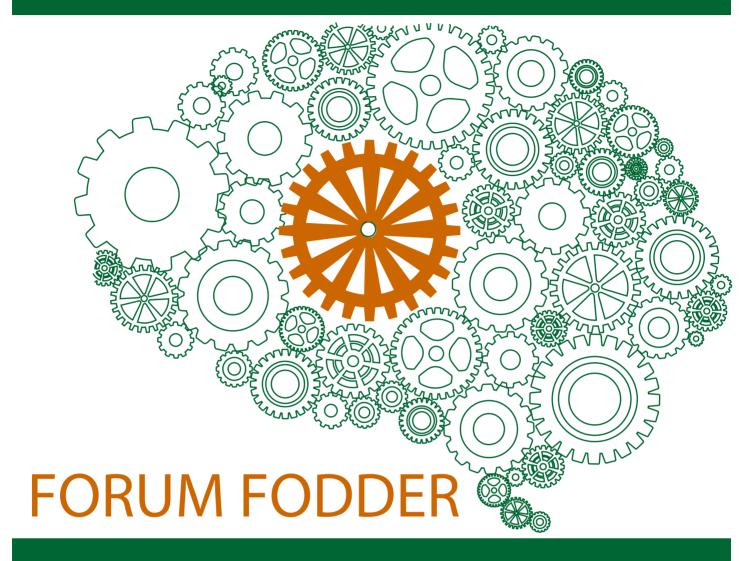




20/21 May 2014

RESOURCES KIT WORKBOOK



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 live programs including Symposium – and alerts you about our upcoming live professional development programs and what's new on CPD Campus.

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

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

ther **Drillient!** publication

Pillars for building better quality portfolios

We're delighted to have you with us for PortfolioConstruction Forum Symposium NZ 2014!

Symposium facilitates debate on the three pillars of portfolio construction – markets, strategies and investing. Established in 2011, it is THE New Zealand investment conference of the year, designed specifically for New Zealand portfolio construction practitioners who focus on giving quality investment advice.

While drawing on the quality program structure and experienced, independent team behind the PortfolioConstruction Forum programs in Sydney, Symposium features fresh topics and presentations designed and presented specifically for NZ-based portfolio construction practitioners.

The jam-packed program features an outstanding Faculty of 15+ international and local investment professionals presenting on contemporary and emerging portfolio construction issues in the 11-hour, interactive Critical Issues Forum (plenary) program and two-hour Due Diligence Forum (elective) program.

We promise 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.

Our commitment is to help you maximise the value you receive from Symposium. As with so much in life, though, the more work you put into getting the most from the program, the more you'll get out of it. Use the "Getting the most from the program" checklist on the next page, to make sure you're getting maximum value.

Once again, welcome to Symposium 2014!



Deirdre Keown Director & Managing Editor



Graham Rich Director & Publisher



Getting the most from Symposium NZ 2014

Tick if	
done	1. Treat the Symposium program as one whole Symposium 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 answers (absolutely essential to get your CPD) Use your Gizmo to submit your answers to the Gizmo questions in each session. You can also use it to submit questions for the Q&A time. You must answer the Gizmo questions Graham asks each session to prove your attendance at the session. CPD will only allocated if you demonstrate via the Gizmos that you attended the session AND you then also complete the post–Symposium CPD quiz.
	3. Twitter.com Join Twitter.com, post your comments, and follow all delegates' comments @PortfolioForum.
	4. Choose your Due Diligence 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 DDF session so you can "attend" them all.
	5. Use this Resources Kit Workbook 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 Workbook 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 Symposium, to build better quality portfolios.
	9. Make the most of the Resources Kit (portfolioconstruction.com.au/symposium/) 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 DDF sessions you missed. Add your comments!
	10. Read the weekly PortfolioConstruction Forum Fodder email It alerts you to Perspectives added to our multi-media learning centre, PortfolioConstruction.co.nz, along with details about upcoming programs and what's new on CPD Campus.
_	



