

February 16 & 17, 2010, Toronto  
Two-Day Event!

6<sup>th</sup>

# ASSET ALLOCATION

Structure your investment strategy to survive the financial meltdown  
& address investor concerns as a result of recent market turmoil

**Course Leader**  
Stephen Orlich,  
MFC Global  
Investment  
Management



Dino Bourdos,  
TD Asset  
Management  
Inc.



James A.  
Knowles,  
Addenda  
Capital Inc.



Dominic Blais,  
Canadian  
Medical  
Protective  
Association



Bob Smith,  
Canadian  
Forces  
Personnel  
Support  
Agency



Harry S.  
Marmer,  
Hillsdale  
Investment  
Management  
Inc.



Robert  
Chepelsky,  
Morneau  
Sobeco



Caroline L.  
Helbronner,  
Blake, Cassels  
& Graydon LLP



Emmanuel  
Matte,  
Standard Life  
Investments  
Inc.



as well as:

Pierre Caron,  
bfinance  
Canada Inc.

Anthony  
Lennie,  
Victoria  
University (in  
the University  
of Toronto)

*"Good, simple description  
of complex topic."*

- Diego Apter,  
Institutional Investment Analyst,  
Fidelity Investments Canada

*"Learned more framework  
and got more insight in  
asset allocation field."*

- Past Conference attendee

*"Very down to earth,  
refreshing. Extremely  
interesting."*

- Past Conference attendee

## **Workshop Included:** *Reducing Pension Plan Risk Through Liability-Driven Investing*

### **course highlights**

- Defining current market conditions and forecasting future trends
- Current trends in asset allocation policy
- The outlook for liability driven investing
- How to evaluate the merits of potential investment solutions
- Advantages of infrastructure investing
- Innovative new strategies, instruments and techniques
- Measuring the performance of the overlay manager
- The key attributes of good alpha sources
- What real estate offers to a pension fund

### **participating organizations**

Addenda Capital Inc.  
bfinance Canada Inc.  
Blake, Cassels & Graydon LLP  
Canadian Forces Personnel Support Agency  
Canadian Medical Protective Association  
Hillsdale Investment Management Inc.

MFC Global Investment Management  
Morneau Sobeco  
Standard Life Investments Inc.  
TD Asset Management Inc.  
Victoria University (in the University of Toronto)

### **who should attend**

- Plan sponsors and trustees of: Pension plan funds, University and hospital endowment funds, Foundation and association investment funds, Union investment funds
- Institutional investment executives, including CIOs, CEOs, CFOs and corporate treasurers
- Asset management executives, including senior fund managers and pension fund managers
- Investment dealers and managers
- Pension consultants and actuaries

## FACULTY

### COURSE LEADER

#### STEVE ORLICH

Steve Orlich is Vice President, Strategic Asset Allocation for MFC Global Investment Management. He is responsible for the management of MFC GIM's strategic asset allocation products worldwide. He leads a technical team that researches and develops state-of-the-art asset allocation solutions for institutional and retail investors and has more than \$65 billion in assets under management.

#### PIERRE CARON

Pierre Caron, FSA, FCIA, is Senior Consultant at bfinance. Before joining bfinance in 2006, he was Principal at Mercer Investment Consulting, where he was responsible for alternative investments in Canada. He has spent the last 18 years providing investment consulting mandates to various clients on a full-time basis. Before joining Mercer, he was the leader of the Canadian investment consulting practice at Watson Wyatt.

#### ANTHONY T. LENNIE

Anthony T. Lennie, B.B.M., M.Ed., CGA, is the Director of Finance at Victoria University, a university in federation with the University of Toronto. He has been with the University for 13 years and in his current role also acts as secretary to the Investment Committee of the Board of Regents. He serves as a member of the Investment and Treasury Committee of CAUBO.

### CO-LECTURERS

#### DINO BOURDOS

Dino Bourdos joined TD Asset Management Inc. as part of Canada Trust merger in 2000. At TDAM, he is responsible for managing and trading derivatives-based strategies, including a variety of equity, fixed income and currency overlay mandates. He is also co-head of product specialist team.

#### JAMES A. KNOWLES

James A. Knowles provides consulting services regarding investment policy, portfolio construction, asset allocation, manager selection and performance attribution. Current and former clients include large pension plans, foundations, investment managers, custodians, and performance measurement organizations.

