



Newsletter – April 2019

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New Stakeholders

The Standards Board is delighted to welcome new additions to the SBAI family.

Investor Chapter

- Office of the New York City Comptroller (USA)
- PSP Investments (Canada)
- The State Pension Fund (VER) (Finland)

Signatories

- Academy Investment Management (USA)
- CdR Capital Ltd (UK)

SBAI in North America

Culture and Diversity events in Boston and Los Angeles

The SBAI continued its series of roundtables on culture and diversity in asset management with two events in Boston and Los Angeles, in collaboration with State Street Global Advisors and Crabel Capital Management. Both events brought together high-profile institutional investors and fund managers to discuss, amongst other things, how firms instil good culture, the role of diversity in corporate culture and how to bridge the gender gap. Key points raised:

- The importance of alignment of strategy and culture and the fact that culture is an enabler and key to human capital
- Role of culture as a differentiator in recruiting and a retention tool
- Importance of “common sense” approach to leadership: transparency, listening, valuing employees/acknowledging success, “front page test”
- It's all about diversity **and inclusion**, not just diversity—do people feel comfortable bringing their whole selves to the office?



- Diversity & recruitment – tools mentioned:
 - Gender neutral job descriptions
 - Displaying women and minorities in leadership
 - Giving work sample tests
 - Explicitly assessing “likability” of candidates to separate it from other assessment dimensions
 - Should we try to train people to raise above their prejudice, or design recruiting processes that reduce the opportunity for bias?
- The need to demonstrate the value of the asset management industry to society and the opportunity for firms and their employees to make a real difference
- How the fundamental question “are your returns sustainable?” goes to the heart of the diversity issue
- The need for a set of comparable and objective metrics in the area of diversity and inclusion which the industry can use to disclose progress

The Standards Board would like to thank its hosts, State Street Global Advisors and Crabel Capital Management, for their hospitality and support before and during these important gatherings. A special thank you also goes to the [Toigo Foundation](#) for its contribution to the roundtable in Los Angeles.

These latest events follow similar gatherings in Austin and Dallas (Texas), London, New York, Stockholm and Washington, D.C.

Institutional Investor Roundtable in San Francisco

This month, the Standards Board held its latest Institutional Investor Roundtable in San Francisco. This gathering, hosted by Albourne Partners, brought together West Coast-based institutional investors and fund managers. The panellists from Albourne, Alyeska Investment Group, ARP Americas, Callan, Dignity Health, San Francisco Employees’ Retirement System and Welton Investment Partners discussed institutional investor priorities and quantification of asset management. Specifically, they focused on:

Investor Priorities:

- How investor priorities differ between large and small allocators
- Importance of the basics: Alternative Investment Standards, Open Protocol, Administrator Transparency Reporting
- SBAI priorities for 2019, including alternative credit, factor investing, insurance-linked funds, cyber security, transparency & disclosure

Quantification of Asset Management:

- Change in market dynamics as a result of passive and systematic investing not seen as a source of concern – “it’s more important to look at macro risks”



- True understanding of diversification: assessing performance behaviour and when diversifiers are supposed to work (and when not)
- Role of alternative risk premia to develop completion portfolios
- Big data / AI – question raised: Is the “information access” edge declining, and analytical edge on the rise?

The Standards Board would like to thank its panellists for their insightful contribution to the discussions. A special thank you goes to Albourne Partners for their hospitality.

