



Pension Investment  
Association of Canada

Association canadienne des  
gestionnaires de caisses de retraite

## **Spring Conference Program**

**May 6 - 8, 2015**

### ***Rethinking Asset Allocation In Changing Times***



***Moncton, New Brunswick***

## Spring Conference Program



May 6 - 8, 2015

## *Rethinking Asset Allocation in Changing Times*

### The Delta Beauséjour Hotel

750 Main Street  
Moncton NB E1C 1E6

Phone: (506) 854-4344

### Host Hotel

Located near the airport in downtown Moncton, the geographic centre of the Maritimes, the Delta Beauséjour offers modern amenities minutes away from area attractions, such as the Petitcodiac River, Moncton Capitol Theatre, Dieppe City Hall and Dieppe Arts and Culture Centre. Also nearby are Moncton Market and theatre L'Escaouette. Premier among Moncton hotels, the eco-friendly Delta Beauséjour is renowned for its cuisine and conference facilities.

### Conference Attire

Day and Evening Sessions: Business Casual

### Conference Committee

Martin Belanger	(519) 661-2111	mbelang7@uwo.ca
Glenn Cleland	(506) 458-7510	cleland@unb.ca
Dan Goguen (Chair)	(506) 444.5800	dan.goguen@nbimc.com
Roman Kosarenko	(416) 965-5794	roman.kosarenko@weston.ca
Mike MacFarlane	(506) 632-4993	mike.macfarlane@ws-ts.nb.ca
Natasha Trainor	(709) 729-0224	natashatrainer@gov.nl.ca
Terri Troy	(902) 490-3297	troyt@halifax.ca

## Spring Conference Program

<i>Wednesday and Friday sessions are open to members only</i>	
<b>Thursday, May 7, 2015</b>	
7:30am – 8:25am	<b>Breakfast</b>
8:25am – 8:30am	<b>Opening Remarks:</b> Dan Goguen, Conference Chair
8:30am – 9:15am	<p><b>Making the Most When Markets Are Giving You the Least:</b> Cliff Asness, Managing and Founding Principal, AQR Capital</p> <p>The future is likely to disappoint many investors, as the forward-looking expected return of the traditional 60/40 portfolio is near historical lows. This presentation details how investors may be able to better position themselves by focusing on risk premia, risk allocation, and risk management.</p>
9:15am – 10:00am	<p><b>What Drives Performance:</b> Jacques Lussier, CEO and CIO, IPSol Capital</p> <p>There is more and more evidence that success in the field of investment has really very little to do with the ability to forecast returns. Instead, the evidence seems to suggest that long-term out-performance is more likely the result of just three forms of diversification. One kind of diversification emphasizes risk factors (such as market, value, size, momentum and liquidity) while the other two emphasize risk management and the methods available to avoid over and underpricing in traditional market indices. These three diversification-based investment processes can explain the performance of nearly all successful traditional managers as well as most quantitative and even passive products.</p>
10:00am – 10:30am	<b>Refreshment Break</b>
10:30am – 11:15am	<p><b>Exotic Beta:</b> Mark Carhart, Chief Investment Officer, Kepos Capital LP</p> <p>This session explores the practicalities of risk-factor investing. The key concepts covered will be risk factor selection, portfolio construction, and return and risk expectations.</p>
11:15am – 12:00pm	<p><b>Hedging for Pension Plans:</b> David Long, Senior Vice President &amp; Chief Investment Officer ALM, Derivatives &amp; Fixed Income, Healthcare of Ontario Pension Plan</p> <p>A discussion on risk-return choices available to pension plans.</p>
12:00pm – 1:15pm	<b>Luncheon</b>
1:15pm – 2:15pm	<p><b>Hedge Funds:</b> David Finstad, Director, Hedge Fund Management, OMERS and Josée Mondoux, Director of Investments, Canadian Medical Protective Association</p> <p>The world of hedge funds includes many different investment strategies. A large number of PIAC members have allocations to hedge funds while others do not. Why is that? Two separate presentations from PIAC members, one large-fund and one medium-sized fund, will help participants understand why each of the presenter's organizations believe hedge funds have a place in their investment programs. They will share with us:</p> <ul style="list-style-type: none"> <li>• backgrounds to introducing HF to their programs;</li> <li>• what type of strategies they employ;</li> <li>• how they gain exposure to hedge fund strategies (internal v. external);</li> <li>• views on management costs;</li> <li>• challenges in monitoring and reporting;</li> <li>• their thoughts on the scalability of the opportunity set within various strategies;</li> <li>• their views on recent developments in the industry (e.g., CalPERS decision to exit the space)</li> </ul> <p>The session will conclude with an interactive Q&amp;A session where audience members can share their thoughts and experiences.</p>
2:15pm – 3:00pm	<p><b>Measuring Risk in Illiquid Assets:</b> Peter Shepard, Executive Director, Research, MSCI</p> <p>How much risk is there in private market portfolios, such as real estate and private equity? How do you measure the risk on a like-to-like basis with publicly-traded assets? How much of the risk is driven by factors common with traditional assets versus factors unique to illiquid markets? What are the implications for private asset investments? MSCI has done extensive research in this area which they will discuss.</p>

