

FALL FORUM 2015

NMS MANAGEMENT PRESENTS

# The Investment Management Forum for Endowments & Foundations

---

Mandarin Oriental  
Washington, D.C.  
September 27 – 30, 2015

# Fall Forum Faculty

## FORUM HOST

**Nancy M. Szigethy**  
Founder  
NMS Management, Inc.

## FORUM CHAIRMEN

**Sally M. Dungan**  
Chief Investment Officer  
Tufts University

**Jeff Pippin**  
Senior Vice President & Chief  
Investment Officer  
Pepperdine University

**Paula J. Volent**  
Senior Vice President for Investments  
Bowdoin College

## FEATURED SPEAKERS

**Chase Coleman**  
Founder & Partner  
Tiger Global Management, LLC

**Arminio Fraga**  
Founding Partner  
Gávea Investimentos

**Lawrence B. Lindsey**  
President & Chief Executive Officer  
The Lindsey Group

**Paul McCulley**  
Former Chief Economist  
PIMCO

**Paul Podolsky**  
Senior Portfolio Strategist  
Bridgewater Associates, LP

**Barry Rosenstein**  
Managing Partner  
JANA Partners LLC

**Kevin Ulrich**  
Chief Executive Officer  
Anchorage Capital Group, L.L.C.

**Martin Wolf**  
Associate Editor &  
Chief Economics Commentator  
*Financial Times, London*

## SPEAKER FACULTY

### **Steven T. Algert**

Managing Director, Investments  
The J. Paul Getty Trust

### **Pierpaolo Barbieri**

Head Strategist (Brevan Howard  
Argentina Fund)  
Brevan Howard

### **Michael K. Barry**

Chief Investment Officer  
Georgetown University

### **Todd Benjamin**

Former Financial Editor  
CNN International

### **Richard Bernstein**

Chief Executive Officer/  
Chief Investment Officer  
Richard Bernstein Advisors LLC

### **Robert Bryce**

Author/journalist  
Senior Fellow  
Manhattan Institute

### **Amy L. Chen**

Chief Investment Officer  
Smithsonian Institution

### **Joel E. Cohen**

Abby Rockefeller Mauzé  
Professor of Populations  
Head, Laboratory of Populations  
The Rockefeller University &  
Columbia University

### **Christopher R. Cole**

Founder and CIO  
Artemis Capital Management LP

### **Celia S. Dallas**

Chief Investment Strategist  
Cambridge Associates LLC

### **Dean D'Angelo**

Founding Partner  
Stellus Capital Management

### **Todd Dittmann**

Managing Director  
Angelo, Gordon & Co.

### **Fernando X. Donayre**

Chief Investment Officer  
INCA Investments, LLC

### **Erik Dybesland**

Co-Founder/Managing Partner  
BlackGold Capital Management LP

### **David Eagleman**

Assistant Professor  
Department of Neuroscience  
Baylor College of Medicine

### **Jim Hille**

Chief Investment Officer  
Texas Christian University

### **Jonathan D. Hook**

Chief Investment Officer  
The Harry & Jeanette Weinberg  
Foundation, Inc.

### **Raymond A. Jacobson**

Chief Investment Officer  
Davidson College

### **Barry Kaplan**

Director, Absolute Return  
National Railroad Retirement  
Investment Trust

### **Katty Kay**

Lead Anchor  
*BBC World News America*

### **Charles A. Kennedy**

Chief Investment Officer  
Carnegie Mellon University

### **Chun W. Lai**

Deputy Chief Investment Officer  
The Rockefeller Foundation

### **Alistair Lumsden**

Chief Investment Officer  
East Lodge Capital Partners LLP

### **Jason B. Matz**

Chief Investment Officer  
Carleton College

### **Charles J. Moore**

President  
The Banc Funds Company, L.L.C.

### **Edgar E. Nehme**

Managing Director, Hedge Funds  
KAUST Investment Management  
Company

### **Matthew H. Stone**

Managing Director, Public Markets  
& Absolute Return  
The University of Chicago

### **Andrew K. Tsai**

Managing Principal  
Chalkstream Capital Group, L.P.

