



A POWERFUL PERSPECTIVE

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# INVESTING IN A LOW-GROWTH WORLD

*CAN INNOVATION ALTER  
OUR TRAJECTORY?*

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Winter Roundtable in Los Angeles, CA  
February 24-26, 2016

## AGENDA

# Investing in a Low-Growth World

## *Can Innovation Alter Our Trajectory?*

February 24-26, 2016 • Los Angeles, California

FEBRUARY 2016

24 (Wednesday, 5:15 PM Opening Reception)

WINTER ROUNDTABLE

26 (Friday, 2:00 PM Adjournment)

### About the Winter Roundtable

The global economy enters 2016 with many questions to be answered. Many developed economies continue to face slow growth, and even emerging markets which had previously driven growth are facing challenges. Currency volatility in China and Southeast Asia, the delayed interest rate rise in the U.S., stubbornly low inflation in Japan, and the reemergence of the Eurozone crisis are all indicators of market weakness. Equity markets are experiencing volatility, bond yields remain low and alternative asset markets are saturated. Within the first week of the new year, the Shanghai Stock Exchange was forced to suspend trading twice due to extreme levels of volatility, reminding investors of the previous summer's financial rollercoaster. As stock markets across the globe slumped and oil prices fell below \$30 a barrel, market watchers feared for the health of the global economy.

Nevertheless, plan sponsors are still finding opportunities for investments that will spur growth, raise productivity, and ensure retirement security for their clients. How can investors find these opportunities? Should institutional investors look further for yield in emerging markets? And how can investors overcome cross-border obstacles? How should institutional investors communicate to their stakeholders that expected returns from the "good years" will not be returning anytime soon? How should investors navigate this extremely challenging period for the global economy? Additionally, as seen over the past decades, technological growth has consistently challenged our understanding of the world we live in. Will innovation also alter our current growth trajectory?

## WEDNESDAY FEBRUARY 24

5:15 PM - 6:00 PM

Catalina Terrace and Lawn

### Opening Reception

6:00 PM

Catalina Room

### Dinner and Remarks: Technology in the 21st Century

**WALTER ISAACSON**, President, Aspen Institute;  
Author, *Steve Jobs* (2011) and *The Innovators:  
How a Group of Inventors, Hackers, Geniuses,  
and Geeks Created the Digital Revolution* (2014)

Introduced by **TERRY MEGUID**, Partner and Co-Head,  
Asset Management, Perella Weinberg Partners

The first fifteen years of the 21st century saw our world once again transformed through technology. Early 2015 saw Apple sell its one billionth iPhone, epitomizing the speed with which the world has become ever-more interconnected. How could technology again transform our world in the next fifteen years? How should investors look at the next chapter in technological development?

## THURSDAY FEBRUARY 25

7:20 AM - 8:20 AM

White's Point

### Non-Commercial Member Working Breakfast

*By invitation only*

7:20 AM - 8:20 AM

Catalina Terrace

### Breakfast Available

8:20 AM - 9:00 AM

Catalina Room

### Participant Introduction, Co-Chair Review and Introduction of Themes

**SUSAN CARTER**, Former President & CEO,  
Commonfund Capital, Inc; Member, PPI Board of  
Directors

**JOHN SKJERVEM**, Chief Investment Officer, Oregon  
State Treasury; Member, PPI Board of Directors

# THURSDAY FEBRUARY 25

9:00 AM - 10:00 AM

Catalina Room

## Perspectives on Investing in a Low-Growth Future

**THOMAS FINKE**, Chairman and Chief Executive Officer, Babson Capital

**SAKER NUSSEIBEH**, Chief Executive Officer, Hermes Fund Managers

*Discussion led by The Honorable* **MEG LUNDSAGER**, Public Policy Fellow, Wilson Center; former United States Executive Director, International Monetary Fund

While economists may continue to debate whether or not global growth is facing a long-term period of secular stagnation, a number of market indicators such as low long-term bond yields suggest that growth expectations for years to come will be low. This will have implications at both the macro- and micro-level. How long can central banks keep interest rates at rock-bottom levels? Should investors be concerned that the Federal Reserve's monetary policy is beginning to diverge from other central banks'? For asset managers, how are investment decisions impacted by unorthodox monetary policies and low growth? Does quantitative easing, while credited with averting an even worse depression, distort investment decisions?

