portfolio construction forum

MARKETS SUMMIT

The Great Escape

What will markets be like in the QE run out?

18 February 2014

RESOURCES KIT WORKBOOK

Your name:

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portfolio construction forum

Five exceptional, interactive professional development programs

PortfolioConstruction Forum Conference — **Sydney | August**
facilitating debate on the markets, strategies and investing — **live program plus online Resources Kit**

Since 2002, Conference has gained a reputation as THE investment conference of the year. It is a jam-packed, marathon three-day, 25-hour program featuring 40+ intensive, objective, interactive sessions and more than 50 carefully selected local and international portfolio construction experts. Strictly limited to 510 delegates, Conference will challenge and refresh your portfolio construction thinking, giving you tangible and meaningful takeouts to apply in practice to build better quality investor portfolios.

PortfolioConstruction Forum Markets Summit — **Sydney | February**
facilitating debate on the outlook for the markets — **live program plus online Resources Kit**

Markets Summit is THE investment markets scene setter of the year. The program features 15+ independently selected, international and local economists, asset allocation strategists and market specialists discussing the three-year outlook for the global economy, key markets and asset classes – and the implications for portfolios. Strictly limited to 510 delegates, Markets Summit will help you understand the key drivers and outlook for investment markets over the coming three years, and the implications for portfolio construction.

PortfolioConstruction Forum Academy — **Sydney | Nov, Feb, Apr, Jun**
advancing portfolio construction knowledge and wisdom — **live program plus online Resources Kit**

Academy is a post-graduate extension program to our other programs. The annual curriculum comprises four exclusive, research-based, active-learning Seminars on contemporary portfolio construction issues, plus optional, ad-hoc extension sessions, including Research Roundtable. It is a small, high-quality peer group environment where in-depth Socratic debate and active discussion is expected! Open to a select group of 75 (max) senior, experienced portfolio practitioners, Academy will enable you to continuously develop, test, and validate your portfolio construction philosophy and decision-making framework.

PortfolioConstruction Forum Symposium NZ — **Auckland | May**
pillars for building better quality investor portfolios — **live program plus online Resources Kit**

Symposium facilitates debate on the three pillars of portfolio construction – markets, strategies and investing. It is THE New Zealand investment conference of the year, designed for NZ portfolio construction practitioners. The jam-packed program features 20+ investment professionals from around the world. Symposium will challenge and refresh your portfolio construction thinking, giving you tangible and meaningful takeouts to apply in practice to build better quality investor portfolios.

PortfolioConstruction Forum Perspectives — **Daily**
research & opinion about markets, strategies and investing — **online library**

Perspectives is a unique and exclusive selection of investment perspectives from our core faculty and Learning Partners. It features exclusive interviews, research papers, white papers, opinion papers and special interest subscription services from local and international subject matter experts. It's an easy to use, continuously updated and fully searchable library compiled by our team of in-house experts. Perspectives will help you more efficiently and effectively stay on top of key issues and challenges in building quality investor portfolios.

... and PortfolioConstruction.com.au, our multi-media learning centre

For more information go to www.PortfolioConstruction.com.au

another brilliant! publication

The Great Escape

We're delighted to have you with us for PortfolioConstruction Forum Markets Summit 2014!

Prior to the GFC, the standard wisdom was that central banks could do little when faced with the 'zero lower bound' for interest rates. But since late 2008, most major developed countries or zones have instigated some form of Unconvential Monetary Policy. Of course, Unconventional Monetary Policy – covering QE, forward guidance, asset buying – has only been tried a handful of times over the last century, mostly in the past five years. How and when will it end? And what does that mean for the markets?

UMP and its intended and unintended consequences is a rich and complex topic and one that is critical for all portfolio construction practitioners to understand due to its impact on the markets, and therefore investment portfolios over the coming three to five years, and beyond.

Markets Summit 2014 features a stellar line up of international and local geopolitical specialists, economists, market/asset class experts, and investment strategists. Each is offering, in a succinct 20-minute presentation, a high conviction idea regarding the impact of Unconventional Monetary Policy on the medium-term outlook for the global economy, a key market or asset class.

By the end of today, you will have a baker's dozen of expert, high conviction ideas to consider applying when building portfolios. And, you'll have been part of what is a studio audience for each of the live presentations as they're filmed to be broadcast via the online Resources Kit of content available after Markets Summit for you to refer to as part of your ongoing CPD.

Once again – welcome to Markets Summit 2014!

Deirdre Keown
Managing Editor

Graham Rich
Publisher

ACCESS THE ONLINE RESOURCES KIT

What's this? It's a QR Code. If you have a reader on your smartphone or tablet, you can scan this QR code and go direct to the 2014 Markets Summit Resources Kit. If you haven't yet downloaded a QR code app, we recommend QR Droid. Or, you can get there the traditional way – just go to http://portfolioconstruction.com.au/markets-summit/2014-Markets-Summit-Resources-Kit

Getting the most from Markets Summit

Tick if done

☐ 1. Treat the Markets Summit program as one whole

Markets Summit is an end-to-end, integrated learning program – a journey – not just an eclectic mix of sessions. All sessions address different key issues directly related to the theme, in a succinct and definitive way, to ensure that delegates take away a clear set of expert, high conviction ideas to consider when building investor portfolios once back in the office.