### **Kathleen Vogelsang**

Chief Investment Officer  
Van Andel Institute

### **Thomas B. Woodbury**

Managing Director,  
Absolute Return Strategies  
University of Pennsylvania

### **Kathy Xu**

Founder & Managing Partner  
Capital Today Group

### **Peter Zeihan**

President  
Zeihan on Geopolitics

# Schedule

Sunday, September 27, 2015

---

**4:00 pm - 5:00 pm**

Early Registration

*Early registration will be held in the Hotel Lobby*

---

**5:30 pm**

Welcome Reception

Please join us as we kick off the 2015 Fall Forum with a Welcome Reception.

---

Monday, September 28, 2015

---

**7:30 am**

*Forum Registration and Continental Breakfast*

---

**8:15 am**

Welcome & Introductions

Nancy M. Szigethy, NMS Management, Inc.

Remarks from the  
Forum Chairmen

Sally M. Dungan, Tufts University  
Jeff Pippin, Pepperdine University  
Paula J. Volent, Bowdoin College

---

**8:30 am**

Opening Keynote Address:  
End Game: When a Trend is  
Unsustainable it Will Stop

*Opening Keynote Address: End Game: When a Trend is Unsustainable it Will Stop*

This session will address the risks to the U.S. and global economy, and examine monetary policy decisions at the Federal Reserve, the anticipated increase in interest rates, initiatives in Washington, and explore what the implications may be for financial markets and for investors.

*Speaker:* Lawrence B. Lindsey, The Lindsey Group

---

**9:30 am**

Finding Value in Energy Markets:  
A Turning Point for Investors?

In the wake of the dislocation in the energy sector over the last year, there seems to have been a consensus that oil prices would continue to decline. However, the significant drop in prices did not translate into profitable investments as many investors anticipated. The recent and extreme volatility across global markets and worries over continuing weaknesses in the Chinese economy, have investors wondering what the impact will be on energy markets. Will prices dip into the 30's and what will this mean for investors? Will the environment shift in the year ahead to create circumstances conducive to generating strong returns for investors? What are the opportunities, strategies and vehicles that will be most attractive? What are the relative merits of credit versus long/short, public equity, private equity and distressed debt? Panelists will share their insights with an emphasis on actionable takeaways for members.

*Conducted by:* Todd Benjamin, Formerly, CNN International

*Discussants:* Dean D'Angelo, Stellus Capital Management  
Todd Dittmann, Angelo, Gordon & Co.  
Erik Dybesland, BlackGold Capital Management LP

# Schedule

Monday, September 28, 2015

---

**10:30 am**

Break

---

**11:00 am**

**Seize Category Opportunity and Build No. 1 Brands in China**

This session will address how we see the changes within the middle class consumers in China, how do these changes bring the category opportunities, how could we bet on the first movers when the category is taking off, and how could we help the entrepreneurs build No. 1 brands in China?

*Speaker:* Kathy Xu, Capital Today Group

---

**11:45 am**

**Population Trends: Opportunities and Challenges for the Long-Term Investor**

Human populations, economies, environments and cultures interact strongly. The long-term investor can benefit from understanding likely demographic trends, their uncertainty, and their (sometimes unexpected) interactions with economies, environments and cultures. Dr. Cohen will summarize demographic trends and their interactions from 2015 to 2100. Unprecedented changes in population growth, demographic differences between regions, fertility, aging, cities, and migration will transform the world, creating unprecedented challenges and opportunities for investors.

*Speaker:* Joel E. Cohen, The Rockefeller University & Columbia University

---

**12:45 pm**

Luncheon

---

**1:45 pm**

**A Perspective on Activist Investing**

*An Interview with Barry Rosenstein, JANA Partners LLC*

As fund managers undertake efforts to drive shareholder value, the face of activist investing has evolved over time. In this interview, one of the industry's most renowned activist investors will share with us his viewpoints, insights and opinions on how activist investing is changing, how activist investors are different from other fund managers, the current opportunity-set and what environmental factors favor successful outcomes. The interview will also address misconceptions about activist investing.