3:00pm – 3:30pm	<b>Refreshment Break</b>
3:30pm – 4:30pm	<p><b>Solving the DC Retirement Challenge:</b> Robert Merton, School of Management Distinguished Professor of Finance, MIT Sloan School of Management; University Professor Emeritus, Harvard University; Resident Scientist, Dimensional Holdings</p> <p>The accelerating shift from DB to DC has put complex investment and financial planning decisions into the hands of individual plan members with little or no financial expertise. Despite sincere efforts at education by DC plan sponsors, plan members remain largely unaware of what is needed to successfully plan and manage their own retirement savings, with potentially disastrous consequences. Today’s typical DC structure incorrectly encourages members to manage only in terms of the current value of their savings, rather than focusing on the true and often very different goal of sustainable income in retirement. Lacking both a realistic view of their goals and a practical route to achieving them, DC members are often left to focus on a single savings number without any clear view on how this accumulated pool of savings might translate into a secure retirement income. For DC sponsors this situation represents both an educational challenge and a real risk as increasingly large cohorts of employees retire from DC plans with insufficient savings and no credible plan for generating retirement income. Robert will argue that DC plan practice and regulation must change to reprioritize secure income accumulation over wealth accumulation. He will discuss the practical implications for sponsors in creating a plan structure that helps members focus on retirement income, including the need to be realistic in their assessments during the accumulation phase and the importance of integrating all of their retirement dedicated assets into a single overall plan. He will make the case that a well-designed DC plan should always offer a “default” option: Namely an accumulation strategy , which provides a “no-effort” choice in which the investment strategies are selected automatically based on personal profile of the individual member, without the member providing any information or making any decisions. To support the critical post-retirement phase, Robert will propose a simple set of post-retirement portfolios that can serve to cover most retirees’ income situations and provide a relatively seamless transition experience from accumulation to draw down. For plan sponsors concerned about good outcomes for their DC plan members, Robert demonstrates a clear and compelling vision of how DC plans can truly succeed by shifting the focus from wealth to retirement income.</p>
4:30pm – 5:30pm Concurrent Workshop	<p><b>The Internationalization of the Renminbi:</b> Hayden Briscoe, Director – Asia Pacific Fixed Income, Alliance Bernstein</p> <p>The biggest capital market change in our lifetime may be the internationalization of the Renminbi. Currently, China has the third largest bond market in the world and its currency is on its way to becoming an international reserve currency. The most conservative global investors, the central banks, are already investing 5-25% of their FX reserves into RMB and Chinese government bonds. So why are institutional investors underweight both the bonds and the currency? Particularly for Canadian investors, exposure to the currency may make more sense than holding Canadian dollars. This presentation will address the risks, the opportunity and why we believe Canadian institutional investors should allocate to China bonds and currency. We’re not sure what the right amount is but we are positive that zero is the wrong answer.</p>
4:30pm – 5:30pm Concurrent Workshop	<p><b>The Evolution of Advice for DC Plan Members:</b> Sally Bradley-Golding, Vice President, Strategic Alliances, Financial Engines and Michelle Peshko, Glencore Canada Corporation</p> <p>Getting members of defined contribution pension plans to take an active role in managing their DC accounts has proven to be a difficult task for plan sponsors in Canada. There is some evidence that providing advice may be the best way to improve member outcomes, yet few plan sponsors in Canada currently offer advice. In this session we will explore how PIAC member DC plan sponsors currently address this issue and share the experiences of those few who have decided to provide advice. We will also learn about an approach to providing advice that is becoming more commonly used in the U.S., the differences in regulatory environments and explore whether or not a similar approach might make sense for Canada.</p>
6:30pm – 11:00pm	<b>Reception, Dinner &amp; Entertainment</b>