Timetable

Challenging your portfolio construction beliefs – Graham Rich, Publisher,		9.45am-10.15am
Challenging your portiono construction beliefs – Granam Nich, Publisher,		
Critical Issues Forum 2	Theatre	10.15am-11.25am
What a wonderful world - around the world in 60 minutes - Jonathan Pain,		
Morning tea	Cafe	11.25am-11.55am
Critical issues Forum 3	Theatre	11.55am-12.35pm
The Great Unwind - Tim Farrelly, Principal, farrelly's Investment Strategy (S	ydney)	
Due Diligence Forum	Rooms 1-3	12.45pm-1.35pm
Room 1 Gl Debt As global markets calm, be ever mindful of the ris	······	
Room 2 GI Equities The US will surprise on the upside - Nikki Thomas,	•••••	··*···································
Room 3 Risk The risk tolerance paradox - Michael Armitage, He		_
Lunch	Cafe	1.35pm-2.20pm
Critical Issues Forum 4	Theatre	2.20pm-3.35pm
Part 1 - Capitalism: Bruised but still champion - Dr Oliver Hartwich, Exec I	•••••	······································
Part 2 - Is regulation good or bad for investment markets? - Prof Robert N	MacCulloch, University o	of Auckland
Afternoon tea	Cafe	3.35pm-4.00pm
Critical Issues Forum 5	Theatre	4.00pm-5.00pm
Implementing the modern portfolio - Michael Kitces, Partner/Head of Rs	h, Pinnacle Advisory (W	ashington, DC)
Critical Issues Forum 6	Theatre	5.00pm-5.45pm
Has behavioural finance made us better (investors)? - Prof Jack Gray, Adju	unct Professor of Econo	mics, UTS (Sydney)
Networking Reception	Cafe	5.45pm-7.15pm
Vednesday 21 May 2014		
Critical Issues Forum 7	Theatre	7.45am-8.45am
How to judge whether a manager will or has added value - Prof Jack Gray		
Critical Issues Forum 8	Theatre	8.45am-9.50am
Using risk factors to evaluate investments and build portfolios - Michael Fu	ırey, MD, Delta Research	& Advisory (Brisbane)
Morning tea	Cafe	9.50am-10.15am
Critical issues Forum 9	Theatre	10.15am-11.15am
Developing your investment philosophy - Tim Farrelly, Principal, farrelly's	Investment Strategy (Sy	
Due Diligence Forum	Rooms 1-3	11.25am-12.15pm
Room 1 Gl Debt Popping the bonnet on central banks - Christian F	lawkesby, Harbour Asse	et Management
Room 2 Gl Debt Investing in global bonds - a smarter way - Grahaı	m Ansell, ANZ NZ Invest	ments
Room 3 Multi-Asset Valuations matter – the effect on portfolio risk and	return outcomes - Keitl	n Poore, AMP Capital NZ
Lunch	Cafe	12.15pm-1.00pm
Critical Issues Forum 10	Theatre	1.00pm-2.00pm
The Great Debate - A multi-dimensional view of portfolio risk - Symposiu		
Critical Issues Forum 11 (Finology Conference opening)	Theatre	2.00pm-3.00pm

Faculty directory

Critical Issues Forum Moderator

- Graham Rich, Publisher, PortfolioConstruction Forum

Critical Issues Forum Faculty (in order of appearance)

- Graham Rich, Publisher, PortfolioConstruction Forum (Sydney)
- Jonathan Pain, Editor, The Pain Report (Sydney)
- Tim Farrelly, Principal, farrelly's Investment Strategy (Sydney)
- Dr Oliver Hartwich, Executive Director, The New Zealand Initiative (Wellington)
- Prof Robert MacCulloch, Matthew Abel Chair in Macroeconomics, University of Auckland (Auckland)
- Michael Kitces, Partner/Head of Rsh, Pinnacle Advisory (Washington, DC)
- Prof Jack Gray, Adjunct Professor of Economics, UTS Business School (Sydney)
- Michael Furey, Managing Director, Delta Research & Advisory (Brisbane)
- Derek Mock, Principal, Mercer (Sydney)
- Darren Howlin, Manager Research, Lonsec Research (Brisbane)
- Jonathan Ramsay, Head Strategic Rsh & Asset Consulting, van Eyk Research (Sydney)

Due Diligence Forum Faculty

- David Fisher, Executive VP & Product Manager, PIMCO (Newport Beach)
- Nikki Thomas, Portfolio Manager, Magellan Asset Management (Sydney)
- Michael Armitage, Head of Fund Advisory, Milliman Financial Risk Management (Sydney)
- Christian Hawkesby, Head of Fixed Income, Harbour Asset Management (Wellington)
- Graham Ansell, GM Investment Management, ANZ NZ Investments (Auckland)
- Keith Poore, Head of Investment Strategy, AMP Capital NZ (Wellington)

Due Diligence Forum Moderators

- Jonathan Ramsay, Head Strategic Rsh & Asset Consulting, van Eyk Research (Sydney)
- David Greenslade, Managing Director, Strategi Institute (Auckland)
- Michael Furey, Managing Director, Delta Research & Advisory (Brisbane)