☐ 2. Use the Gizmo to submit your questions and ratings (this is absolutely essential to get your CPD)

Use your Gizmo to submit your questions. One or two will be addressed in session and the rest will be addressed by our faculty via video made available on the Resources Kit. You must answer the Gizmo questions Graham asks each session to prove your attendance. CPD will only allocated if you demonstrate via the Gizmos that you attended the full program i.e. every session from start to finish.

☐ 3. Twitter.com

Join Twitter.com, post your comments, and follow all delegates' comments @PortfolioForum.

☐ 4. Choose your Asset Class Forum session

Identify a first and second choice. Don't worry if you don't get into your first preference. The online Resources Kit will contain sync'd slides/podcasts for each ACF so you can "attend" them all.

☐ 5. Use this Resources Kit Handbook

Put your name on the cover now – and keep it with you at all times! Take notes, record your Key Takeouts, use the check boxes on the Timetable to note which sessions you want to revisit via the online Resources Kit. Afterwards, create a Dropbox folder (Dropbox.com) for electronic copies of the papers and presentations. Use the Handbook as a quick reference in future.

☐ 6. Make full use of the networking opportunities

Interact with our Faculty, Partners and your fellow Practitioners in the Cafe. Get their takeouts!!!

☐ 7. Book a one-hour review session with yourself for next week. Do it now, or you may never!

Spend an hour next week reviewing your Key Takeouts. Share them with your colleagues and clients.

☐ 8. Plan your follow up

Plan the specific actions you'll take as a result of Markets Summit, to build better quality portfolios.

☐ 9. Make the most of the online Resources Kit (PortfolioConstruction.com.au) and CPD Campus

From Monday, we'll add videos, presentations and podcasts to the Resources Kit. Revisit the sessions – it's a lot to take in on the day – and "attend" the ACF sessions you missed. Add your comments!

☐ 10. Read the weekly PortfolioConstruction Forum Fodder email

It alerts you to new Perspectives added to our multi-media learning centre, PortfolioConstruction.com.au, along with details about upcoming programs and what's new on CPD Campus.

Timetable

			Review later
Critical Issues Forum 1	Theatre	8.30am-8.50am	
The Great Escape – Graham Rich, Publisher, PortfolioConstruction Forum			☐
Critical Issues Forum 2	Theatre	8.50am-9.15am	
The unintended consequences of ultra easy monetary policy – Dr Horace "Woody" Brock, President, SED (New York)			☐
Critical issues Forum 3	Theatre	9.15am-9.40am	
QE and navigating the Great Escape - Jonathan Pain, Editor, The Pain Report (Sydney)			☐
Critical issues Forum 4	Theatre	9.40am-10.05am	
Are the Fed and PBoC ahead of or behind the curve? - Dr Robert Gay, MD, Fenwick Advisers (New York)			☐
Morning tea	**Cafe**	**10.05am-10.35am**	
Critical Issues Forum 5	Theatre	10.35am-11.00am	
The sweet spot of the global economy - Dr Oliver Hartwich, Exec Director, The New Zealand Initiative (Wellington)			☐
Critical Issues Forum 6	Theatre	11.00am-11.30am	
The end of Unconventional Monetary Policy - David Hale, Chairman, David Hale Global Economics (Chicago)			☐
Critical Issues Forum 7	Theatre	11.30am-12.00pm	
Does the end of QE mean the end of the yield play? - Russ Koesterich, Chief Inv Strategist, BlackRock (San Francisco)			☐
Lunch	**Cafe**	**12.00pm-12.35pm**	
Asset Class Forum	Rooms 1-5	12.45pm-1.15pm	
Room 1 Gl Debt Deploying TAA across credit will be critical as QE unwinds - Robert Waldner, Invesco (Atlanta)			☐
Room 2 Au Equity Is index investing simply a case of indifference? - Alex Milton, Novaport Capital (Sydney)			☐
Room 3 Multi-Asset Inflation risk - will QE ruin retirement? - Dr Susan Gosling, MLC (Sydney)			☐
Room 4 Multi-Asset Can Central Bankers negotiate the B.U.M.P. without crashing? - Nick Bullman, CheckRisk (London)			☐
Room 5 Multi-Asset There will be no Great Escape without a Great Unwind - Tim Farrelly, farrelly's (Sydney)			☐
Critical Issues Forum 8	Theatre	1.25pm-1.55pm	
Bonds are a cheap insurance policy - Robert Mead, MD & Head Portfolio Management Australia, PIMCO (Sydney)			☐
Critical Issues Forum 9	Theatre	1.55pm-2.25pm	
From liquidity surfing to bull running - Tai Hui, Chief Market Strategist Asia, JP Morgan Asset Management (HK)			☐
Afternoon tea	**Atrium**	**2.25pm-2.45pm**	
Critical Issues Forum 10	Theatre	2.45pm-3.15pm	
The US recovery will surprise on the upside - Hamish Douglass, CEO & PM, Magellan Financial Group (Sydney)			☐
Critical Issues Forum 11	Theatre	3.15pm-3.45pm	
Quantitative Squeezing; Differentiation in EM Investing - Kathryn Koch, Goldman Sachs Asset Mgmt (London)			☐
Critical issues Forum 12	Theatre	3.45pm-4.15pm	
The Wrong Route to the Right Destination? - Ronald Temple, MD & PM, Lazard Asset Management (New York)			☐
Critical issues Forum 13	Theatre	4.30pm-5.30pm	
The Great Debate: Motion 1 - DME v EME. Motion 2 - LDB v SDB - Markets Summit Investment Board Meeting			☐
Critical issues Forum 14	Theatre	5.30pm-6.15pm	
The Aquarium Theory of Investing - Brian Singer, Head of Dynamic Asset Allocation, William Blair & Co (Chicago)			☐
Networking Reception	**Atrium**	**6.15pm-7.45pm**	