*\*Topics, speakers, and times are subject to change  
Photos courtesy of Tourism Moncton and Delta Hotels*



## Conference Faculty



### **Clifford Asness**

Managing and Founding Principal, AQR Capital Management, LLC

Cliff is a cofounder, Managing Principal and Chief Investment Officer at AQR Capital Management. He is an active researcher and has authored articles on many financial topics, including multiple publications in the Journal of Portfolio Management and the Financial Analysts Journal. He has received the best paper award from the Journal of Portfolio Management twice. From the Financial Analysts Journal he has twice received the Graham and Dodd Award for the year's best paper, a Graham and Dodd Excellence Award, the award for the best perspectives piece and the Graham & Dodd Readers' Choice Award. In 2006, CFA Institute presented Cliff with the James R. Vertin Award, which is periodically given to individuals who have produced a body of research notable for its relevance and enduring value to investment professionals. Prior to co-founding AQR Capital Management, he was a Managing Director and Director of Quantitative Research for the Asset Management Division of Goldman, Sachs & Co. He is on the editorial board of the Journal of Portfolio Management, the governing board of the Courant Institute of Mathematical Finance at NYU, the Board of Directors of the Q-Group and the Board of the International Rescue Committee. Cliff received a B.S. in economics from the Wharton School and a B.S. in engineering from the Moore School of Electrical Engineering at the University of Pennsylvania, graduating summa cum laude in both. He received an M.B.A. with high honors and a Ph.D. in finance from the University of Chicago, where he was Eugene Fama's student and teaching assistant for two years (so he still feels guilty when trying to beat the market).



### **Sally Bradley-Golding**

Vice President of Strategic Alliances, Financial Engines

Sally has been with Financial Engines for 10 years and brings more than twenty years in the employee benefits industry to her role. Prior to joining the company, Sally was a Relationship Manager at Fidelity Investments where she was responsible for the delivery of benefit outsourcing services to her clients.



### **Hayden Briscoe**

Director-Asia Pacific Fixed Income, Alliance Bernstein

Hayden joined AllianceBernstein in August 2009 and is responsible for the Asia Pacific Fixed Income business and for managing global and regionally focused portfolios. He was previously a senior member of the Fixed Interest team at Schroders Australia, where he was responsible for domestic and global fixed-income funds and served on the multi-asset team. Prior to joining Schroders, Hayden spent six years with Colonial First State Investments managing local and global bond funds, with tactical asset-allocation responsibilities. He spent nine years with Bankers Trust in investment banking, starting out in the treasury, trading bonds, before becoming a proprietary trader. Briscoe moved to Macquarie for a short time after the Bankers Trust merger before he joined Colonial First State. He holds a BA in economics from the University of New South Wales. He is based in Hong Kong.



**Mark Carhart**

Chief Investment Officer, Kepos Capital LP

Prior to Kepos, Mark was the Co-Chief Investment Officer of the Quantitative Investment Strategies Group at Goldman Sachs Asset Management, where the team managed over \$185 billion in assets at its peak. At Goldman Sachs, Mark was named Managing Director in 1999 and Partner in 2004. Prior to joining Goldman, Mark was an Assistant Professor of Finance and Business Economics at the Marshall School of Business at USC, a Senior Fellow of The Wharton Financial Institutions Center, and a consultant for Dimensional Fund Advisors (DFA) and Mercer Global Advisors. His publications include articles in *The Journal of Finance* and *The Review of Financial Studies* as well as several chapters in *Modern Investment Management: An Equilibrium Approach* (Wiley & Co.). Mark earned a B.A. from Yale University in 1988, became a CFA Charterholder in 1991 and received his Ph.D. from the University of Chicago Booth School of Business in 1995.



