **Compenswiss**
Cord Hinrichs and Tobias Müller, Head of Asset Allocation and Investment Director, **Corestone**
Frank Dietler, Senior Portfolio Manager, **F.Hoffmann-La Roche Ltd**
Guido Justen, Portfolio Manager Consulting, **Helaba Invest**
Hans Dieter Ohlrogge, Member of the Board, **IBM Pension Fund Germany**
Daniel Werner, Subject Specialist Manager Selection, **Mobiliar**
Patrick Uelfeti, Deputy Head of Asset Management, **PUBLICA**
Dr. Steffen Gehring, Chief Financial Officer and Legal Director, **Südwestmetall**
Michael Badura, Head of Risk/Compliance, **Versorgungswerk d Wirtschaftsprüfer NRW**
Felix Schlumpf, Head of Strategic Asset Allocation, **Zürich Insurance Company**

TUESDAY, 5 NOVEMBER

09.00 - 09.15	Registration
09.15 - 09.30	**Opening Remarks** Nouri Verghese, *Director*, Institutional Investor **Co-Chair:** Grégoire Haenni, *Chief Investment Officer*, **CPEG**
09.30 - 10.10	**The Future of the Eurozone** *Presentation* Lars Feld *Member*, **German Council of Economic Experts | Fünf Wirtschaftsweisen** *Director*, Walter Eucken Institut *Professor for Economic Policy,* University of Freiburg The move towards protectionist measures in Germany and France has been seen in political attempts to protect 'national champions' from Chinese and U.S. competition. Following Brexit, without a UK counterweight, this could become more pronounced. Some economists have already decried these attempts as state intervention which threatens the free market. As we enter a period of intensified competition between economic systems, who stands to win and lose and what are implications for markets?
10.10 - 10.30	**The Interest Rate Debate: Lower for Longer or Lower Forever?** *Debate* **Lower for Longer:** Drew Matus, *Chief Market Strategist*, **Metlife Investment Management** **Lower For Much, Much Longer:** Richard 'Dickie' Hodges, *Portfolio Manager - Global Dynamic Bond Fund,* **Nomura Asset Management** What 'rising rate environment'? After preparing for a shift in monetary policy, investors are now reconciled to the U.S. Federal Reserve's view that their current approach to low rates could remain in place "for some time". Meanwhile, by the time this conference takes place, the ECB may have implemented a new round of deposit rate cuts. Enter our debaters: should investors wait for "for some time" before normalising rates come back or should they expect a long-term structural change that is here to stay?
10.30 - 10.45	**What do About Those (Persistently) Low Yields** *Table Workshops* Following the previous debate, audience members will debate the findings at their tables.
10.45 - 11.15	Coffee Break

TUESDAY, 5 NOVEMBER

11.15 - 11.45

Approaches to Asset Allocation in Light of Persistently Low Yields

Panel

Beat Wüst, *Head of Asset Management*, **GastroSocial Pensionskasse**
Guenther Hobl, *Senior Advisor,* **Österreichische Nationalbank**

Following the previous debate, this group of practitioners will assess the previous arguments and tie them into the reality and constraints of their organisations. To what extent are these macro forecasts affecting the structure of investment portfolios?

11.45 - 12.15

Can You Implement a Carbon Reduction Program while Maintaining Returns?

Panel

Claudia Emele, *Head of Investment, Managing Director Investment Foundation*, **Avadis Vorsorge AG**
Gregoire Haenni, *Chief Investment Officer,* **CPEG**
Henrik Pontzen, *Head of ESG*, **Union Investment**

Some of the resistance to ESG and sustainability implementation – where it exists – comes from the view that such programs will not deliver strong risk-adjusted returns for members. Surely this is the central aim for those with fiduciary responsibility? What are the views of practitioners who have implemented ESG policies?

BREAKOUTS WILL RUN TWICE SO EACH DELEGATE CAN ATTEND TWO OUT OF THREE

12.15 - 13.00

CLIMATE

Climate Risk - Preparing Your Portfolio for a Two-Degree Rise

A recent report by the Transition Pathway Initiative shows that half of the world's highest-emitting companies do not adequately consider climate risk in operational decision making. If temperatures are set to rise, regardless of your views on ESG, what impact will this have on your portfolio and how can you manage the risks?

Moderators:

Wim Van Hyfte, *Global Head of Responsible Investments and Research,* **Candriam**

Josien Piek, *Head of EMEA,* **GRESB**

HEDGING

To Hedge Statically or Dynamically? That is the Question

Dynamic or static? Rule based or active? The routes to implementing a currency hedge are numerous and the debate has roared on for years without any definitive solution. Which parts of the portfolio are worth hedging? Does more hedging mean less risk or is there a limit to how much currency exposures should be protected?

Moderator:

André Siegrist, *Portfolio Manager Asset Management,* **PUBLICA**

EXTERNAL MANAGERS

What is the Optimum Number of External Managers for Your Portfolio?

You might say the question is so hard to answer that we may well have asked 'How long is a piece of string?' A recent study on behalf of a large pension fund client together with a Swiss university tried to shed some light on this, provide guidance and come up with a workable framework to ascertain an ideal range of external relationships.

Moderator:

Cord Hinrichs, *Head of Asset Allocation,* **Corestone Investment Managers**

13.00 - 14.20

Lunch

14.20 - 14.50

Preparing Your Portfolio for a Crash

Panel

Roger Hilty, *Head of Managed Futures, Co-Head of External Managers Platform,* **LGT**
Felix Schlumpf, *Head of Strategic Asset Allocation,* **Zurich Insurance Company AG**

The bull market can't go on forever. By the time of this Summit, it may already be over. How are investors responding to the possibility of a significant market correction? What active tools are at your disposal to ride out the tremors caused by the bubble bursting?