10:00 AM - 10:15 AM

Break

10:15 AM - 11:15 AM

Catalina Room

## Communicating Today's New Normal to Stakeholders

**STEPHEN BLYTH**, President and Chief Executive Officer, Harvard Management Company

**GERALDINE JIMENEZ**, Portfolio Manager, Engagement, California State Teachers' Retirement Systems (CalSTRS)

**LAURA NASHMAN**, Chief Executive Officer, British Columbia Pension Corporation (BCPC)

*Moderated by* **SHELLEY ILENE SMITH**, President & General Counsel, GrayShell Consulting

Public pension funds and other asset owners are cutting return predictions to their lowest levels since the 1980s, a move that doubles down on systems that are often already saddled with significant liabilities from aging populations, while at the same time still nursing a funding hangover from the global financial crisis. The fluctuations in global markets seen throughout 2015, along with the sustained period of low interest rates has caused asset owners to face the reality that the days of comfortably earning 8% annually are, for many, gone. How are funds communicating this new reality to their stakeholders? What is being done now to meet future liabilities? After years of fantastic equities returns, how are pension systems in particular communicating this new reality?

# THURSDAY FEBRUARY 25

11:15 AM - 11:45 AM

Break

11:45 AM - 12:45 PM

Catalina Room

## Should Investors Adjust their EM Exposure in the Current Environment?

**BOSWORTH MONCK**, Head, Client Relations, IFC  
Asset Management

**MICHAEL WARREN**, Managing Partner, Albright  
Stonebridge Group

*Moderated by* **PAUL FLETCHER**, Chairman, Actis

Since 2015, emerging markets have lost much of their luster. The Brazilian real lost 15% last year and other currencies from the rouble to the ringgit declined as well. A major cause was the continued outflow of capital from emerging markets which totaled \$738 billion last year. The bad news continued this year as the Shanghai Composite Index dropped about 25% in January 2016 and other markets also suffered hits. Institutional investors are confronted with the question of if, and how, they should increase their EM exposure. How do they determine EM characteristics that are suitable for them? Should investors have any exposure to Africa? What is the case for emerging markets in 2016? This session will discuss whether investing in emerging markets in 2016-2017 will represent huge opportunities, or unnecessary risk.

12:45 PM - 2:15 PM

Marineland 3

## Lunch and Keynote Remarks: Russia and the Reshaping of a Region

The Honorable **MICHAEL McFAUL**, Senior Fellow,  
Hoover Institution; former United States  
Ambassador to the Russian Federation

*In Conversation with* **GEORGE SIGULER**, Founder and  
Managing Partner, Siguler Guff & Company

With the return of Vladimir Putin to the presidency in 2012, Russia has pursued a more interventionist foreign policy, to the dismay of many of its neighbors. Russia's annexation of Crimea was met with sanctions and condemnation from the United States and Europe, but the situation has not yet been resolved, leaving a weak and divided state on the EU's borders. On the other hand, following the Paris attacks and the downing of a Russian passenger jet in Egypt, many hoped that Russia could become a partner in the fight against ISIS. How should Putin's new Russia be evaluated? Has Putin caught Western leaders flat-footed or are his policies short-sighted and unsustainable? What will be the impact of a Russian military build-up? How is a resurgent Russia changing the balance of power in the region?

2:15 PM - 2:30 PM

Break

# THURSDAY FEBRUARY 25

2:30 PM - 3:30 PM

BREAKOUT SESSIONS

## Session A: Climate Change Finance

Catalina Room

**ASHBY MONK**, Executive Director, Global Projects Center, Stanford University

Global leaders hailed the new Paris agreement to limit greenhouse gas emissions reached in 2015, requiring countries to plan carbon emission reductions and limit global warming. This agreement has implications for many facets of the economy, so how exactly should investors look at it? Will this make fossil fuels ultimately un-investable as future stranded assets? Does this make the outlook for alternative energy sources more appealing as demand and government support increase?

## Session B: Pharma — Creating Value Through Innovation

Marineland 2

**CYNTHIA M. BUTITTA**, Chief Financial Officer and Chief Operating Officer, Kite Pharma, Inc.

**DAVID D. CHANG**, Executive Vice President, Research & Development and Chief Medical Officer, Kite Pharma, Inc.

Investing in pharma holds tremendous potential—breakthroughs can be incredibly profitable for companies that develop them. Moreover, demand will continue to rise as populations age and healthcare spending increases. Yet, pharma can be particularly prone to risk. Investments in R&D can be wasted if new products fail to meet expectations or pass clinical trials. This is an industry that is also highly vulnerable to shifts in government policy and regulation. How can institutional investors gain exposure to this industry? What are the distinct risks associated with this sector they should be aware of? How do new companies in this sector get founded and grow?

