



Newsletter – November 2018

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New Stakeholders

The Standards Board is delighted to welcome a new addition to its Investor Chapter.

Investor Chapter

- University of Toronto Asset Management Corporation (Canada)

SBAI in North America

Montreal

Over 60 managers and investors gathered at the Standards Board's 6th annual Institutional Investor Roundtable in Montreal, hosted by Caisse de dépôt et placement du Québec (CDPQ). The event included prominent speakers from Bâtirente, CDPQ, Canada Pension Plan Investment Board (CPPIB), Dechert, Periscope Capital, PSP Investments and Teacher Retirement System of Texas. Key areas covered:

Stewardship investing:

- Wide spectrum of approaches to ESG implementation, with some investors establishing strategic roadmaps, including carbon footprint reduction targets
- Different approaches to incorporating ESG risk factors into manager due diligence: integrated model (as part of regular investment and operational due diligence) vs. dedicated ESG team
- Fiduciary responsibility: how investors deal with situations where potential trade-offs arise between achieving explicit "impact investing" goals and maximising investment returns
- Applicability of ESG varies by investment strategy, depending on asset type (e.g. equities, vs. fixed income derivatives), holding period and strategy objective (appreciation vs. relative value)

Big data and artificial intelligence (AI) in asset management:

- Case study: applying AI and natural language processing to extract sentiment information from social media and online stock market discussion boards to inform investment decisions



- Legal and compliance risks: insider trading, data privacy, right to use data (see also SBAI press release issued in September [here](#))

Chicago

The SBAI also held its annual Chicago roundtable, hosted this year by Alyeska Investment Group. The speakers included senior representatives from Alyeska Investment Group, Aon Hewitt, Citadel, GCM Grosvenor, Illinois State Board of Investments, Magnetar Capital, Marquette Associates, Northwestern Memorial Hospital, and West Family Investments, Inc. Key areas covered:

- Increasing importance of partnerships between managers and investors:
- How managers change their delivery model to compete, balancing cost drivers vs. investing in growth
- Establishing robust governance models for pension funds and other institutional investors:
 - Role of investment boards (governance vs. hands on involvement of non-investment professionals in investment process)
 - Where to draw the line between outsourcing and building in-house capabilities?

New York

This month in New York, Dame Amelia Fawcett, Chairman of the Standards Board, held another culture and diversity event. This is the 6th event of this kind Dame Amelia has hosted, following similar roundtables in London, Washington D.C. and Stockholm. The event, attended by CIOs of prominent North America institutional investors, was hosted by Citadel.

The Standards Board would like to thank all the panellists for their thoughtful and insightful contribution to the discussions. A special thank you goes to our hosts – CDPQ in Montreal, Alyeska Investment Group in Chicago and Citadel in New York—for their hospitality, generosity and long-standing support.

SBAI's North American Committee expands

The Standards Board has increased its presence in North America with new North American Committee members. The new members include Bradley Belt, Vice Chairman of Orchard Global Asset Management, Marcus Frampton, CIO of Alaska Permanent Fund Corporation, and Priti Singh, Head of External Portfolio Management at Canada Pension Plan Investment Board (CPPIB).

The Standards Board's [North American Committee](#) was established in March 2018 with the US and Canada-based representatives from Alaska Permanent Fund Corporation, Albourne, Carlson Capital, Citadel, Ionic Capital Management, CPPIB, Magnetar Capital, MKP Capital Management and University of Southern California. The committee directs the SBAI's efforts in North America.

Please [click here](#) to read the press release in full.

SBAI announces new working groups: volunteers invited

Credit working group



The Standards Board is setting up a working group to explore issues in the area of credit investing, including mitigating conflicts of interest, transparency requirements, etc. The materials produced by the working group will be added to the SBAI's Toolbox.

Updating the Standardised Board Agenda (Toolbox)

The SBAI [Standardised Board Agenda](#) was developed by managers, investors and fund directors, and published in 2014. The Agenda serves as a general guide providing an overview of issues and topics covered in a fund board meeting. The working group will conduct a comprehensive review of the Agenda, to accommodate the latest thinking, whilst considering the local Codes of Conducts in various fund jurisdictions.

Big data /AI Working Group

Last month, the SBAI announced its big data / AI working group to develop a standard trial data licence agreement.

Japan Working Group

The [APAC Committee](#) of the Standards Board has created the Japan Working Group to look into the following areas:

- Identify current challenges faced in establishing Tokyo as a financial hub
- Relevance of the SBAI's Standards to practices in Japan in areas such as Risk Management, Valuation, Fund Governance and Shareholder Conduct.

Stakeholders are invited to join any of the above working groups.

Standards in Chinese and Japanese

The Standards Board has updated the translation of the Standards in Chinese and Japanese, following its recent name change. The Standards in the above languages are now available on [the website](#). The Standards Board also has created additional home pages on the website in [Chinese](#) and [Japanese](#).

Upcoming events

13 December 2018, Shanghai: SBAI Institutional Investor Roundtable

The event will include panel discussions focusing on China's fixed income and bond markets, big data and artificial intelligence. In addition the China Working Group will present its findings on the gap analysis of the Alternative Investment Standards and Chinese regulation. Speakers will include senior representatives from Aijan Securities, Albourne Partners, Capital Corise, Jasper Capital, Lujiazui Financial City, Orchard Global Asset Management, Simmons & Simmons, Springs Capital, Wind Information and Winton Capital Asia.

21 January 2019, Hong Kong: SBAI Institutional Investor Roundtable

Areas of focus: Turning a boutique manager into a global institutional firm, institutional investor priorities, SBAI credit working group. The keynote speech will be made by Tracy Ma, COO and Co-Founder of Hillhouse Capital. The closing remarks will be made by Ashley Alder, CEO of the Securities and Futures Commission of Hong Kong.

23 January 2019, Tokyo: JIAM*-SBAI Meeting: Building a leading financial centre



The event will bring together leading Japanese allocators, managers, Japan's Financial Services Agency (J-FSA) and the Tokyo Metropolitan Government (TMG). Topics for discussion: "building a leading financial centre", "importance of industry standards to attract capital" and "the role of the asset owner community".

*JIAM is the Consortium for Japanese International Asset Management Centre Promotion.

4 February 2019, Helsinki: SBAI Institutional Investor Roundtable and ILS lunch

Areas of focus: Institutional investor priorities, credit investments, ILS, responsible investment

6 February 2019, Geneva: SBAI Institutional Investor Roundtable

13 February 2019, London: SBAI panel at the "Factor Investing – New Developments in Factor Investing" conference. The event is organised by Imperial College Business School in collaboration with Université Paris-Dauphine and Unigestion

13/14 May 2019, Melbourne and Sydney: SBAI Institutional Investor Roundtables

16 May 2019, New York: SBAI Annual North American Stakeholder Forum

26 September 2019, London: SBAI Annual General Assembly

21 November 2019, Montreal: Institutional Investor Roundtable

More events will be announced in due course and listed [here](#).

APPENDIX

University of Toronto Asset Management Corporation

The University of Toronto Asset Management Corporation (UTAM), established in 2000 by the Governing Council of the University of Toronto, is a separately incorporated investment management organization. UTAM manages certain assets of, or under the administration of, the University of Toronto which currently includes the pension and endowment funds as well as an expendable funds pool. UTAM invests globally with third-party investment managers including allocations to alternative investment managers in the hedge fund and private markets space.



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