Faculty directory

Critical Issues Forum Moderator
- Graham Rich, Publisher, PortfolioConstruction Forum

Critical Issues Faculty (in order of appearance)
- Graham Rich, Publisher, PortfolioConstruction Forum
- Dr Horace "Woody" Brock, President, Strategic Economic Decisions (New York)
- Jonathan Pain, Editor, The Pain Report (Sydney)
- Dr Robert Gay, Managing Partner, Fenwick Advisers (New York)
- Dr Oliver Hartwich, Executive Director, The New Zealand Initiative (Wellington)
- David Hale, Founding Chairman, David Hale Global Economics (Chicago)
- Russ Koesterich, CFA, Chief Investment Strategist, BlackRock (San Francisco)
- Robert Mead, MD & Head of Portfolio Management Australia, PIMCO (Sydney)
- Tai Hui, Chief Market Strategist Asia, JP Morgan Asset Management (HK)
- Hamish Douglass, CEO & Portfolio Manager, Magellan Financial Group (Sydney)
- Kathryn Koch, Head Gl Portfolio Solns EMEA & Asia ex-Jap, Goldman Sachs Asset Mgmt (London)
- Ronald Temple, CFA, MD & PM, Lazard Asset Management (New York)
- Brian Singer, CFA, Partner & Head of Dynamic Asset Allocation, William Blair & Co (Chicago)

Critical Issues Forum Commentators
- Tim Farrelly, Principal, farrelly's Investment Strategy (Sydney)
- Nicholas Bullman, Founder, CheckRisk (London)

Asset Class Forum Faculty
- Robert Waldner, Chief Strategist & Head of Multi-Sector, Invesco (Atlanta)
- Alex Milton, Principal & Co-Portfolio Manager, Novaport Capital (Sydney)
- Dr Susan Gosling, Head of Investments, MLC (Sydney)
- Nicholas Bullman, Founder, CheckRisk (London)
- Tim Farrelly, Principal, farrelly's Investment Strategy (Sydney)

Asset Class Forum Moderators
- Angela Ashton, Accreditation Editor, PortfolioConstruction Forum
- Krystyna Weston, Director Member Services, PortfolioConstruction Forum
- Sandi Orleow, Principal, Orleow Consulting
- Amanda Connor

Gizmo Partners
- netwealth Investments
- IRESS

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CRITICAL ISSUES FORUM SESSION WORKSHEETS

Critical Issues Forum 2

The unintended consequences of ultra easy monetary policy

There are at least a dozen ways in which today's long period of very easy money and very low yields has distorted the workings of the global financial system. This will cause unintended consequences in the near future as QE is ended, and as the funds rate is driven back up from near zero. Many of these will be adverse consequences.

Presentation Dr Horace "Woody" Brock, President, Strategic Economic Decisions (New York)
Dr Brock has spent more than 25 years counseling global corporations, governments and institutions who benefit from his in-depth analysis of ongoing structural changes in the global economy. His firm, Strategic Economic Decisions, is a world renowned economic think tank.

Your rating

☐ Awful ☐ Mediocre ☐ Good ☐ Excellent

Critical Issues Forum 3

QE and navigating the Great Escape

When central banks from around the world united to do whatever it took to save the world, they launched the mother of all monetary experiments for which we have no roadmap. The majority of the world will see an improvement in economic growth this year – and, equities remain by far and away the most attractive asset class. But, they will see much greater volatility this year and require a more nimble approach to asset allocation.

Presentation Jonathan Pain, Editor, The Pain Report (Sydney)
The Pain Report is an independent and global perspective of financial markets and world economy, free of Wall Street spin. Jonathan is a regular key note presenter at PortfolioConstruction Forum's programs where over the years, he has debuted many new investment theses. He is a member of the PortfolioConstruction Forum core faculty of leading investment professionals.

Your rating

☐ Awful ☐ Mediocre ☐ Good ☐ Excellent

Critical Issues Forum 4

Are the Fed and PBoC ahead of or behind the curve?

The prospects for a recovery in the world economy rested squarely on the shoulders of its two biggest economies – the US and China. The performance of financial markets over the next few years will depend critically on how well the Fed and PBOC manage an exodus from their respective, and unsustainable, policy frameworks. If they prove to be prescient and 'ahead of the curve', financial markets will flourish; if they dawdle, we will witness yet another boom and bust cycle that ends in tears. As long as their policies remain asynchronous modes – the PBOC tightening and the Fed at zero rates – the one inevitable byproduct will be a stronger renminbi.

Presentation Dr Robert Gay, Managing Partner, Fenwick Advisers (New York)
– brought to you by Stratton Street
Fenwick Advisers is a financial consultancy serving global investment banks, hedge funds, and other fund managers and financial institutions. Prior to forming Fenwick Advisers, Dr Gay served as international economist and global strategist Morgan Stanley, Bankers Trust and Commerzbank AG. He spent eight years as Senior Economist with the Board of Governors of the Federal Reserve System in Washington, DC, primarily during the chairmanship of Paul Volcker.

