

# **ABSOLUTE RETURN STRATEGIES FOR PENSION FUNDS**

**Preserving Capital and Generating Returns in an Uncertain  
and Volatile World**

**THURSDAY 10 JUNE 2010**

**AT LE MERIDIEN, PICCADILLY, LONDON, W1**

**PROGRAMME**

This conference is arranged by **SPS Conferences**

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10/06/2010

## Programme

- 08.30 **Registration and coffee**
- 09.00 **Welcome and Opening Remarks**  
**TREVOR COOK**, MANAGING DIRECTOR, SPECIALIST PENSION SERVICES
- 09.10 **Asset Allocation Issues**  
**Moderator: JOHN DICKSON**, HEAD OF INVESTMENT CONSULTANCY, HYMANS ROBERTSON LLP
- “Absolute Return Strategies & the Asset Allocation Problem”**
- The Tony Dye Problem: Why the stock bond decision is so difficult. How naïve absolute return strategies compound the asset allocation problem. Optimising absolute return strategies within the overall investment plan.
- GEORGE COOPER**, PRINCIPAL, ALIGNMENT INVESTORS (A DIVISION OF BLUECREST CAPITAL MANAGEMENT)
- “Have Absolute Return Strategies come of age?”**
- With greater understanding of absolute return strategies has come an increased awareness of the role they can play for pension funds. Standard Life Investments will explore some practical examples of strategies which have been adopted by clients and the benefits Absolute Returns have brought to an increasing number of pension funds.
- DAVID MILLAR**, INVESTMENT DIRECTOR, MULTI-ASSET INVESTING, STANDARD LIFE INVESTMENTS
- 10.30 COFFEE / TEA
- 11.00 **The Role of Bonds**  
**Moderator: ALAN PAPIER**, PRINCIPAL, MERCER
- “Fixed Income: the best engine for absolute returns”**
- Why fixed income for absolute returns? How both income and capital expectations can be measured and quantified as can their risks; How paying a little for credit default swaps can protect against stormy conditions and uncertainty; Skewing returns in your favour: managing skewness is one of the largest challenges in Fixed Income, how you can get skewness to act in your favour; Smoothing returns through a six cylinder engine – making money at all points in the cycle by timing allocations across government bond, credit, emerging markets, high yield, convertibles and FX sectors.
- TIM HAYWOOD**, INVESTMENT DIRECTOR, FIXED INCOME, GAM (UK) LIMITED
- “The Role of Credit Strategies in a Pension Fund Portfolio”**
- Where are we in the credit cycle? How have specialist credit sub asset classes performed? What is the relationship between sovereign and credit spreads? What is the impact of the ongoing real estate crisis on credit investing? As an investor what should you look for in a hedge fund manager?
- ALISTAIR LUMSDEN**, CHIEF INVESTMENT OFFICER OF ASSET BACKED SECURITIES AND **SIMON FINCH**,
- CHIEF INVESTMENT OFFICER OF CREDIT, CQS MANAGEMENT LIMITED
- 12:20 **Drinks and Lunch**
- 13:50 **Looking for Hedge Fund Exposure**  
**Moderator: TREVOR COOK**, MANAGING DIRECTOR, SPECIALIST PENSION SERVICES
- “Replicating the Absolute Return characteristics of Hedge Funds”**
- Academic research has shown that hedge fund returns consist of a mixture of market exposures (“beta”) and active return (“alpha”). The process of replicating the absolute return characteristics of hedge funds involves screening the hedge funds, extracting their betas, and taking on their factor risk exposures in a cost effective and risk minimizing manner. Extensive research and almost 3 years of implementation shows that such a process can deliver absolute-return like payoff with low volatility, daily liquidity, greater transparency and minimal operational risk.
- MICHAEL ARONE**, VICE PRESIDENT, STATE STREET GLOBAL ADVISORS AND **PROF. NARAYAN NAIK**, LONDON BUSINESS SCHOOL
- “Building a Hedge Fund Portfolio through Customisation”**
- Benefits of Customisation; Portfolio Assessment; What to Look for in a Solutions Provider.
- KATHERINE MOLNAR**, VICE PRESIDENT, SENIOR RESEARCH ANALYST, HEDGE FUND STRATEGIES GROUP, PINEBRIDGE INVESTMENTS EUROPE LTD.
- 15.10 COFFEE / TEA
- 15.30 **Practical Issues and Panel Session**  
**Moderator: JULIAN BROWN**, INVESTMENT CONSULTANT, JLT BENEFIT SOLUTIONS
- “Practical Issues Facing Pension Funds”**
- Do Absolute Return Strategies guarantee no loss of capital? Are Absolute Return strategies a better way of maintaining fund solvency? How can funds chose between the different strategies? What are these funds replacing and how large should the exposure be to any one Absolute Return Fund? Does Risk Management come at the expense of Return? What are the key issues trustees should consider when monitoring these products?
- PHIL IRVINE**, DIRECTOR, PIRHO INVESTMENT CONSULTING LTD.
- Panel Session**
- A panel of pension scheme executives and trustees will talk about their experiences
- CHRIS SANDFORD**, QUANTITATIVE ANALYST, AERION FUND MANAGEMENT LTD.  
**NITA TINN**, DIRECTOR, INDEPENDENT TRUSTEE SERVICES AND INDEPENDENT TRUSTEE DIRECTOR, INTERCONTINENTAL HOTEL GROUP
- 16.40 DRINKS and networking opportunity
- 17.00 **Close of Conference**