BREAKOUTS RUN FOR A SECOND TIME AND DELEGATES CHOOSE THE SECOND OUT OF THREE

14.50 - 15.30

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15.35 - 16.15

THE PENSION INDUSTRY

The Future of Pension Funds: Design to Need?

All over Europe questions are now arising over the sustainability of pensions paid out at defined rates, particularly for the generation now joining the workforce. What is the point of a pension fund in a world where guaranteed returns may no longer be possible? Will the industry continue in its current form or be disrupted?

Moderator:

Peter Naegeli, *President of the Board of Directors,* **Sammelstiftung Vita**

REAL ESTATE

Building an Asian Real Estate Allocation

For investors who want to continue the internationalisation of their real estate portfolios without taking on unnecessary risk, core Asia markets provide opportunities that can come with higher illiquidity and total expense. Is this always the case? How should investors be compensated? Are there ways to reduce costs?

Moderator:

Christoph Zimmerman, *Head of External Investments,* **Compenswiss**

ESG

Standards in ESG Integration and Manager Selection

Here's a brief list of complaints we hear from asset allocators trying to integrate ESG into their investment and manager selection process: lack of standardisation; proliferation of data sets; multiple sources of sometimes conflicting information; lack of clear definitions. Given this background, what are investors doing to work through to solutions?

Moderator:

Nouri Verghese, *Director,* **Institutional Investor**

16.15 - 16.45	Coffee Break
16.45 - 17.05	**Will MifID II Negatively Impact Fund Performance?** *Presentation* Neil Scarth, *Principal,* **FrostConsulting** The move by many asset managers to fund research via P&L has resulted in research budget cuts. Do indicators suggest performance risks could stem from these changes in research spending? Do these performance risks outweigh any research cost savings for asset owners? What is the evidence and how can asset owners identify and manage these new risks?
17.05 - 17.50	**Cocktails**
17.50 - 19.50	**Dinner and Annual Peer-to-Peer Awards**

WEDNESDAY, 6 NOVEMBER

09.30 - 09.40	**Co-Chair Welcome Remarks** Beat Wüst, *Head of Asset Management*, **GastroSocial Pensionskasse**
09.40 - 10.00	**How We Chose a China-Focused Manager: Moving Beyond the Index** *Presentation* Lela Prodani, *Senior Investment Analyst,* **Mercy Health** This representative of a U.S. foundation will detail how an organisation with limited resources was able to answer the question on many investors' lips: how to access China now? After deciding on their first country-specific allocation, how did the team decide between Greater China, All China and A-Shares? Off-shore and on-shore managers and opportunities? And what decisions did they take on benchmarking in the wider portfolio?
10.00 - 10.30	**The Increasing Importance of Global Diversification and China** *Panel* Steffen Gehring, *Chief Financial Officer and Legal Director*, **Südwestmetall e.V.** Rens Götz, *Head of Asset Management*, **ABB Group Pension** Heavy allocations to home markets by investors in the DACH region mean that geographic diversification remains a priority. At the same time, synchronisation in global growth is becoming more fragmented, leading investors to carefully consider how to balance their global exposures. Secondly, the liberalisation of China's capital markets offers a unique opportunity. How to assess its transparency and whether to access it through a single allocation or broader EM exposure is a key question.
10.30 - 10.45	**Table Workshops**
10.45 - 11.15	**Coffee**

11.15 - 11.45

Building Diversity in Private Debt Portfolios: Generalist or Niche Managers?

Panel

Guido Justen, *Portfolio Manager Consulting*, **Helaba Invest**
Dionysios Christopoulos, *Director, Private Debt, Investment Management,* **Zurich Insurance AG**

Given the amount of funding that has poured into leveraged loans and the upper mid-market, do investors believe these segments still can return value? Or does this trend, along with the worries about the end of the cycle, suggest that the most compelling opportunities are to be found off the beaten path?

11.45 - 12.05

The Impact of Regulatory Change on Investment Structures

Presentation

Hans Moritz, *Partner,* **CapstoneLaw**

The proposed Limited Qualified Investor Fund (L-QIF), expected to launch in 2020, will allow Swiss funds to be launched more quickly and cheaply in the future. How will this change investment structures for Swiss investors? How does this compare to practices in Germany and Austria?

12.05- 12.30

Can the ILS Market Weather the Storm of Climate Change?

Presentation with Q & A

Stephanie Spozio, *Senior Consultant,* **ECOFIN Consulting AG**

The metaphor in this session's title is unfortunately a reality for the ILS sector, which has faced an unprecedented period of catastrophes. Is this market sustainable in the face of climate change? Not only this, has a new reinsurance normal underlined by a flatter market cycle and lower pricing led to lower future returns for investors in this asset class?

12.30- 13.15

What Do Earthquake Predictions and Epilepsy Tell us About Financial Markets?

Presentation

Professor Didier Sornette, *Author,* **Why Stock Markets Crash: Critical Events in Complex Financial System**
Chair of Entrepreneurial Risks, **Swiss Federal Institute of Technology**

Alongside the roles noted above, the following list of other roles and responsibilities Prof. Sornette has occupied will go someway to explaining how he proposes to plot the relationship between earthquakes, epilepsy and markets. He is also a professor of the Swiss Finance Institute, and a professor associated with both the department of Physics and the department of Earth Sciences at ETH Zurich. He was previously jointly a Professor of Geophysics at UCLA, Los Angeles California (1996–2006) and a Research Professor at the French National Centre for Scientific Research (1981–2006), working on the theory and prediction of complex systems. Pioneer in econophysics, in 1994, he co-founded with Jean-Philippe Bouchaud the company Science et Finance, which later merged with Capital Fund Management (CFM) in 2000.

13.15 - 14.15

Lunch