Gizmo Partner

- IRESS, provider of Xplan software, in association with Lumi (imlworldwide.com/au)





CRITICAL ISSUES FORUM SESSION WORKSHEETS



Critical I	ssues Forum 2		
What a wond	erful world – around the wo	rld in 60 minutes	
launched the m of the world wi far and away th	anks from around the world unite nother of all monetary experimen ill see an improvement in econo ne most attractive asset class. Bu nore nimble approach to asset al	nts for which we have no mic growth this year – a nt, they will see much gro	roadmap. The majority and, equities remain by
Faculty membe	r: Jonathan Pain, Editor, The Pai Jonathan is a regular at Portfol debuted many new investmen becoming accepted in the mai independent and global persp free of Wall Street spin. Jona Forum Core Faculty of leading	ioConstruction Forum's of theses over the years, we also an and obvious to a pective of financial marked than is a member of the	well in advance of them III. The Pain Report is an ets and world economy, e PortfolioConstruction
Your rating	_	_	_
Awful	Mediocre	Good	Excellent



Critical Issues Forum 3			
The Great Unw	rind		
policys – include money supply (a will have on inter	r the Great Unwind – the remes examining why inflation has nd it's not because the banks est rates and equities, and what term interest rates – probab	not picked up despite t won't lend the money), y the critical period for n	he massive increase ir what impacts tapering narkets will come wher
Faculty member:	Tim Farrelly, Principal, farrelly Tim is founder and principal house, farrelly's Investment PortfolioConstruction Forum years with Macquarie, as a Director of Macquarie Invest PortfolioConstruction Forum Construction Forum	cipal of specialist asse nt Strategy, available n. Prior to founding fa n Executive Director of tment Management. Tin	exclusively through exclusively through arrelly's, Tim was 14 Macquarie Bank and n is a member of the
Your rating			
Awful	Mediocre	Good	Excellent



Critical Issues Forum 4 - Part 1			
Capitalism: Bru	uised but still champion		
market has taker	e Global Financial Crisis and the n a battering. But despite all its est way of creating prosperity.		
Faculty member: Dr Oliver Hartwich, Executive Director, The New Zealand Initiative (Wellin Before joining the NZ Initiative, Oliver was a Research Fellow at the Conformal Independent Studies in Sydney, Chief Economist at Policy Exchange in London, and an advisor in the UK House of Lords. He is a frequent popular guest commentator on TV and radio in Australia, NZ and the Oliver is a member of the PortfolioConstruction Forum Core Faculty of le investment professionals. PortfolioConstruction Forum is pleased to accomposite the work of the New Zealand Initiative.		h Fellow at the Centre st at Policy Exchange . He is a frequent and tralia, NZ and the UK. Core Faculty of leading	
Your rating	Mediocre	Good	Excellent



Critical Issues Forum 4 - Part 2			
Is regulation g	ood or bad for investment	markets?	
more efficiently	es argue that regulation is good by preventing failures caused gue that regulations are burd the truth?	by a lack of transparence	cy and unlevel playing
Faculty member:	Prof Robert MacCulloch, Matt of Auckland (Auckland) After leaving university, Rob completing a PhD in Econom University and then pursued Economics and Princeton Uni Business School. He returned	ert worked at the Reser nics at Oxford University I research interests at t versity before joining Im	ve Bank of NZ before . He taught at Oxford he London School of perial College London
Your rating			
Awful	Mediocre	Good	Excellent
		Critical Issu	es Forum 4 – Part 2



Review later

Critical Issues Forum 5				
Implementing the modern portfolio – in theory & in practice Picking up where he left off at Symposium 2012, Michael argues that effective portfolio management decisions must occur at two levels – how to allocate assets amongst asset classes, and how to implement investments within those asset classes. We look at the continuing evolution of MPT, and how practitioners can refine their portfolio construction strategy by making conscious decisions about where they will and will not, seek to add value.				
Your rating				
Awful	Mediocre	Good	Excellent	

Critical Issues Forum 5



Critical Issues Forum 6				
Has behaviour	al finance made us better (investors)?		
changed aggreg better investors	erated by 25 years of research ate investor behaviour. Are th insurmountable, or can we act timistic speaker believes we ca	e human and organisati ually learn and improve	onal barriers to being	
Faculty member: Prof Jack Gray, Adjunct Professor of Economics, UTS Business: After a 20-year academic career, in pure mathematics, mather and the history of science and mathematics education, Jac academia to funds management. He was held positions as Exe at AMP Asset Management, CIO at SunSuper and was co- allocation at GMO in Boston. Jack is a member of the Portfo Forum Core Faculty of leading investment professionals.		mathematical physics, ion, Jack moved from s as Executive Director was co-head of asset PortfolioConstruction		
Your rating				