## Speaker Biographies



**Michael Arone** is a Vice President at **State Street Global Advisors**. He is Head of Europe, Middle East and Africa (EMEA) Product Engineering. Previously Michael was a Senior Portfolio Manager for the Global Active Quantitative Equity Team. He has substantial experience developing long-only and long-short quantitative strategies and managing investment portfolios using quantitative disciplines. Michael began his investment career in 1994 as a performance analyst with Frontier Capital Management Company. He is a frequent speaker at industry conferences and is the author of several articles related to institutional investment management practices. Michael holds a BS in Finance from Bentley College. He has earned the Chartered Financial Analyst designation and is a member of the Boston Security Analysts Society and CFA Institute.



**Dr George Cooper** is a principal at **BlueCrest Capital Management**. George was previously a Managing Director at JP Morgan in London and Head of Interest Rate Research. George was responsible for JP Morgan's flagship fixed income strategy publication 'Global Fixed Income Markets Weekly'. In 2007 George and his team were ranked #1 in the All-Europe fixed income research survey, by Institutional Investor. Prior to joining JP Morgan, George was a global fixed income strategist for Deutsche Bank where he was responsible for formulating Deutsche Bank's global fixed income strategy and he also managed the European interest rate research group. George began his career in the financial markets as a fund manager working for Goldman Sachs Asset Management in their fixed income and currency overlay teams. He then moved to JP Morgan Investment Management to oversee fixed income and balanced portfolios. George's book "The Origin of Financial Crises: Central Banks, Credit Bubbles and the Efficient Market Fallacy" was published in August 2008.

**Simon Finch** is Chief Investment Officer of Credit at **CQS Management** and is responsible for overseeing credit fund management and credit trading and has specific responsibility for the CLS Fund. Simon is also a member of the CQS Executive Committee. Prior to joining, CQS Simon spent a year at Peloton Partners managing a credit portfolio within the multi-strategy fund. Before this, he spent 3 years at CQS running US Credit trading. Prior to this, he spent 10 years at Abbey National where he traded ABS and Corporates; ultimately becoming the Head of Asset Management. Simon holds an MA in Economics from University of St Andrews and is a Chartered Financial Analyst.



examination.

**Tim Haywood** is Investment Director - Business Unit Head at **GAM**, where he is joint lead manager of the absolute return family of funds and is lead manager on various long only mandates. Tim joined GAM following its acquisition of the fixed income and foreign exchange specialist, Augustus, in May 2009. Tim joined Augustus (then Julius Baer Investments Limited) in January 1998 from Orient Overseas International Ltd in Hong Kong, where he was CIO. He has worked as both CIO and CEO of Augustus, and established the hedge fund business as well as being the founder and original investment manager of an emerging market bond fund. Tim holds an MBA from the University of Cranfield and a Masters degree from the University of Edinburgh, and has passed the General Securities Registered Representatives



**Phil Irvine** is a director of **PiRho Investment Consulting** which he co-founded in 2008. The company advises institutions on investment strategy and absolute return mandates. Prior to that Phil joined Liability Solutions in 2003 as Director of Advisory Services, where he headed the consultancy business assisting institutions on Absolute Return strategies and Liability Driven Investment. Before joining Liability Solutions, Phil was Chief Investment Officer for TriAlpha (the offshore investment arm for South African bank, ABSA) a company he helped set up in 1999. Previous to TriAlpha, Phil spent 15 years at the UK Assurance company, Colonial Mutual, where he held a number of positions including Head of Equities and Chief Investment Officer. Phil graduated from London School of Economics in 1983.