SBAI North American Stakeholder Forum

The SBAI Annual North American Stakeholder Forum will be held in New York City on 16 May 2019. We are extremely pleased with the expansion of the SBAI in North America and look forward to your participation in one of our largest events of the year. We have a strong line-up of SBAI Trustees, Core Supporters and other stakeholders leading discussions on a variety of key topics, including:

- Industry Leader’s Perspective: Evolving Asset Management
- Shaping Corporate Culture: How it Works in Practice
- Redefining Partnerships between Asset Owners & Managers

Confirmed speakers include:

- Derek Drummond, Portfolio Manager – Funds Alpha, **State of Wisconsin Investment Board**
- Luke Ellis, CEO, **Man Group Plc**
- Dame Amelia Fawcett, Chairman, **SBAI**
- Amy Flikerski, Senior Portfolio Manager, External Portfolio Management, **Canada Pension Plan Investment Board**
- David George, Deputy CIO, **Future Fund**
- Christopher Kirk, Senior Managing Director, Partner, and President of Alternative Investments, **Wellington**
- Joshua Levine, Managing Director, Head of Alternatives Specialists, **BlackRock**
- Edward O’Reilly, Global Head of the Client and Partner Group, **Citadel**
- Martina Slowey, Global Head of Asset Management Services, **Bank of America Merrill Lynch**
- Daniel Stern, Co-Founder & Co-CEO, **Reservoir Capital Group**
- Mario Therrien, Senior VP, Strategic Partnerships – Developed Markets, **Caisse de dépôt et placement du Québec**
- Sapna Vir, Director of External Relationships, **New Holland Capital**
- Kirk Wickman, President, **Angelo Gordon**.



New Working Group: Developing a Standard Investor Profile Template

The Standards Board is pleased to announce that it is forming a new working group to develop a Standard Investor Profile template. The subscription, Know-Your-Customer (KYC) and anti-money laundering (AML) processes require investors to provide certain information to managers and their administrators. Much of the information required is consistent across most jurisdictions; however, the way this information is collected differs from fund to fund. By creating a single, widely accepted Standard Investor Profile (SIP) template, the administrative workload for investors can be reduced, who are otherwise required to analyse and fill a myriad of different documents. This also standardises data processing and prevents errors and inconsistencies between documents.

The Working Group will review a sample of subscription documents and develop a standardised data structure taking into consideration common jurisdictional and legal requirements. Please contact us at info@sbai.org, if you are interested in participating. Please note that the size of the Working Group is limited.

Toolbox: Open Protocol

This month we would like to focus on [Open Protocol](#) which was added to the [SBAI Toolbox](#) in May 2017. Open Protocol was developed in 2011 by a working group of leading investors, managers and other industry stakeholders to improve alternative investment fund transparency and to aid investors in aggregating risk information about their investments to improve overall portfolio risk management. The Open Protocol (OP) and Insurance Open Protocol (IOP) templates standardise the collection, collation and representation of risk information of alternative investment funds and other types of investment funds.

The Open Protocol Working Group, co-chaired by Albourne Partners and the Standards Board, continues maintaining and developing the templates to ensure they remain up-to-date. Following 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, the Telecommunication sector was broadened and “Communication Services, Media & Entertainment” was added to the sector. The changes were implemented after close of business on 28 September 2018. To ensure that the OP templates remain consistent with GICS going forward (the SBAI Open Protocol uses the GICS structure), the OP Working Group updated its templates, which are available on the [Open Protocol section of the SBAI Toolbox](#).

Please visit the [Open Protocol](#) page to download the afore-mentioned templates.



Upcoming Events

- 16 May 2019, New York: SBAI Annual North American Stakeholder Forum
- 26 September 2019, London: SBAI Annual General Assembly
- September 2019, Singapore: SBAI Institutional Investor Roundtable
- 15 October 2019, Chicago: SBAI Culture & Diversity in Asset Management Roundtable
- 21 October 2019, Philadelphia: SBAI Institutional Investor Roundtable (at Albourne Annual Conference)
- November 2019, Washington D.C.: SBAI Institutional Investor Roundtable
- 19 November 2019, Toronto: SBAI Culture & Diversity in Asset Management Roundtable
- 21 November 2019, Montreal: SBAI Institutional Investor Roundtable
- December 2019, New York: SBAI Institutional Investor Roundtable
- 5 December 2019, Shanghai: SBAI Institutional Investor Roundtable