#### DOMINIC BLAIS

Dominic Blais is a Specialist, Performance & Risk for the Canadian Medical Protective Association. He started in 2004 to assist the Investment section in implementing improved performance and risk measurement and management solutions for both public and private investments. His responsibilities have since grown.

#### BOB SMITH

Bob Smith has been with the Canadian Forces Personnel and Family Support Services since 1997 serving as the Chief Financial Officer and since 2008 as the Associate Director General. Prior to this employment, he spent nearly 30 years with the Canadian Forces as a logistics officer.

#### HARRY MARMER

Harry Marmer, BBA, MBA, CFA, is Executive Vice President, Institutional Investment Services, and Partner at Hillsdale. He heads up the institutional business of Hillsdale. Prior to joining Hillsdale, he was Senior Vice President, Institutional Investment Services at Franklin Templeton Investments. Prior to that, he was Director at Russell Investment Group.

#### ROB CHEPELSKY

Rob Chepelsky is a Principal in Morneau Sobeco's investment consulting practice. He has over 15 years of experience in the investment and risk management fields and has been with Morneau Sobeco for over seven years. He provides a wide variety of consulting services.

#### CAROLINE HELBRONNER

Caroline Helbronner is a Partner in the Pension & Employee Benefits and Tax Groups. Her practice relates primarily to pension, benefit and compensation issues and related investment arrangements. She advises employers, financial institutions and consulting firms on pension and benefit issues arising in a wide range of circumstances.

#### EMMANUEL MATTE

Emmanuel Matte is Vice-President at Standard Life Investments Inc., responsible for sales activities in Quebec. His responsibilities also include the marketing of Liability Driven Investments offerings across Canada in partnership with the quantitative team. Before joining SLI, he worked six years in Montreal for an international investment firm.

## COURSE PROGRAM

### THE LATEST TRENDS IN ASSET ALLOCATION POLICY

After absorbing the impact of the credit crisis and the market lows of 2008, pension funds in the current low interest rate environment, are unlikely to achieve their investment objectives with outdated asset allocation policies that do not take into account today's realities. This presentation will discuss current trends in reaction to economic conditions and the issues associated with possible solutions. Topics covered will include:

- Defining current market conditions and forecasting future trends
- Current trends in asset allocation policy
- Potential impact of deleveraging, central banks supplying additional liquidity and market bailouts
- Manager-based versus market-based solutions
- Importance of proper risk management in investment portfolios

### DEVELOPING A LIABILITY-DRIVEN INVESTMENT STRATEGY

Defined benefit sponsors are living in an increasingly complex world where corporate finance concerns are dominating decisions about offering pension benefits as well as decisions about how to fund them. Low yields from large equity investments, flat markets, miscalculations of longevity and overly optimistic investment returns have left many institutional funds struggling. This presentation will explore strategies for developing a liability-driven investment strategy.

- Dealing with the drop in funding ratios: matching assets and liabilities
- Creating a more transparent DB solution
- Recognizing key corporate issues in pension finance
- How to evaluate the merits of potential investment solutions
- The process of adopting an LDI approach

## INFRASTRUCTURE INVESTING

Pension funds have been shifting dollars from volatile stock markets into infrastructure investments that provide more stable returns. Seeing that infrastructure investment is normally a long-term commitment, it matches well with the long-term liabilities of pension funds. This presentation will offer insights into the infrastructure investment strategies that municipalities and pension plans may want to consider.

- Advantages of infrastructure investing as an investment for pension funds and a source of financing for municipalities: risk and reward characteristics
- Characteristics of municipal infrastructure that may be suitable for investment by pensions
- Examples of third-party municipal infrastructure investments

## INCORPORATING ALTERNATIVE INVESTMENTS INTO THE MIX

Alternative investments are essential to maximizing returns while maintaining proper asset allocation in plan portfolios. However, some investors have found that incorporating alternative investments into traditional strategic asset allocation has been difficult to do in a systematic way. This session will explore strategies for overcoming some of the hurdles institutional investors face.

- Innovative new strategies, instruments and techniques: what are alternative investments and how do they fit in a portfolio?
- Victoria University's experience incorporating alternative investments
- The unique return complications of alternatives
- Accounting for the downside risk

## USING STRATEGIC OVERLAYS TO OPTIMIZE RISK CONTROL AND ADD VALUE

Given the increasing need by institutional investors to find new sources of alpha by broadening their investment scope, it has become important to understand how the strategic overlay is increasingly used as a tool to control asset allocation and monitor risk budgets for traditional pension plans. This presentation will discuss how the strategic overlay may be used as a risk monitoring tool in today's environment.