**Dave Finstad**

Director, Hedge Fund Management, OMERS Capital Markets

Based in OMERS' New York City office, Dave is responsible for leading a team to manage the hedge fund program for OMERS, a \$70 billion pension fund for municipal workers in Ontario. Prior to joining OMERS Capital Markets in 2010, Dave worked for AIMCo, the Workers' Compensation Board – Alberta and Russell Investments. He is a CFA charterholder and has a M.Sc. degree in Finance from the London School of Economics.



**David Long**

Senior Vice President & Chief Investment Officer ALM, Derivatives & Fixed Income, Healthcare of Ontario Pension Plan

David is responsible for Asset/Liability modeling and portfolio construction, Derivatives and Fixed Income, and Short Term and Foreign Exchange. David joined HOOPP in 2001 as a Senior Portfolio Manager and was later promoted to Vice President, Derivatives & Fixed Income. David was appointed Senior Vice President & Chief Investment Officer, ALM, Derivatives and Fixed Income, in 2011. David received his Bachelor of Science in mathematics from Brock University and his Masters of Mathematics and Ph.D. in statistics from the University of Waterloo. David also holds the Chartered Financial Analyst designation. David has been a key participant in the development of HOOPP's current derivatives portfolio strategy and a leader in establishing its current liability driven investment strategy. David is also a member of the HOOPP Asset Allocation Committee.



**Jacques Lussier**

CEO/CIO, IPSol Capital

Jacques started his career in academia at HEC Montreal from 1983 to 1994. He then spent 18 years at Desjardins Global Asset Management where he was Chief Investment Strategist until March 2013. He was responsible for portfolio policy and allocation for institutional and high net worth investors. His team was also responsible for the development and management of products based on systematic processes in the equity, commodity and asset allocation space. Since then, he has launched IPSOL Capital, a firm dedicated to the design and management of efficient portfolio solutions for pension and endowment funds. Jacques earned a Ph.D. in International Business. He is president of CFA Montreal, a member of the Regional Research Council for the Americas of the CFA Institute and a board member of Régie des Rentes du Québec. He is the author of "Successful Investing Is A Process" published by Bloomberg Press. Jacques will be publishing a new book in 2015 called "Rational Investing – The truth About Asset Management Expertise."



**Robert Merton**

School of Management Distinguished Professor of Finance, MIT Sloan School of Management  
University Professor Emeritus, Harvard University  
Resident Scientist, Dimensional Holdings, Inc.

Robert is the *School of Management Distinguished Professor of Finance* at the MIT Sloan School of Management and *University Professor Emeritus* at Harvard University. He was the *George Fisher Baker Professor of Business Administration* (1988–98) and the *John and Natty McArthur University Professor* (1998–2010) at Harvard Business School. After receiving a Ph.D. in Economics from MIT in 1970, Robert served on the finance faculty of MIT's Sloan School of Management until 1988 at which time he was J.C. Penney Professor of Management. He is currently Resident Scientist at Dimensional Holdings, Inc., where he developed a next-generation integrated pension-management solution system that addresses deficiencies associated with traditional defined-benefit and defined-contribution plans. Robert received the Alfred Nobel Memorial Prize in Economic Sciences in 1997 for a new method to determine the value of derivatives. He is past president of the American Finance Association, a member of the National Academy of Sciences, and a Fellow of the American Academy of Arts and Sciences. Robert's research focuses on finance theory, including lifecycle and retirement finance, optimal portfolio selection, capital asset pricing, pricing of derivative securities, credit risk, loan guarantees, financial innovation, the dynamics of institutional change, and improving the methods of measuring and managing macro-financial risk. Robert received a B.S. in Engineering Mathematics from Columbia University, a M.S. in Applied Mathematics from California Institute of Technology and a Ph.D. in Economics from Massachusetts Institute of Technology and honorary degrees from thirteen universities.