Your rating

☐ Awful ☐ Mediocre ☐ Good ☐ Excellent

Critical Issues Forum 5

The sweet spot of the global economy

The global economy may be trying 'The Great Escape' from the many financial crises of the past years but there is no doubt that some countries are better placed for this than others. In particular, Australia and New Zealand have the chance to be among the rock star economies of the 21st century. With their relatively young populations, strong primary sectors and geographical location, they have a chance to avoid the fate of other OECD nations. But are Australians and Kiwis aware of their good fortunes? Or are they bound to repeat the mistakes of the Old World?

Presentation Dr Oliver Hartwich, Executive Director, The New Zealand Initiative (Wellington)
Before joining the Initiative, Oliver was a Research Fellow at the Centre for Independent Studies in Sydney, Chief Economist at Policy Exchange in London, and an advisor in the UK House of Lords. He holds a Master's degree in Economics and Business Administration and a Ph.D. in Law. His work has covered a wide range of public policy topics, and he is a frequent and popular guest commentator on TV and radio in Australia, NZ and the UK. He is published in major newspapers in Britain, Germany, Switzerland, NZ and Australia including a weekly column for the Australian Business Spectator.

Your rating

☐ Awful ☐ Mediocre ☐ Good ☐ Excellent

Critical Issues Forum 6

The end of Unconventional Monetary Policy

Following a half decade of weakness, robust output growth in the US and UK is setting the stage for unconventional monetary policies to be unwound and calling into question forward guidance policies. In the US, the most important factor in determining the pace of policy normalisation is the evolution of the labor force participation rate. By contrast, with a looming hike in the value-added tax and a Bank of Japan Governor committed to eradicating deflation, Japan is set to ramp up its unconventional monetary policies in the coming years. The final verdict on unconventional policies remains years away.

Presentation David Hale, Founding Chairman, David Hale Global Economics (Chicago)
– brought to you by RARE Infrastructure
David Hale is a Chicago-based global economist whose clients include asset management companies in North America, Europe, Asia, and Africa. He is a member of the Investment Advisory Board of RARE Infrastructure. David lectures worldwide including at the World Economic Forum and Fortune Global CEO Conference and he has frequently testified before Congressional committees on domestic and international economic policy issues, as well as briefing senior officials in the executive branch, including former President George W. Bush.

Your rating

☐ Awful ☐ Mediocre ☐ Good ☐ Excellent

Critical Issues Forum 7

Does the end of QE mean the end of the yield play?

Over the past several years, low beta equities have disproportionately benefitted from an environment in which real-interest rates were artificially low, and in many cases negative. As Central Banks attempt to normalise monetary policy, real-interest rates are rising and are likely to continue to do so. This represents a headwind for many segments of the equity market, most notably the bond market proxies. However, it does not mean the end of the global hunt for yield, as short-term rates are likely to remain low for a prolonged period of time. Investors will still need to source yield, they will simply have to be more creative on how they do it.

Presentation Russ Koesterich, CFA, Chief Investment Strategist, BlackRock (San Francisco)
Russ is a founding member of the Blackrock Investment Institute, delivering BlackRock's insights on global investment issues. During his 20-plus year career as an investment researcher and strategist, he has served as the Global Head of Investment Strategy for scientific active equities and as senior portfolio manager in the US Market Neutral Group at BlackRock. He is a frequent contributor to financial news media and can regularly be seen on CNBC, Fox Business News and Bloomberg TV.

Your rating

☐ Awful ☐ Mediocre ☐ Good ☐ Excellent

Critical Issues Forum 8

Bonds are a cheap insurance policy

The key differentiator for bonds compared to any other asset class is that capital price volatility, as witnessed through 2013, does not equal permanent loss for the investor. Moreover, losses on bonds offer greater forward-looking yields for new investments. Consequently, we should think about bonds as an insurance policy for portfolios. With higher yields available in diversified bond funds today than in 2013, very cheap insurance is now even better able to pay for any hurdles facing portfolios in 2014.

Presentation Robert Mead, MD & Head of Portfolio Management Australia, PIMCO (Sydney)
In addition to his role as a managing director in PIMCO's Sydney office, Robert is head of portfolio management in Australia and head of Asia-Pacific credit portfolio management. Previously, he was a portfolio manager in Munich and head of PIMCO's European investment grade corporate bond team. Prior to joining PIMCO in 2003, he was global head of investment grade credit research and head of non-US high grade fund management at Citigroup Asset Management in London.

Your rating

☐ Awful ☐ Mediocre ☐ Good ☐ Excellent

Critical Issues Forum 9

From liquidity surfing to bull running

As the Fed starts its multi-year monetary policy normalization, fixed income's extended run of high return and low volatility is coming to an end and will require more active management. Portfolio rebalancing towards equities, including emerging markets, is necessary to maintain investment returns, albeit with greater exposure to volatility. Diversification and a firm long term investment objective are critical.

Presentation Tai Hui, Chief Market Strategist Asia, JP Morgan Asset Management (HK)
Tai formulates and disseminates J.P. Morgan Funds' view on the markets, economy and investing to financial advisers and their clients in the Asia region. Prior to joining J.P. Morgan, Tai served as the Regional Head of Research (Asia) with Standard Chartered Bank in Singapore, covering the economic and financial development of the Asia region, and delivering his analysis to corporate and institutional clients.