- The strategic overlay and idea of risk budget
- What happens when plans add non-traditional asset classes into the lineup?
- What are the effects on the risk budget?
- How can an overlay strategy be financed?

## FINDING THE BEST ALPHA SOURCES FOR YOUR PORTABLE ALPHA PROGRAM

Pension investors are struggling to meet the twin goals of extracting consistent excess returns from volatile markets, while limiting or reducing their "liability mismatch" risk. Alpha transport is a key strategy to meet these potentially conflicting goals. This presentation will discuss:

- Does true alpha actually exist? Does it matter?
- The key attributes of good alpha sources
- An analytical framework specific to alpha-source due diligence
- A real-world example based on the Canadian fixed income market

## SOCIALLY RESPONSIBLE INVESTING

Socially responsible investing incorporates non-financial environmental, social and ethical criteria into the investment decision process. It is receiving increased attention and generating growing interest among institutional investors and public pension funds. Increasingly, pension plans are considering these issues as part of their investment analysis and fiduciary responsibility.

- Corporate engagement and socially responsible investing
- Social screens: criteria for responsible investment
- Economically targeted investment: learning responsible investment
- Socially responsible investing: trends and returns
- Mission-based investing

## USING VALUE AT RISK (VaR) TO RUN THE ASSET MIX

The Value at Risk (VaR) technique analyzes statistical historical price trends and volatilities in order to provide estimates of the extent of future portfolio losses. Controlling losses can improve returns and simultaneously reduce risk. This presentation will discuss the use of VaR in asset allocation, including a look at:

- Advantages of the VaR strategy
- Practical examples of VaR
- How to put together a real Risk Budget with VaR
- Methodology for calculating VaR economically and efficiently

## REAL ESTATE INVESTMENT STRATEGIES

Real estate has long been accepted as an asset class that can provide a degree of protection from the effects of inflation. This session will look at the role of real estate in a pension fund, opportunities for investment and how to implement and manage a real estate portfolio.

- Outlook for real estate post-crisis
- Real estate's correlation with stocks and bonds
- Historical performance of real estate investment
- Where the best investment opportunities will be found

## ASSESSING ASSET ALLOCATION IN A DYNAMIC RISK BASED FRAMEWORK

This presentation will explore ways that leverage can be used to more sensibly and effectively manage asset allocation. Levered assets typically raise risk while increasing return expectations. So although leveraged assets tend to lower risk-adjusted returns, justifying a role for leverage in optimal portfolio construction.

- Maximizing returns at a given risk level
- Including appropriate leveraged assets in portfolios
- Raising the efficiency frontier
- Limiting restraints on borrowing

## INSTITUTIONAL INVESTORS & PRIVATE EQUITY

Private equity has grown steadily in popularity in the global institutional investor community, having emerged as a distinct and substantial asset class in many of the world's largest institutional portfolios. This discussion will explore this trend, with a look at:

- The attraction of private equity: outlook for the future
- Barriers to broader participation in the private equity market
- Private equity as an alternative source of returns
- Valuations, deal flows and exits

## WORKSHOP

### REDUCING PENSION PLAN RISK THROUGH LIABILITY-DRIVEN INVESTING

Many plans are now pursuing investment strategies that provide a better match to their future liabilities and hence limit volatility in their plan's funded status and related pension expense. This has led plans to contemplate establishing a liability-driven investment (LDI) strategy. But what is LDI and how does it differ from the traditional approach to asset allocation? Join this interactive workshop and discover how you can invest assets with a much sharper eye on funding liabilities and reducing risk.

- What is wrong, if anything, with current approaches to asset allocation?
- Identifying what liabilities to hedge: measuring risk
- Different immunization strategies available
- Blending liability matching approaches with return-enhancing strategies
- Measuring LDI performance
- Fee implications for LDI strategies

# MULTIMEDIA PRESENTATIONS

Register for Asset Allocation and we will give you free of charge a CD-ROM comprising the following virtual presentations from recent Federated Press courses and conferences. Presented in their entirety with complete audio and accompanying PowerPoint slides totaling 593 minutes of expert learning, these presentations are an added bonus to this year's course. Bear in mind that these presenters are not necessarily those that you will see and hear at this year's course.