Critical Issues Forum 7			
How to judge t	he likelihood that a manag	ger will or has added v	⁄alue
consistency. And that some mana	strongly against active equ that's to be expected in a co gers can add (relatively) cons gain, there's some evidence tha	mpetitive market. Yet, the istent value net of costs	here is some evidence s. Can we (or anyone)
Faculty member:	Prof Jack Gray, Adjunct Profes After a 20-year academic care and the history of science a academia to funds management at AMP Asset Management, allocation at GMO in Boston. Forum Core Faculty of leading	er, in pure mathematics, nd mathematics educati ent. He was held positions CIO at SunSuper and v Jack is a member of the	mathematical physics, ion, Jack moved from s as Executive Director was co-head of asset PortfolioConstruction
Your rating Awful	Mediocre	Good	Excellent



Critical Issues Forum 8			
Using risk fact	ors to evaluate investment	s and build portfolios	
construction pro as breaking dow delegates will un	esion highlights the use of risk cess, and demonstrates the b on manager performance into derstand the performance beh o performance, and how they	enefits of risk factors in a its smaller parts. By th aviour of different quanti	asset allocation as wel e end of this session tative risk factors, how
Faculty member:	Michael Furey, Managing Dire Delta Research & Advisory sp investment research and asse groups, financial planners, a in the financial planning indu planning roles. A self-confe Finance and Bachelor of Math	ecialises in providing inde it consulting services to fi nd self–directed investor ustry since 1999, both in ssed quant geek, he has	ependent, conflict-free nancial advisory dealer s. Michael has worked research and financia s a Masters in Applied
Your rating			
Awful	Mediocre	Good	☐ Excellent



Critical Issues Forum 9				
Developing your investment philosophy We all should have an investment philosophy based on our own belief set. This session is aimed at helping delegates refine and document their own investment philosophy. By the end of the session, delegates will have a draft document that clarifies their investment beliefs and highlights areas of uncertainty or ambiguity. This is intended as a starting point for a living document.				
Your rating				
Awful	Mediocre	Good	☐ Excellent	



Critical Issu	ies Forum 10		
Γhe Great Debato	e – A multi–dimensional	view of portfolio risk	
construction issue.	vestment board meeting, or Delegates vote too, both ell as use the meeting as a ro	before and after consid	dering the Investment
Dere Prof Mich Tim Mich Chris Keith	y Board am Rich, Publisher, Portfolio k Mock, Principal, Mercer (S Jack Gray, Adjunct Professo ael Kitces, Partner/Head of Farrelly, Principal, farrelly's ael Furey, Managing Directo stian Hawkesby, Head of Fix Poore, Head of Investment en Howlin, Manager Researd chan Ramsay, Head Strategio	ydney) r of Economics, UTS Busir Rsh, Pinnacle Advisory (W Investment Strategy (Sydior, Delta Research & Advised Inc, Harbour Asset Ma Strategy, AMP Capital NZ	ness School (Sydney) (ashington, DC) ney) sory (Brisbane) nagement (Wellington) ((Wellington)



Critical Issues Forum 11					
Where investin	g meets investors				
- features three of the constructing places. Diversifying h	on – also the opening session of critical and interrelated aspects portfolios using buckets uman and financial capital al Policy Statement	-	• .		
Faculty member:	Michael Kitces, Partner/Head Michael is Director of Research wealth management firm tha close to US\$1 billion in asset He presents and writes exter planning topics. Michael is a Core Faculty of leading invest	n at Pinnacle Advisory Gro at works with over 700 f ts for clients in the US a asively on a broad range a member of the Portfol	up, a US-based private families and manages and around the world. of advanced financial		
Your rating					
Awful	Mediocre	Good	Excellent		