**Josée Mondoux**

Director of Investments, Canadian Medical Protective Association

Josée is Director of Investments for the Canadian Medical Protective Association (CMPA), responsible for the oversight of a \$3.3 billion Reserve for Claims. In her role, she provides strategic leadership and management to the CMPA's front office, namely the public assets and private assets units, as well as the middle office responsible for the performance and risk functions. Josée is the liaison to the Investment Committee and holds the CFA, CAIA, FMA and FCSI designations.



**Michelle Peshko**

Glencore Canada Corporation

Michelle is charged with development of investment policies and strategic objectives for \$3B in assets for Glencore Canada's DB pension plans and various capital accumulation plans. She spearheads the implementation of investment changes across all asset classes and holds responsibility for all fund activities and operations. Michelle is an active volunteer on PIAC's Investment Practices Committee and DC Working Group, and recently completed the maximum term as a PIAC Board member. Michelle is an advisor to FSCO's Investment Advisory Committee.



**Peter Shepard**

Executive Director, Research MSCI

Peter is Executive Director and Head of Multi-Asset Class and Alternatives Research at MSCI. He led development of the Barra Integrated Model, spanning global stocks, bonds, commodities, currencies, hedge funds, volatility futures, and most recently global private real estate and private equity. Previously, he was an architect of the Barra Global Equity Model, and has also done research in portfolio construction and fixed income. Peter holds a PhD in theoretical physics from the University of California at Berkeley, where he researched string theory and the quantum theory of gravity. He has publications in theoretical physics and finance. Peter also holds a Bachelors degree in physics and mathematics from Brown University.



**Required Information**

Delegate Name (to appear on badge)			
Organization			
Telephone / Fax		Email (Required):	
Dietary Restrictions			
I wish to receive my conference package: <input type="checkbox"/> digitally only <input type="checkbox"/> as a printed booklet <input type="checkbox"/> as both a digital and printed booklet			

**Conference Registration Fee**

	Early Bird				After March 27, 2015			
	FEE	HST	TOTAL		FEE	HST	TOTAL	
Non-Member Registration	\$1,250.00	\$162.50	\$1,412.50	<input type="checkbox"/>	\$1,350.00	\$175.50	\$1,525.50	<input type="checkbox"/>
HST#128614211	<b>TOTAL \$</b>				<b>TOTAL \$</b>			

**Cancellation Fee**

Please notify the PIAC office by email: [info@piacweb.org](mailto:info@piacweb.org)

<i>Cancelling after:</i>	5 PM EST April 15, 2015	\$100.00 + HST
	5 PM EST April 29, 2015	\$200.00 + HST

**Payment Options**

<input type="checkbox"/> Cheque	Please make cheque payable to: <b>The Pension Investment Association of Canada, 123 – 20 Carlton Street, Toronto ON, M5B 2H5.</b>	
	<input type="checkbox"/> VISA <input type="checkbox"/> MasterCard	
Credit Card No:		Exp: /
Name on Card:	Signature:	
Complete credit card details and fax back to the PIAC office at <b>(416) 585-3005</b> or email <a href="mailto:info@piacweb.org">info@piacweb.org</a> Please feel free to contact the office at (416) 640-0264 to provide credit card details.		

**Hotel Accommodation**

**Arrival date is Wednesday, May 6 and departure date is Friday, May 8 unless otherwise noted.**

Accommodation will be booked according to the date on which the conference registration is received. The deadline for booking accommodation is March 27, 2014. PIAC cannot guarantee your accommodation if your request is not received by that date.

<input type="checkbox"/> Room \$159.00 + taxes	Check-in time is <b>4:00 PM</b> and check-out time is <b>12:00 PM</b> .
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**Arriving Early or Departing Later**

The hotel is offering the conference rates for 3 nights prior and 3 nights following the conference dates depending on availability.

Additional Nights Required:	
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Please notify the PIAC office of any change to your accommodation requirements. Note that changes or cancellations to hotel reservations occurring within 72 hours of the check-in date may be subject to a penalty. This includes “no shows” and early departures.

**Email completed registration to [info@piacweb.org](mailto:info@piacweb.org) or fax to 416-585-3005**