Your rating

☐ Awful ☐ Mediocre ☐ Good ☐ Excellent

Critical Issues Forum 10

The US recovery will surprise on the upside

The US is undeniably the critical market for global investment markets. But many commentators suggest that while the US is recovering, growth will remain subdued and the country's best days are in the past. However, there are real sign-posts that clearly suggest that the US is off its knees, has dusted itself off and is ready to surprise the world on the upside! This thesis has significant implications for investment markets, the unwinding of QE and portfolio construction.

Presentation Hamish Douglass, CEO & Portfolio Manager, Magellan Financial Group (Sydney)
Hamish co-founded Magellan Financial Group and is the Portfolio Manager for the Magellan Global Fund. Previously, he was Co-Head of Global Banking for Deutsche Bank AG in Australia and New Zealand. He is a member of the Australian Government's Foreign Investment Review Board (FIRB), a member of the Australian Government's Financial Literacy Board, a member of the Australian Government's Takeovers Panel and is a member of the Forum of Young Global Leaders – World Economic Forum.

Your rating

☐ Awful ☐ Mediocre ☐ Good ☐ Excellent

Critical Issues Forum 11

Quantitative Squeezing – Differentiation in EM Investing

Emerging Markets were a focal point for major shifts in the global investment environment in 2013, repricing as the tailwinds of US stimulus, strong commodity prices and China's boom subsided. Going forward, we believe the performance of EM assets will depend to a greater extent on their individual merits. More than ever, it will pay to differentiate between asset classes and countries within Emerging Markets.

Presentation Kathryn Koch, Head of the Global Portfolio Solutions EMEA & Asia ex Japan, Goldman Sachs Asset Management (London)

Katie is a member of the GPS Investment Committee which provides multi-asset class products and solutions. In addition, she leads the growth markets strategy for Goldman Sachs Asset Management. Previously, Katie was a senior portfolio strategist and chief of staff in the Office of the Chairman working with Jim O'Neill, where she focused on GSAM's growth markets strategy.

Your rating

☐ Awful ☐ Mediocre ☐ Good ☐ Excellent

Critical Issues Forum 12

The Wrong Route to the Right Destination?

The current environment is so globally interconnected, leveraged and complex that investors cannot simply rely on historical reference alone to guide their journey through this unprecedented situation. Investors must challenge common assumptions about the US and emerging markets to ensure they are focusing on the best available routes to the right destination.

Presentation Ronald Temple, CFA, MD & PM, Lazard Asset Management (New York)

Ron is a Portfolio Manager/Analyst on the Global Equity Select team and large cap US equity team. He is also Co-Director of Research and has primary research coverage of the financials sector. He joined Lazard in 2001 with ten years of global experience including fixed-income derivative trading, risk management, corporate finance and corporate strategy in roles at Deutsche Bank AG, Bank of America NT & SA and Fleet Financial Group in London, New York, Singapore, San Francisco, and Boston.

Your rating

☐ Awful ☐ Mediocre ☐ Good ☐ Excellent

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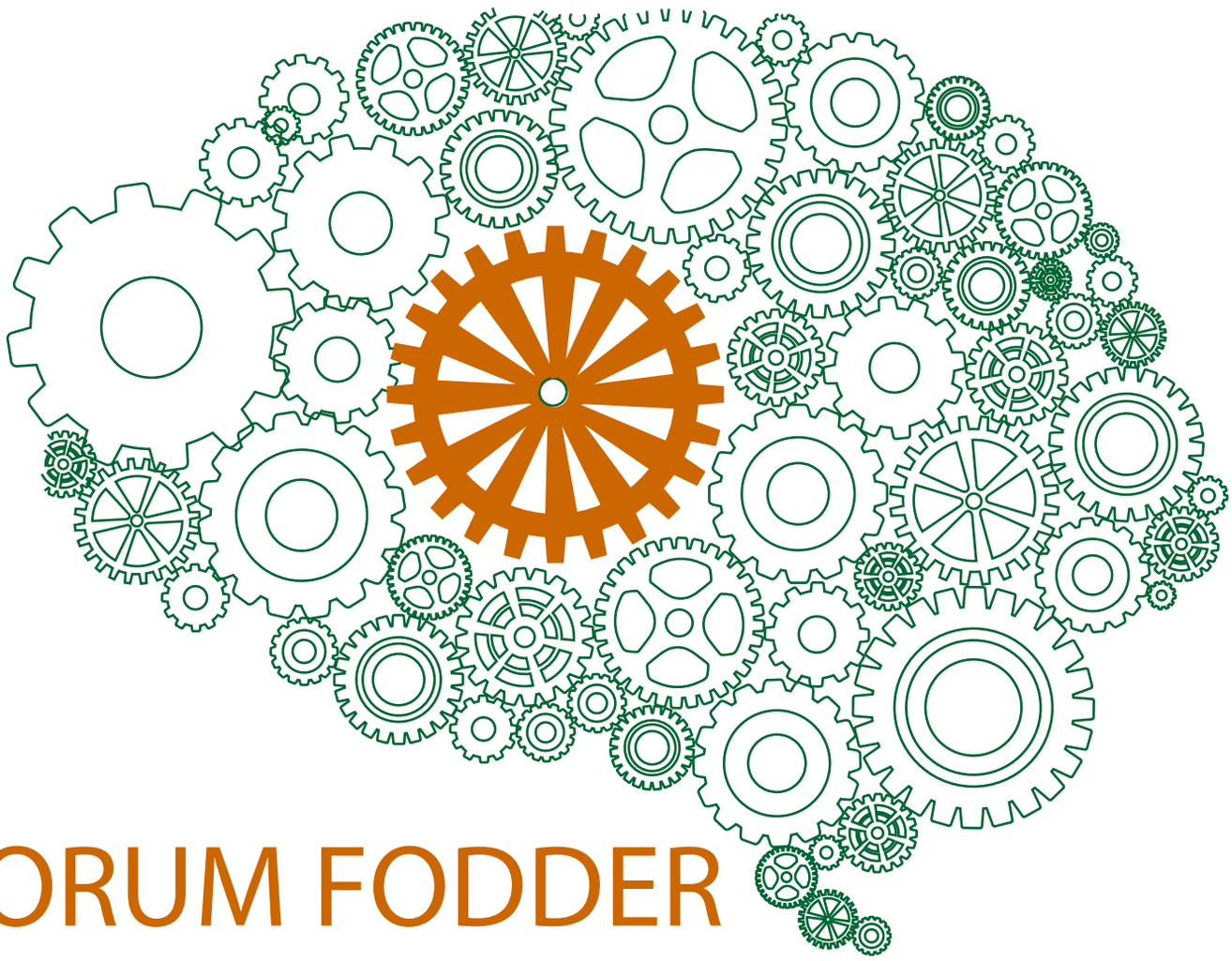

