



## Newsletter – July 2019

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## New Stakeholders

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

### **Investor Chapters**

- The Regents of the University of California (USA)

### **Signatories**

- Quest Partners LLC (USA)

## Standards Corner: Handling Conflicts of Interest

The Alternative Investment Standards provide a comprehensive framework for addressing conflicts of interest by putting in place arrangements to manage, mitigate and disclose potential conflicts of interest. Conflicts of interest can arise across many areas of fund management activity, including valuations, handling of redemptions, portfolio risk management, handling of fees and expenses, managing parallel similar funds, co-investments, etc.

In 2015/16, the SBAI's [Consultation Paper CP4](#) focused specifically on conflicts of interest that can arise between parallel funds (including parallel employee/partner funds). The new Standards published in 2016 strengthen the managers' arrangements to mitigate conflicts of interest, including enhancing the disclosure to investors, and they focus on the following areas:

- Disclosure of similar funds, accounts or vehicles, including partner/employee funds
- Disclosure of trade allocation policy to investors
- Internal arrangements to mitigate conflicts of interest.



The topic of conflicts of interest remains on the Standard Board's agenda and is currently being explored in more detail in various working groups:

- **Alternative Credit Working Group:** Conflicts of interest that can arise in situations where funds of the same manager invest at different levels of the capital structure of the same entity, refinancing loans between different funds, and situations where managers earn a separate fee for services (e.g., loan servicing, sourcing origination consulting, related CLO business in which the fund invests)
- **Governance Working Group:** Detailed focus on conflicts of interest in parallel similar funds and co-investments, conflicts of interest of Fund Directors
- **ILS Fund Working Group:** Valuations (see recently published [Toolbox memo on valuations of ILS Funds](#)), side pocketing practices

The working group results will be published in the SBAI Toolbox over the coming months.

## SBAI Annual General Assembly

The SBAI Annual General Assembly will be held in London on 26 September 2019. The event will bring the SBAI's global stakeholders together to explore current industry issues. We have a strong line-up of SBAI Trustees, Core Supporters and other stakeholders leading discussions; they will focus on a wide variety of current important topics, including:

1. Industry Leaders' Perspective: Evolving Asset Management
2. Shaping Corporate Culture: How it Works in Practice
3. Institutional Investor Priorities 2020

Confirmed speakers to date include:

- Elena Bonthond, CIO, **CERN Pension Fund**
- Patrick Bronger, Senior Portfolio Manager, **APG Asset Management**
- Bruce Cundick, CIO, **Utah Retirement System**
- Dame Amelia Fawcett, Chairman, **SBAI**
- Stuart Fiertz, Co-Founder, President and Director of Research, **Cheyne Capital**
- Amy Flikerski, Senior Portfolio Manager, External Portfolio Management, **Canada Pension Plan Investment Board**
- Erich Gerth, CEO, **Bluebay Asset Management**
- Arthur R. Guimaraes, Chief Operating Officer, **Office of the CIO of the Regents, University of California**
- Sir Paul Marshall, Chairman & CIO, **Marshall Wace**
- Jacques Saulière, CEO, **Capital Fund Management**

More speakers to be confirmed



## Upcoming Events

- 16 September 2019, Singapore: SBAI Institutional Investor Roundtable
- 26 September 2019, London: SBAI Annual General Assembly
- 15 October 2019, Chicago: SBAI Culture & Diversity in Asset Management Roundtable
- 17 October 2019, Washington D.C.: SBAI Institutional Investor Roundtable
- 21 October 2019, Philadelphia: SBAI Institutional Investor Roundtable (at Albourne Annual Conference)
- 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

**Quest Partners LLC** Quest Partners LLC (“Quest”) is an investment manager based in New York City with approximately \$1.5 billion in assets under management. Quest was founded by Nigol Koulajian in March 2001 to pursue the development of specialized quantitative investment strategies with a focus on the impact of convexity in markets. Quest’s strategies seek to profit from short-term volatility expansions in markets and to deliver a differentiated and positively-skewed return profile. The firm currently manages assets for some of the world’s largest pension plans, family offices, foundations, and other leading institutions.

**The Regents of the University of California** The Office of the Chief Investment Officer of the Regents manages the University of California's retirement, endowment, working capital, and cash assets under the policies, guidelines, and performance benchmarks established by the UC Board of Regents. The mission of the office, also known as UC Investments, is to implement those policies and guidelines by selecting, executing, and monitoring investment strategies designed to add value over the benchmarks within a risk-controlled framework.

UC Investments currently manages a portfolio totaling approximately \$125 billion. These investments provide substantial benefits to current and retired employees, and support the university's mission of education, research, and public service.



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