DUE DILIGENCE FORUM SESSION WORKSHEETS



Due Diligence Forum 1.1					
As global mark	kets calm, be ever mindful	of the risks			
toward pre-crisise begun tapering it bonds and towarde-optimisation approach - broaconcern, in this constant of the constant o	the post–crisis investment land sconditions. Most critically for sasset purchases. In response ds cash and equities in respon of a broader portfolio. This paydening core bond holdings getase duration, to show the bond l down and active managements.	or bond investors, the United States that the	S Federal Reserve has ocated away from core locations is an explicit lore a more thoughtful fying the risk factor of		
Faculty member:	David Fisher, Executive VP & I David is responsible for PIMCO products as well as the Global head of global fixed income a at Credit Suisse Asset Manage	O's traditional global fixed Advantage Strategy. Prev at Halbis, and a global bo	d income and currency viously, he was MD and ond portfolio manager		
Your rating	Mediocre	Good	Excellent		



Due Diligence Forum 1.2				
The US will sur	prise on the upside			
suggest that wh days are in the pa that clearly sugg the world on the	ably the critical market for glob ile the US is recovering, grow ast. However, this paper and po est that the US is off its knee upside! This thesis has signi and portfolio construction.	rth will remain subdued a resentation argues that th es, has dusted itself off an	and the country's best ere are real sign-posts and is ready to surprise	
Faculty member:	Nikki Thomas, Portfolio Mana Nikki joined Magellan in Jan consumer franchises team ar to Magellan, Nikki spent 14 yo and Deutsche Bank. Nikki has active member of the CFA So	nuary 2007. She is sectond a member of the invest ears in institutional stockb s been a CFA Charterholde	or head of Magellan's ment committee. Prio proking at BT Securities	
Vour rating				
Your rating				



Due Diligence Forum 1.3					
The risk tolera	nce paradox				
same tolerance in provide an introd	e level many investors expect to nvestors actually experience ov luction to this paradox, explore ategies that seek to solve the p	er shorter periods. This per shorter periods and the main reason it exists.	paper and presentation		
Faculty member:	Michael Armitage, Head of Fun (Sydney) Michael specialises in creatin superannuation and retail fu capital markets, portfolio ma development, fund of fund research and consulting.	ig risk management soli nds. He has over 20 ye inagement, hedge fund	utions for institutions, ears experience within strategy research and		
Your rating Awful	Mediocre	Good	Excellent		

The premise of asset allocation (as applied today) is really identifying a client's tolerance for risk and positioning him to experienced it! Isn't risk something an investor would like to avoid?

DAVID LOEPER (2002)

farrelly.com.au



a dynamic approach to asset allocation



For more information, go to www.PortfolioConstruction.co.nz



Following the GFC	net on central banks		
-			
move further into p quantitative easing commenced interes going on under the	, developed world central support economic growth, a ost-GFC recovery, central by (QE); the Fed is tapering QE trate hikes. This paper and bonnet at central banks is to best position portfolios.	avoid deflation, and reflate ank actions are diverging: t E; the RBA is in waiting mo d presentation argue that u	asset markets. As we the ECB is considering de; and the RBNZ has inderstanding what is
C h ir D	hristian Hawkesby, Head of hristian has responsibility for spent nine years at the Bancluding Head of Market Interiors and Private Secretary the RBNZ in 1998.	or Harbour's fixed income ink of England, in a numbe elligence, Chief Manager o	business. Previously, er of senior positions, f the Sterling Markets
Your rating			
Awful	Mediocre	Good	Excellent