FORUM FODDER

food for thought on the markets, strategies & investing

Each Friday, our Forum Fodder email alerts you to new portfolio construction Perspectives from our Faculty and Learning Partners (local and international nvestment professionals and subject matter experts) along with new videos, podcasts, research papers, and opinion papers in the online Resources Kits from our Conference, Markets Summit and Academy programs – and alerts you about our upcoming live professional development programs and what's new on CPD Campus.

Complimentary to all PortfolioConstruction.com.au Members, Forum Fodder keeps you up to date with what's new on our multi-media learning centre, PortfolioConstruction.com.au

(If weekly updates aren't enough, you can follow us on Twitter @PortfolioForum and receive immediate notification of what's new on PortfolioConstruction.com.au as it is published.)

For more information go to www.PortfolioConstruction.com.au

Critical Issues Forum 13

The Great Debate
Motion 1 – Developed Market Equities v Emerging Market Equities
Motion 2 – Long Date Bonds v Short Dated Bonds

In this simulated investment board meeting, our day's presenters debate and vote on two medium-term critical issues arising from Unconventional Monetary Policy and the implications for portfolios. Delegates will vote on the issues too, before and after considering the Investment Board's views (as well as use the meeting as a role model for their own investment committees).

Markets Summit 2014 Investment Board

Jonathan Pain, Editor, The Pain Report (Sydney)
Dr Robert Gay, Managing Partner, Fenwick Advisers (New York)
Dr Oliver Hartwich, Executive Director, The New Zealand Initiative (Wellington)
David Hale, Founding Chairman, David Hale Global Economics (Chicago)
Russ Koesterich, CFA, Chief Investment Strategist, BlackRock (San Francisco)
Alex Milton, Principal & Co-Portfolio Manager, Novaport Capital (Sydney)
Dr Susan Gosling, Head of Investments, MLC (Sydney)
Nicholas Bullman, Founder, CheckRisk (London)
Tim Farrelly, Principal, farrelly's Investment Strategy (Sydney)
Robert Mead, MD & Head of Portfolio Management Australia, PIMCO (Sydney)
Tai Hui, Chief Market Strategist Asia, JP Morgan Asset Management (HK)
Hamish Douglass, CEO & Portfolio Manager, Magellan Financial Group (Sydney)
Kathryn Koch, Goldman Sachs Asset Management (London)
Ronald Temple, CFA, MD & PM, Lazard Asset Management (New York)
Brian Singer, CFA, Partner, William Blair & Co (Chicago)

Your rating

☐ Awful ☐ Mediocre ☐ Good ☐ Excellent

Critical Issues Forum 14

The Aquarium Theory of Investing

You're not normal, but I'm not normal either. Company with me affords little relief, so I will generalise and say that no investor is normal. Normal is pending; it is not our experience. Today's world is different from anything in the history of human capitalism, extending beyond just the escape from unconventional monetary policies. The Aquarium Theory of Investing is one way to gain perspective on not just QE's end, but also demographic shifts and geopolitical uncertainty. Many things once professed good for capital markets may come to be perceived bad. In such an environment, one must rely on deductive theory where the past is not prologue.

Presentation Brian Singer, CFA, Head of Dynamic Asset Allocation, William Blair & Co (Chicago)
Brian joined William Blair in 2011 as head of the Dynamic Asset Allocation team. Previously, he was the Head of Investment Strategies of Singer Partners and former head of Global Investment Solutions and Americas Chief Investment Officer for UBS Global Asset Management. Brian is a former board member and former chair of the CFA Institute Board of Governors and is also a former member of the Research Foundation of CFA Institute Board of Trustees.

Your rating

☐ Awful ☐ Mediocre ☐ Good ☐ Excellent

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MARKETS SUMMIT

ASSET CLASS FORUM SESSION WORKSHEETS

Asset Class Forum 1

Deploying TAA across credit will be critical as QE unwinds

The Fed has accomplished the first part of its objective, driving yields down and creating a wealth effect though higher asset prices. But with asset returns forecast lower and less evenly distributed, one's ability to pick inflection points in markets as well as deploying tactical asset allocation will be the key ingredient for 2014.

