



Newsletter - October 2017

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New Stakeholders

We are thrilled to welcome two new members to the SBAI family:

Investor Chapter

- Keva (Finland)

Signatory

- Strategic Capital, Inc. (Japan)

SBAI on the US West Coast

The Los Angeles Institutional Investor Roundtable focussed on corporate ethics, portfolio construction and risk management. Key takeaways include:

- Investor standards: investors should hold themselves to the same standard as they hold managers.
- Diversification versus dilution: what is the right number of managers in an alternatives programme (e.g. 20-30?) and what are the resource implications for managing the programme?
- Harnessing risk data from across the portfolio (Open Protocol): enabling better understanding and decision-making, measuring beta in alternatives programmes, assessing portfolios through the risk factor lens, developing approaches to tail risk-hedging. **Samantha Foster, Managing Director, University of Southern California (USC), said: "Risk data should be used to make investment decisions, but simply having data does not replace analysis, interpretation or judgement".**

The SBAI would like to thank the speakers from Caisse de dépôt et placement du Québec, Carlson Capital, Pepperdine University, Teacher Retirement System of Texas, University of Southern California and Victorian Funds Management Corporation for their valuable contributions to the discussion. The SBAI also would like to thank Albourne Partners for hosting the event at their annual conference.

SBAI in Bermuda



This month, the SBAI participated in the Insurance Linked Securities (ILS) Convergence Conference in Bermuda, attended by investors and managers. Thomas Deinet used the opportunity to present Insurance Open Protocol and explore issues in relation to risk management and valuation of Insurance Linked Securities. As readers know, Open Protocol was recently added to the [SBAI Toolbox](#) and the SBAI’s [Alternative Investment Standards](#) cover risk management (and risk governance) in detail and provide a framework for consistent valuation of illiquid assets.

New Working Group – volunteers needed

There has been a growing interest in recent years in **factor-based investing/dynamic beta/alternative beta**. The SBAI will be forming a new working group to explore this area and assess if /where standards and/or guidance can help address potential issues in areas such as governance, disclosure, etc. Stakeholders interested in joining the working group are invited to contact us at info@sbai.org.

Upcoming events

- **28 November, Montreal: SBAI Institutional Investor Roundtable**
The event will bring together Canada’s investor and manager community. Speakers include senior representatives from Caisse de dépôt et placement du Québec, CN Pension Fund, Canada Pension Plan Investment Board, Fiera Capital and Innocap.
- **13 December, Tokyo: SBAI Institutional Investor Roundtable**
The event will bring together Japan’s investor and manager community. Speakers include senior representatives from Albourne, CQS, Japan Post Bank, Misaki Capital, Strategic Capital, Pension Fund Association and Winton.
- **14 December, Shanghai: SBAI Institutional Investor Roundtable**
The event will bring together international industry participants. Details to be published soon.

The full event schedule is available [here](#).

APPENDIX	
Keva	<p>Keva is Finland’s largest pension provider and is responsible for funding and administering the pensions of local government, State, Evangelical Lutheran Church and Kela employees.</p> <p>Keva’s 550-strong staff serve a total of 1.3 million public sector employees and pensioners as well as some 2,300 employer customers, i.e. local government organisations, State employers and parish unions. Keva’s fund assets are around €52b of which about €3.3 b are invested in hedge funds.</p> <p>Keva is an independent body governed by public law and its operations are based on the Public Sector Pensions Act and the Keva Act. It is supervised by the Ministry of Finance, the Financial Supervisory Authority and the National Audit Office of Finland. Previously</p>



	<p>known as the Local Government Pensions Institution, it has operated under the name of Keva since 1 January 2011.</p>
<p>Strategic Capital, Inc.</p>	<p>Strategic Capital, Inc. is an independent Japanese Activist fund manager founded in 2012. The investment manager is unique among Tokyo-based fund managers to employ both amicable and at times more aggressive means to unlock shareholder value. The fund maintains a concentrated long only portfolio of small and mid-cap. asset-rich listed Japanese companies, but which trade at deep value relative to intrinsic value. The strategy is principally concerned with unlocking intrinsic value by pressing for improvements to corporate governance and capital allocation.</p> <p>Tsuyoshi Maruki (Founder & CEO) was a founding partner of Japan’s first activist manager in 1999 and the senior team have experience of over 60 Japanese activist campaigns.</p>



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