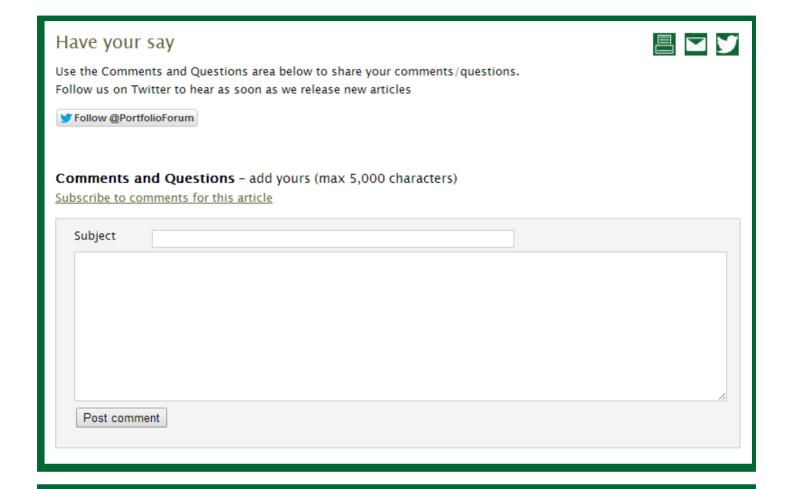


Due Diliş	gence Forum 2.2		
Investing in (global bonds – a smarter way	/	
more debt? Wo money? If you a are doing – be are based on o	ding somebody money, would yould you continue to lend them eare investing according to a debtecause most of the fixed interest debt-weighted indices. This papetting an appropriate benchmark	even more money if they -weighted benchmark, t benchmarks used to m ber and presentation arg	kept borrowing more hat is exactly what you anage bond portfolios ue that there a better
Faculty membe	er: Graham Ansell, GM Investmen Graham is general manager Head of Fixed Interest at ANZ joining in 1996, Graham sp Zealand.	of ANZ NZ Investments NZ Investments (includi	. Prior to this he was ng at OnePath). Before
Your rating			
Awful	Mediocre	Good	Excellent
		Global Debt – Due [Diligence Forum 2.2



Due Dilige	ence Forum 2.3		
Valuations mat	ter – the effect on portfoli	o risk and return outc	omes
and correlations mix is also stati the frontier to m valuations impact period equity val equity correlation	egic asset allocation works und are static over time, so the c. The long-term investor the eet their target level of return at medium-term equity return uations also impact medium-t ns. This paper and presentation urn outcomes should be factor omes.	"efficient frontier" and le erefore simply chooses a or risk. While it is well e s, it is probably less we term equity volatility and n argue that investors w	nence asset allocation an asset allocation on established that equity Il known that starting I medium-term bond- tho focus on medium-
Faculty member:	Keith Poore, Head of Investment Strategy, AMP Capital NZ (Wellington) Keith is responsible for the strategic and dynamic asset allocation of AMP Capital NZ's multi-sector portfolios. After time with Reuters and Bloomberg, he moved to NZ in 1997, working in portfolio strategy roles with BNZ Investment Management and Grosvenor Financial Services. In 2008, he joined AXA Global Investors where he was responsible for asset allocation, manager selection and financial market research, before joining NZ Super in 2010.		
Vous ratios			
Your rating Awful	Mediocre	Good	Excellent





Have your say!

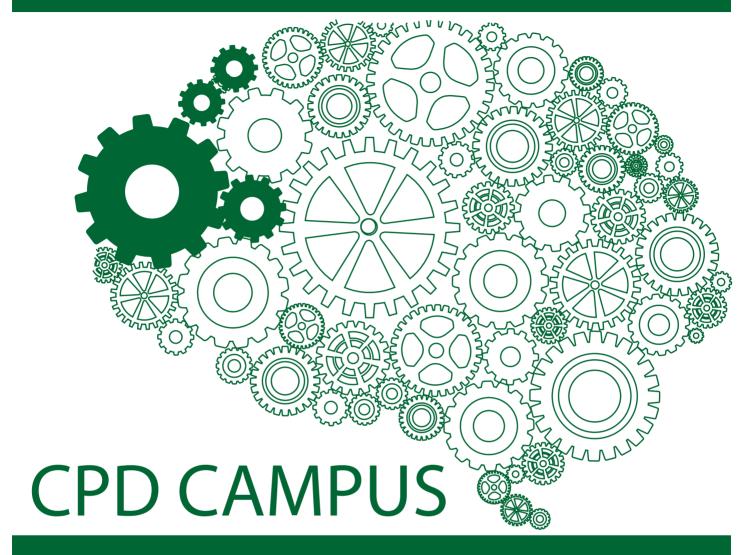
Each day we publish Perspectives on PortfolioConstruction.co.nz – you can find all the latest Perspectives on the home page as well as quicklinks to search our Perspectives library. It's a unique and exclusive selection of diverse, relevant and actionable investment perspectives from our core faculty and Learning Partners. This includes exclusive interviews, video blogs, research papers, opinion papers and special interest subscription services from local and international investment professionals and subject matter experts.

Once you've read a Perspective, use the Comments area at the bottom of the page to post a comment and interact with the author. If you also "subscribe to comments for this article", you'll be emailed when the author (or any other Member) answers.

So have your say!

other **Drillient!** publication





online portfolio construction learning and accreditation

CPD Campus complements our independent, interactive and exceptional CPD programs. **Read** high quality papers on the markets, strategies and investing within our online Resources Kits and Perspectives library.

Pass the related quiz.

Receive immediate CPD accreditation (in addition to CPD received from our live programs). Access, monitor and print/email your CPD accreditation.

Complimentary to all PortfolioConstruction.co.nz Members, CPD Campus enables you to continuously enhance your portfolio construction learning, any time (or place).

Get ready to jump on in and satisfy your thirst for learning!

For more information, go to www.PortfolioConstruction.co.nz