Presentation Robert Waldner, Chief Strategist & Head of Multi-Sector, Invesco (Atlanta)
Robert is responsible for facilitating the overall macro investment strategy for the fixed income platform and for oversight of the multi-sector portfolio construction process. He joined Invesco in 2013, prior to which he was with Franklin Templeton for 17 years.

Your rating

☐ Awful ☐ Mediocre ☐ Good ☐ Excellent

Asset Class Forum 1 – Global Debt

Asset Class Forum 2

Is index investing simply a case of indifference?

The foundation of investing is to build wealth over time – through growth in the good years, and preserving capital in the bad. Intuitively, index investing to build wealth will be harder in a low-growth world, and now even more so given the backdrop of unwinding QE through tapering. In a 'Great Escape' world, ignoring the index and actively seeking growth investments regardless of their size or weightings is more important than ever. With this in mind, is index investing simply a case of indifference?

Presentation Alex Milton, Principal & Co-Portfolio Manager, Novaport Capital (Sydney) – brought to you by Fidante Partners

Alex joined Challenger Limited in June 2006 as Senior Analyst in the Smaller Companies Team. Previously, he was at Macquarie Securities Australia from 1992 as Senior Analyst, Emerging Leaders Group responsible for identification, research and formation of smaller companies investment recommendations to institutional and retail clients.

Your rating

☐ Awful ☐ Mediocre ☐ Good ☐ Excellent

Asset Class Forum 3

Inflation risk – will QE ruin retirement?

Central banks, led by the Federal Reserve, are shaping the economic and investment landscapes. Ultra-low interest rates and Quantitative Easing are offsetting the deflationary forces of debt deleveraging. The challenge policy makers face is when to withdraw the stimulus to avert inflation without choking off the nascent recovery. Looking back at the risks inflation has presented in the helps us look forward at the potential consequences of central bank policies.

Presentation Dr Susan Gosling, Head of Investments, MLC (Sydney)

Susan joined MLC's Investment Management Team in October 2002 and holds 24 years of investment management experience. She has been the architect of MLC's market-leading scenarios based approach to asset allocation, which is the foundation for MLC's Strategic Overlay. Susan has held a number of senior positions in the funds management industry including GM of MLC Implemented Consulting, CIO with both Advance Asset Management and United Funds Management (UFM), founder and director of UFM, a director of the Australian Investment Managers Association and founding director of a boutique private equity fund focused on consistency of economic and environmental sustainability.

Your rating

☐ Awful ☐ Mediocre ☐ Good ☐ Excellent

Asset Class Forum 3 – Multi-Asset

Asset Class Forum 4

Can Central Bankers negotiate the B.U.M.P. without crashing?

Breaking Unconventional Monetary Policy (B.U.M.P.) and it's impact on global financial stability is the key network risk for the foreseeable future. Its success or failure is critical to the financial system. Like a spider at the centre of its web, B.U.M.P. touches on sovereign debt risk, interest rate shock risk, currency instability, and the global economic state of growth or contraction. Understanding what may happen next with B.U.M.P. is an essential pathway to a deeper understanding of portfolio risk management and making the right risk choices. B.U.M.P. is the most important network risk of this decade.

Presentation Nicholas Bullman, Founder, CheckRisk (London)

Nick founded CheckRisk in 2008, as a specialist investment risk research house. He is a highly experienced investment professional who understands real investment risk. He has over 25 year's experience in investment management, including managing investments in the hedge funds and fund-of-funds business. He is a guest lecturer on risk at the Chartered Institute of Securities and Investment and for the MBA program at University of Bath School of Management. He is also a non-executive director of Zurich Bank.

Your rating

☐ Awful ☐ Mediocre ☐ Good ☐ Excellent

Asset Class Forum 5

There will be no Great Escape without a Great Unwind

To achieve the Great Escape, central banks must first complete the Great Unwind – the removal of ultra-easy monetary policies. The roadmap for the Great Unwind includes examining why inflation has not picked up despite the massive increase in money supply (and it's not because the banks won't lend the money), what impacts tapering will have on interest rates and equities, and why the critical period for markets will come when the Fed lifts short-term interest rates – probably, but not necessarily, after tapering finishes.

Presentation Tim Farrelly, Principal, farrelly's Investment Strategy (Sydney)

Tim established farrelly's in 2004 as the first independent, specialist asset allocation research service for investment advisory firms in Australia and NZ. Prior to founding farrelly's, Tim was an Executive Director of Macquarie Bank Ltd, and Director of Macquarie Investment Management Ltd (MIML). At various times during his 14 years at Macquarie he sat on the MIML Asset Allocation and Risk Committees. He has an MBA (Distinction) from Harvard Business School and a B. Eng(Met).

Your rating

☐ Awful ☐ Mediocre ☐ Good ☐ Excellent

Asset Class Forum 5 – Multi-Asset

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So have your say!

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Cafe Menu

Tuesday 18 February 2014

MORNING TEA
- Bite size warm turkey, brie and cranberry croissants
- Fresh fruit cups with honey and lime yoghurt
- Grilled banana bread with strawberry compote and vanilla marscapone

LUNCH FOOD STATIONS
Pasta Mia Station:
  - choose a pasta - Tortellini, Penne, or Angel Hair Pasta
  - choose a sauce - Marinara, Alfredo, Chicken Pesto sauce
Quiche & Salad Station:
  - choose a quiche - Lorraine, Spincah & Ricotta, or Roast Veg & Ricotta
  - choose a salad
    - Fattoush
    - Roast pumpkin, fetta, sage, snow peas, papitas, sundried tomato
    - Penne w/basil pesto, walnuts, smoked chicken, capsicum, rocket
    - Beetroot, beef and mozzarella
Sushi Station:
  - Assorted nori & sushi rolls with vegetarian options available
  - Seaweed Salad
On tables:
- Portion controlled cookies
- Whole fruit

AFTERNOON TEA
- Cheese and cracker packs
- Mini chocolates

Please feel free to help yourself to more than one food station - portions are smaller so you're able to try more than one. Please also help yourself to cold drinks from the fridges, and tea and coffee.