**Alistair Lumsden** is Chief Investment Officer of ABS at **CQS Management** and is responsible for devising and executing the Asset Backed Securities (ABS) strategies with a particular focus on investing in US MBS and Home Equity Loans (HEL). Alistair is also a member of the CQS Executive Committee. Prior to joining CQS in 2006, Alistair was responsible for running the Asset Management Desk within Rabobank's Vehicle Management Group. He was a founding member of the management team responsible for the launch of Rabobank's Tango structured investment vehicle, where he had primary responsibility for managing the \$10 billion asset portfolio. Before this, Ali was a Portfolio Manager at Abbey National Treasury Services where he invested in a variety of MBS and ABS securities, with primary responsibility for developing the bank's \$15 billion HEL portfolio from 1995 to 2001. He joined Abbey in 1993 as a graduate trainee. Alistair holds a BSc in Business and Management Studies from the University of Bradford.



CFA charterholder.

**Katherine Molnar**, CFA, Vice President, Senior Research Analyst, Hedge Fund Solutions Group, **PineBridge Investments**. She joined the firm in October 2001 and is responsible for due diligence procedures and research including: sourcing new managers, monitoring current hedge funds, making new investment recommendations to the Manager Selection Committee as well as hedge fund asset allocation recommendations for portfolio construction. Katherine is additionally responsible for portfolio reviews. Prior to joining the firm, she was Vice President, Market Research Analyst at Citigroup Investments' Alternative Investment Strategies group and held Analyst positions at Paribas Asset Management, Trevor Stewart Burton & Jacobsen as well as J.P. Morgan in Frankfurt. She was also active in Warsaw helping Pioneer First Polish Trust Fund Company launch the first retail mutual funds to the domestic market. Katherine received a BS in Business Administration/Finance from the University of North Carolina at Chapel Hill. She is a



**Prof. Narayan Y. Naik** is Professor of Finance, Director, Hedge Fund Research Centre, **London Business School**. Educated at the Indian Institute of Technology in Bombay and the Indian Institute of Management in Ahmedabad, Prof. Naik subsequently worked as an executive for Special Steels and the Taj Group of Hotels and as a consultant for the World Bank before obtaining a PhD in Business Administration at Duke University, North Carolina in 1991. Prof. Naik joined London Business School as an Assistant Professor of Finance on completing his PhD, and was promoted to Associate Professor in 1997. Over the last decade he has played a key role in the development of the finance group at LBS, most notably in the role of the Director of the PhD programme in Finance, the Director of the School's Investment Management Programme and the Director of the BNP Paribas Hedge Fund Centre at the London Business School.



**David Millar**, Investment Director, Multi-Asset Team, **Standard Life Investments**. David joined Standard Life Investments in January 2008. He is a senior member of the multi-asset investing team that is responsible for developing investment strategies designed to deliver absolute returns and beat specific liabilities. Prior to joining Standard Life Investments, David was Head of Bond Strategy and Chair of the Bond Policy Group at Scottish Widows Investment Partnership (SWIP).

## Conference Notes

**Purpose:** What are absolute return strategies and should they be an integral part of a fund portfolio? What non hedge fund strategies can funds use? Why aren't all hedge funds absolute return? Can absolute return strategies help funds not lose money? Why was 2008/9 such a disaster for many hedge funds? In seeking to answer these questions we will help pension funds understand the rationale for pursuing absolute returns and the different approaches available. We will consider the place of absolute return strategies in an overall portfolio as well as implementation issues such as capacity constraints, performance transparency and the use of derivatives and leverage.

**Date:** Thursday 10 June 2010.

**Venue:** Le Meridien, 21 Piccadilly, London, W1J 0BH. Tel: 020 7734 8000.

**Cost:** £865 plus VAT. In addition a limited number of sponsored places are available to representatives of pension funds (and other institutional investors who themselves do not offer investment management services to others) at £435 plus VAT. Please check that you are eligible. The charge includes all conference documentation, drinks, lunch, tea and coffee breaks. Payment is required before the event. A VAT receipt will be supplied on request.

**Cancellation:** prior to 1 June 2010 subject to a fee of £60.00. No refunds can be made if cancellation is after this date but delegates may be substituted at any time.

**Amendments:** SPS reserves the right to amend or cancel the conference at any time but will always attempt to give prior notice. Cancellation by SPS will result in a full refund.

**PMI Accreditation:** Attendance at the conference will be given 6½ hours of CPD with the PMI.

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## Booking Form

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Please reserve ..... place(s) at The **SPS Absolute Return Strategies for Pension Funds Conference** taking place on 10 June 2010 in London.

delegates at £865 plus VAT @ 17.5% = £1016.38

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