## Alternative Assets Investing for Pension Funds – An Overview

William G. Maclean, Senior Consultant,  
*Aon Consulting*  
Time: 65 Slides: 58

## Evaluation and Selecting Managers: Investment Manager Structure

Bruce B. Curwood, Director,  
Institutional Solutions,  
*Russell Investment Group*  
Time: 110 Slides: 44

## Pension Plan Investment Risk in a Liability-Led Investment Strategy

Valter Viola, President,  
*Holland Park Risk Management Inc.*  
Time: 63 Slides: 25

## Current State of Pensions: Is There a Crisis?

Anthony J. Devir, Partner,  
*Osler, Hoskin & Harcourt LLP*  
Time: 38 Slides: 16

## Managing Risks in Capital Accumulation Plans

Becky West, Client Service Executive,  
*Russell Investment Group*  
Time: 36

## The Impossibility of Funding Mature Pension Plans

Peter Gorham, Partner,  
*Morneau Sobeco*  
Time: 61 Slides: 11

## Pension Plan Design

Paul Timmins,  
*Watson Wyatt*  
Time: 65 Slides: 33

## Implications of Proposed Funding Rules for Employers, Employees and Directors

Ross A. Gascho, Partner,  
*Fasken Martineau DuMoulin LLP*  
Time: 43 Slides: 15

## Modernizing the Rules to Maximize Returns: An Argument for a 21st Century Approach to Pension Plan Investing

Frederick Biro, Member of the OMERS  
Administration Corporation Board of Directors.,  
*Ontario Municipal Employees Retirement System (OMERS)*  
Time: 30 Slides: 24

## Pension Plan Investment Compliance

Anne E. Mahmoodallah, Manager  
of Compliance Reporting,  
*RBC Dexia Investors Services Trust*  
Time: 17 Slides: 13

## A Balancing Act: Measuring and Monitoring Risk, Return and the Investment Process in Good Governance

Nadia Savva, Account Executive,  
*Manulife Financial*  
Time: 29 Slides: 21

## Preparing for Internal and External Audits

Lynne Godbout, Director, Pension Governance,  
*HUB International Ontario Limited;*  
Tony Kerekes, Partner,  
*NVision Consulting Limited*  
Time: 36 Slides: 22

Audio/Video segments clickable slide by slide  
Papers and overheads also included  
Print any of the material for your own use



**Registration:** To reserve your place, call Federated Press toll-free at 1-800-363-0722. In Toronto, call (416) 665-6868 or fax to (416) 665-7733. Then mail your payment along with the registration form. Places are limited. Your reservation will be confirmed before the course.

**Location:** Metropolitan Hotel, 108 Chestnut Street, Toronto, Ontario, M5G 1R3

**Cost:** The attendance fee for the course is \$1825 per person and covers attendance for one person and the lecturers' presentation material. The fee further includes lunch on both days, morning coffee on both days and refreshments during all breaks. You may purchase a Proceedings CD-ROM containing edited actual proceedings and materials from the course.

**Time:** This course is a two-day event. Registration begins at 8:00 a.m. The morning sessions start promptly at 9:00. The second day ends at 4:00 p.m.

**Cancellation:** Please note that non-attendance at the course does not entitle the registrant to a refund. In the event that a registrant becomes unable to attend following the deadline for cancellation, a substitute attendee may be delegated. Please notify Federated Press of any changes as soon as possible. Federated Press assumes no liability for changes in program content or speakers. A full refund of the attendance fee will be provided upon cancellation in writing received prior to February 3, 2010. No refunds will be issued after this date. Please note that a 15% service charge will be held in case of a cancellation.

**Discounts:** Federated Press has **special team discounts**. Groups of 3 or more from the same organization receive a **10%** discount. Groups of 7 or more from the same organization receive a **15%** discount.

Payment must be received prior to February 9, 2010

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### TO REGISTER FOR ASSET ALLOCATION

Name \_\_\_\_\_  
 Title \_\_\_\_\_ Department \_\_\_\_\_  
 Approving Manager Name \_\_\_\_\_  
 Approving Manager Title \_\_\_\_\_  
 Organization \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ Province \_\_\_\_\_ Postal Code \_\_\_\_\_  
 Telephone \_\_\_\_\_ Fax \_\_\_\_\_ e-mail \_\_\_\_\_  
 Please bill my credit card:  AMEX  VISA  Mastercard  
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### REGISTRATION COSTS

NUMBER OF PARTICIPANTS:   
 COURSE: \$1825  
 COURSE + PROCEEDINGS CD-ROM:  
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