3:30 PM - 3:45 PM

Break

3:45 PM - 4:45 PM

Catalina Room

## Europe and the Middle East: Investor Takeaways

**MARKO PAPIĆ**, Geopolitical Strategist, BCA Research

*In Conversation with* **JEB BURNS**, Chief Investment Officer, Michigan Municipal Employees Retirement System (MERS of MI); Member, PPI Board of Directors

The investment outlook for countries and regions is not simply a matter of finance and economics—politics still matter and have the potential to generate significant benefits or risks. Events in the past year have made this clear. The simmering civil war in Syria and the rise of ISIS have inspired terrorist attacks in Europe, led to a migration crisis, and drawn in the European powers, Russia and the United States. How should investors understand and evaluate the geopolitical issues in the news? What are the long-term economic impacts of these events? How can institutional investors incorporate geopolitical analysis into their portfolio-allocation decisions?

4:45 PM

Break until dinner

## THURSDAY FEBRUARY 25

5:45 PM - 6:15 PM

Catalina Terrace and Lawn

Reception

6:15 PM

Catalina Room

### Dinner and Conversation: The New EU Crisis

**GORDON BAJNAI**, Group Chief Operating Officer, Meridiam Infrastructure; former Prime Minister of Hungary (2009-2010)

**DAVID GORDON**, Senior Advisor and former Chairman, Eurasia Group

*Moderated by* **THIERRY DÉAU**, Chief Executive Officer, Meridiam Infrastructure

At the beginning of this millennium, the European Union appeared to offer a model for political integration and economic prosperity. However, since the global financial crisis it has come under increasing strain. The internal imbalances of the currency union, represented by the tension between Germany and Greece, continuously reemerge and are never fully resolved. Other countries are re-evaluating their membership in the union, especially the United Kingdom which will hold a referendum on continuing membership this year. What would the departure of the UK mean for the future of the EU? Can the EU be sustained and can it be effectively reformed? What will stronger growth and rising interest rates mean for the EU which is still growing sluggishly? What lessons should the next US president take away from the current situation in Europe?

## FRIDAY FEBRUARY 26

7:30 AM - 8:30 AM

Catalina Terrace

Breakfast Available

8:30 AM - 9:30 AM

Catalina Room

### Family Companies: Finding Returns in a Slow-Growth World

**TERESA BARGER**, Chief Executive Officer and Chief Investment Officer, Cartica Capital

**AJIT DAYAL**, Director, Quantum Advisors Private Limited

**YUELIN YANG**, Managing Director of Asset Management & Corporate Services, IMC Industrial

The fundamentals of family-controlled companies seem to align well with institutional investors' goals and perform historically well in low-growth environments. Family companies are inherently focused on the long term, as their leaders look to assure stability and resilience, as opposed to performance. These companies also on average carry little debt and are more hesitant to acquire companies. Emerging markets, particularly in Asia, have a considerably high number of family-controlled companies; how should investors look at family businesses in Asia, Europe and North America? What are the relevant characteristics, and how does one define a family-owned company?

9:30 AM - 9:45 AM

Break

FRIDAY

FEBRUARY 26

9:45 AM - 10:45 AM

Catalina Room

## Retirement Security in East Asia

**RICHARD JACKSON**, President, Global Aging Institute (GAI)

*In Conversation with* **SHIREEN MUHIUDEEN**, Founder, Managing Director & Principal Fund Manager, Corston-Smith Asset Management

With results from a recent survey, Dr. Richard Jackson, President of the Global Aging Institute will present his findings and provide an update of the landscape of retirement security of East Asia.

10:45 AM - 11:00 AM

Break

11:00 AM - 11:50 AM

Catalina Room

## Technology and Global Finance: A Look Ahead

**JOE LONSDALE**, Partner, 8VC and Founder, Palantir and Addepar

*In Conversation with* **JOSEPH KONZELMANN**, Managing Director & Senior Sovereigns Strategist, Goldman Sachs Asset Management

Technology is reshaping many of the world's major industries through creative destruction and innovation. How will the next wave of industry transformation occur and which industries are most ripe for this remaking? How can investors capitalize on these ever-shifting trends, particularly given recent venture capital valuations?

11:50 AM - 1:15 PM

Catalina Room

## Working Lunch and CEO/CIO Review

**MARK DELANEY**, Chief Investment Officer, AustralianSuper

**SCOTT EVANS**, Deputy Comptroller for Asset Management-Chief Investment Officer, New York City Retirement System

**KIM Y. LEW**, Co-Chief Investment Officer, Carnegie Corporation

*Moderated by* **ADRIAN ORR**, Chief Executive Officer, New Zealand Super Fund

1:15 PM

Adjourn