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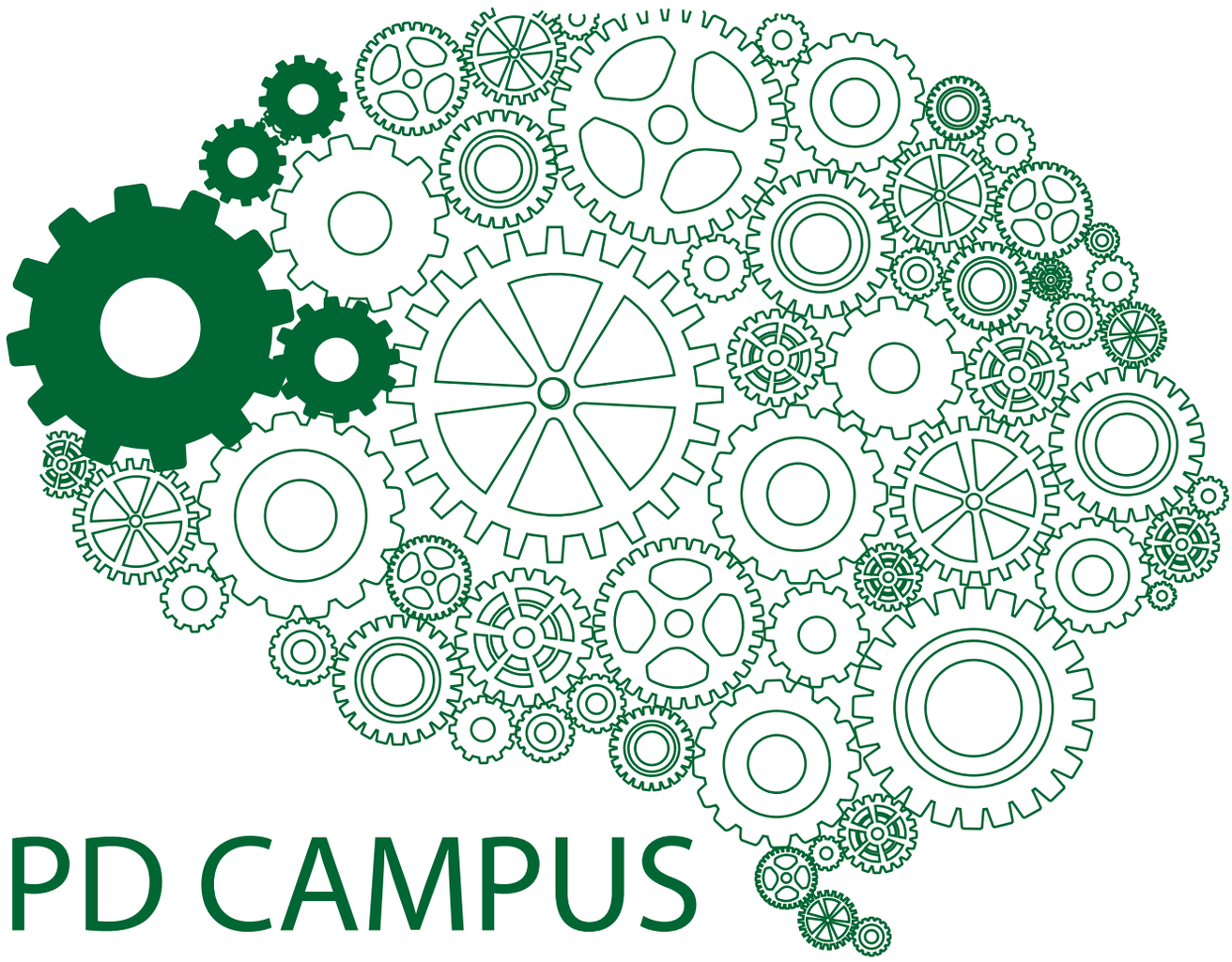

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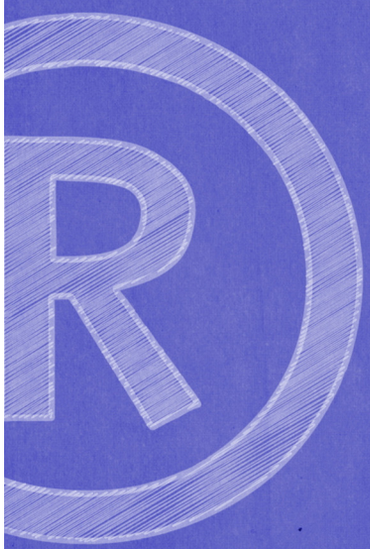

Reconnecting the three Rs

Risk & Return (& Relating)

MARK YOUR DIARY!

19-21 AUG 2014

Finology Forum I Critical Issues Forum I Due Diligence Forum

facilitating debate on the markets, strategies and investing

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