



Newsletter – September 2018

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New Stakeholders

The Standards Board is delighted to welcome new additions to its family

Investor Chapter

- University of Southern California (USA)

Signatory

- InfraHedge (UK)

SBAI's Annual General Assembly

This month the Standards Board hosted its 10th Annual General Assembly in London where over 80 SBAI stakeholders gathered to reflect on the achievements of the organisation during the first decade and to discuss the objectives for the next decade.

The keynote remarks were provided by Sir Tom Scholar, Permanent Secretary of HM Treasury, highlighting the importance of the alternative investment industry in the UK as an indispensable part of the financial sector. He noted: "It is important that the financial industry plays a pro-active role in improving practices, and the SBAI is a great example of a standard-setting body making progress by facilitating the collaboration between asset managers and investors."

The manager and investor panels discussed a wide range of current industry topics, including:

- How better understanding of risk factors has changed the conversation about performance measurement and fees/fee structures
- Pressure on plain vanilla risk premia products driving increasing sophistication in this segment – are we seeing a convergence between risk premia and "traditional" hedge fund strategies?
- How the increase in "passive" investing can change the dynamics in markets (co-movement of index constituents, less efficient price formation, misallocation) and how active managers can take advantage of this



- What investors are seeking to get out of strategic partnerships with (large and small) managers, including research, trade ideas and risk insights
- Culture and diversity and how organisations challenge group think, widening the pool of applicants and new competitors for talent in our industry, including technology firms.

The Standards Board would like to thank all the speakers from Arrowgrass (Anastasia Giannakou), Caisse de dépôt et placement du Québec (Mario Therrien), Canada Pension Plan Investment Board (Poul Winslow), Ontario Teachers' Pension Plan (Mark Hannoush), Sabre Fund Management (Melissa Hill), USS (Kathryn Graham) and Wadhvani Asset Management LLP (Sushil Wadhvani) for their insightful contribution to the discussions.

The SBAI also would like to take this opportunity to thank all its stakeholders for their support over the last ten years, particularly our Founding Members. We look forward to continuing our collaboration with managers and investors to improve the alternative investment industry.

SBAI's APAC Committee elects new Chairman and Vice Chairman

The SBAI's APAC Committee elected Ted Lee of Canada Pension Plan Investment Board (CPPIB) as their new Chairman and Danny Yong of Dymon Asia Capital as their Vice-Chairman, in line with its rotating chairman system.

The outgoing Chairman Chris Gradel of PAG, who has run the Committee for two years and will remain a member of the Committee, said: "It has been rewarding to work with such a capable group of colleagues who galvanised our efforts in the region. With the Committee's participation, the SBAI held 15 events in the region, including roundtables and seminars on topics, ranging from institutional investor priorities, big data & artificial intelligence to cyber security. Many of these events were supported and co-hosted by the local regulators and sovereign wealth funds."

The newly elected Chairman, Ted Lee, said: "It has been a pleasure to work with Chris, and we count on his support in this new phase of the APAC Committee."

Last year the APAC Committee put together a working group consisting of legal and compliance specialists from Albourne, CPPIB, GCM Grosvenor and Springs Capital to conduct a gap analysis between the SBAI's Alternative Investment Standards and the current Chinese regulation. The findings of the working group already have been presented to the Asset Management Association of China (AMAC), a self-regulatory organisation that represents the mutual fund industry of China. A summary of this paper can be found on the Standards Board's [website](#).

Since the establishment of the APAC Committee, the Standards Board has welcomed 17 new signatories and five Investor Chapter members from the APAC region. This is the largest number of stakeholders joining the SBAI from one given region in such a short period of time. Today, APAC-based alternative investment managers account for 17% of the Standard Board's signatories (up from 3% in 2015).

To read the press release in full, please [click here](#).

REMINDERS: Open Protocol's updated templates come into effect on 1st October



As previously reported, there will be a number of revisions to the Global Industry Classification Standard (GICS) structure, a widely accepted framework developed by MSCI and S&P Global to organise industry sectors in a four-tiered hierarchical classification system. GICS will broaden and rename the Telecommunication sector. As a result, “Communication Services, Media & Entertainment” will be added to the sector, as well as certain companies currently classified under “Information Technology”. The changes will be implemented after close of business on 28 September 2018.