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

APPENDIX

Academy of Investment Management

Academy Investment Management LLC ("Academy") is a global investment management firm specializing in statistical arbitrage strategies. Founded in 2010 by Dr. Ellen Wang, Academy is headquartered in New York. Academy employs quantitative analytic tools to select and trade securities based upon proprietary algorithms that have been developed by Dr. Wang and her team over the past decade. Academy is committed to investment strategy excellence that is based upon ongoing research and development as well as institutional quality infrastructure and operational practices. Academy is committed to industry best practices and is registered as an investment adviser with the U.S. Securities and Exchange Commission and as a commodity pool operator with the U.S. Commodity Futures Trading Commission and is a member of the National Futures Association.

CdR Capital Ltd

Founded in 2012, the CdR group and its affiliates manage and advise approx. \$2.2bn of assets across traditional and alternative investment strategies for institutional investors, private clients and families. CdR Capital Ltd (based in London) is the Asset Management arm of the firm which develops bespoke solutions for clients, primarily in niche and esoteric markets within systematic trading. CdR Capital Ltd is also regulated as an AIFM, currently managing a regulated Irish based ICAV structure. CdR fosters a collegial and open culture partnered with deep alternatives experience. Clients have direct access to business-owners



and portfolio teams to optimise for solutions. CdR and its affiliates currently have offices in London, Geneva, Dubai, Miami and São Paulo.

**Office of the
New York City
Comptroller**

The New York City Comptroller's Bureau of Asset Management oversees the investment portfolio for the New York City Employees' Retirement System (NYCERS), the Teachers' Retirement System of the City of New York (TRS), the New York City Police Pension Fund (POLICE), the New York City Fire Pension Fund (Fire), and the New York City Board of Education Retirement System (BERS) and related defined contribution funds. The Bureau of Asset Management advises the Boards on all investment-related topics, including investment policy and strategy, asset allocation, manager structure, manager selection and financial and economic developments that may affect the systems. The systems' portfolios are managed predominantly by external investment managers, and are largely invested in publicly traded securities, with additional allocations to private equity, real estate, infrastructure, hedge funds, and opportunistic fixed income investments. The Systems, as of January 2019, have approximately \$194.5 billion in assets under management, constituting the fourth largest public pension plan in the U.S.

PSP Investments

The Public Sector Pension Investment Board (PSP Investments) is one of Canada's largest pension investment managers with CAD\$158.9 billion of net assets as of September 30, 2018. It manages a diversified global portfolio composed of investments in public financial markets, private equity, real estate, infrastructure, natural resources and private debt. Established in 1999, PSP Investments manages net contributions to the pension funds of the federal Public Service, the Canadian Forces, the Royal Canadian Mounted Police and the Reserve Force. Headquartered in Ottawa, PSP Investments has its principal business office in Montréal and offices in New York, London and Hong Kong. www.investpsp.com

**The State
Pension Fund of
Finland (VER)**

Established in 1990, the State Pension Fund of Finland (VER) is tasked to manage and invest the pension assets entrusted to it. Through the Fund, the state prepares to pay for future pensions and contribute to balancing the foreseen deficit in pension financing.

VER exists for the purpose of paying out state pensions and balance state pension expenditure. It builds up reserves to balance the heavy costs of baby-boomers' pensions in the years when the expenditure peaks through a partial and controlled dissolution of the Fund.

VER is part of the state's partially prefunded pension system, and when established it was modelled on the private employment system (TyEL) and the Local Government Pension Institution Keva. The guiding



principle of pre-funding is to allocate the burden of cost to the right generation. In Finland, only a certain percentage of the cost of pensions is pre-funded through collective funds.

In 2018, the Finnish state pension system covered around 130,000 people. The state's pension expenditure was EUR 4.6 billion. There were around 417,000 pensioners in the state pension scheme. At the end of 2018, the market value of the Fund's investment portfolio stood at EUR 18.5 billion.



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