The Standards Board’s Open Protocol (OP) uses the GICS structure. To ensure that the OP templates remain consistent with GICS going forward, the OP Working Group has updated its templates, which are available on the [Open Protocol section of the SBAI Toolbox](#).

It is important to note that the only change is to the sector tree. Other changes to the manual are additional clarifications that will help fill in the template. New downloadable files include:

- Open Protocol Manual I - October 2018 (without highlighted changes): updated manual for those are new to OP
- Open Protocol Manual I - October 2018 (with highlighted changes): same as previous version but the changes from the August 2016 version are highlighted in red for those who are already producing OP reports
- Open Protocol Template I Revised October 2018: changes to the strategy tree in equity, credit and convert tab.

The summary of all changes to the OP template can be found in the [FAQ section of the OP webpage](#).

Please note that the XML template will be updated and made available for downloading later this year. You will be informed via the Standards Board monthly newsletters.

The changes come into effect on 1st October 2018. The earliest the managers would be required to produce reports in the new format will be 28th November 2018 (20 business days after October month-end).

Upcoming events

4 October 2018: Hamilton, Bermuda: [Investor Lunch](#), ILS Convergence Conference: Discussing the Standards Board’s activities in the insurance linked investment area

9 October 2018, Washington D.C.: **SBAI’s “Culture and Diversity in Asset Management” Roundtable**
This event will explore best practices (what works, what doesn't and why), identify critical and emerging issues with a particular focus on the institutional investor perspectives, as well as critical business and strategic issues for investment managers. Participants will include senior representatives from Council of Institutional Investors, Girls Who Invest, Magnetar Capital, Man FRM, New York State Common Retirement Fund, Orchard Global Capital, Rock Creek and 100 Women in Finance.

11 October 2018, London: [Allocate to China](#): **A Reality Check Four Months after MSCI A Shares Inclusion**
The Allocate to China (“ATC”) Initiative is a research-based communication platform bringing together global investors, asset managers and other stakeholders to share views and insights on various key themes relating to China asset management market.



15 October 2018, London: SBAI Institutional Investor Roundtable

This mini-roundtable will be hosted within the framework of Albourne's Annual Conference. Confirmed speakers include senior representatives from Aspect Capital, CPPIB, Teacher Retirement System of Texas, Telstra Super and Victorian Funds Management Corporation.

27 November 2018, Montreal: SBAI Institutional Investor Roundtable

Focus on stewardship investing and big data/artificial intelligence in asset management.

28 November 2018, Chicago: SBAI Institutional Investor Roundtable

13 December 2018, Shanghai: SBAI Institutional Investor Roundtable

The full event schedule is available [here](#). More events will be announced in due course.

APPENDIX

InfraHedge

InfraHedge assists in structuring then builds and operates managed account platforms for its Institutional client base. Rather than selecting from a limited menu of pre-approved managers and strategies within an existing infrastructure, investors are free to allocate to any manager in any jurisdiction, negotiate bespoke fees/terms, design customised investment mandates, and work with their service providers of choice. From helping investors design and build separately managed accounts and funds of one through to daily investment compliance monitoring, we offer risk reporting, performance attribution, accounting, NAV oversight and more. The global client base include Fund of Funds, Sovereign Wealth Funds, Asset Managers and Asset Owners that invest in 3rd party investment management programmes.

University of Southern California

The University of Southern California is a leading private research university located in Los Angeles. It is home to the College of Letters, Arts and Sciences and 21 exceptional academic schools and units. USC's Health Sciences campus houses renowned specialized care and research in cancer, stem cell and regenerative medicine, orthopaedics and sports medicine. The university is the largest private sector employer in the city of Los Angeles. The University of California Endowment's AUM is \$5.5B and allocates assets across public and private markets. It uses a fund of fund model for all asset classes.



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