*Conducted by:* Jim Hille, Texas Christian University

# Schedule

Monday, September 28, 2015

---

**2:30 pm**

**The CIO Perspective: Investing  
in a Changed Environment**

Endowments and Foundations face the challenge of investing amid increased complexities, a point underscored by the economic slowdown in China, steep equity declines across the globe and falling oil prices. Against this backdrop CIO's will share their thoughts and observations on how to best lead their teams and manage their portfolios into an uncertain future environment. How will institutions invest to meet their return objectives when the overall risk level in the external environment has increased and at the same time returns are anticipated to be lower? The discussion may address some of the following subjects: To what extent is liquidity a concern for the portfolio? How can a portfolio best be diversified as it relates to equity risk? How are CIO's thinking about asset allocation and risk modeling? How are institutions managing their cash in the current environment? How are you preparing your portfolio as interest rates seem poised to rise? Our distinguished CIO participants will share their thoughts on a range of issues designed to provide take-aways for peer institutions.

*Conducted by:* Celia S. Dallas, Cambridge Associates LLC

*Discussants:* Jonathan D. Hook, The Harry & Jeanette Weinberg Foundation, Inc.  
Chun W. Lai, The Rockefeller Foundation  
Kathleen Vogelsang, Van Andel Institute

---

**3:30 pm**

**Break**

---

**4:00 pm**

**Scale, Shale, and the Second  
American Century**

In this presentation, the speaker will discuss the massive scale of global energy, which now totals about 256 million barrels of oil equivalent per day, or roughly 31 Saudi Arabias of daily oil output. He'll explain why global coal use continues to surge even as the fuel is losing market share here in the United States. Mr. Bryce will then focus on the most important development in the global energy scene since the discovery of the East Texas Field in 1930: the rise of shale oil and shale gas. Since 2006, the U.S. has added about 3.6 million barrels per day of new oil production. That's roughly equal to the combined output of two OPEC member countries: Kuwait and Qatar. Finally, he will focus on the myriad advantages America has over the rest of the world and why the U.S. will continue dominating the global economy for decades to come.

*Speaker:* Robert Bryce, Manhattan Institute

# Schedule

Monday, September 28, 2015

---

**4:45 pm**

**A Look at Hedge Funds in the Institutional Portfolio**

A low interest rate, low-return environment, and increased uncertainty across financial markets are the backdrop against which institutions face the challenge of delivering solid returns. In this context, what role do hedge funds play in the endowment and foundation portfolios? Are hedge funds doing a good job of fulfilling their role in the portfolio and generating returns? Following the recent disruption across financial markets and the decline in equities across the globe, are endowments, foundations and other institutional investors shifting their perspective on the use hedge funds? This discussion will engage three seasoned hedge fund investors in a dialogue on performance, risk/return expectations, fund size, and which investment regions, sectors and strategies they believe hold most promise in the year ahead.

*Conducted by:* Paula J. Volent, Bowdoin College

*Discussants:* Steven T. Algert, The J. Paul Getty Trust  
Barry Kaplan, National Railroad Retirement Investment Trust  
Edgar E. Nehme, KAUST Investment Management Company

---

**5:30 pm**

**Sessions Conclude  
Reception Immediately Following**

Reception and Membership Dinner immediately following at the Mandarin Oriental. All members are welcome to join us.

**6:30 pm**

**Membership Dinner**

The Membership Dinner is the perfect occasion to catch up with old friends and create valuable new connections. Dinner seating will begin at 6:30pm in the Oriental Ballroom. A music ensemble from a local Conservatory will accompany dinner.

# Schedule

Tuesday, September 29, 2015

---

**7:00 am - 7:30 am**

*Breakfast & Peer Networking for Endowments & Foundations only*

---

**7:30 am - 8:45 am**

**Closed-Door Sessions for  
Endowments & Foundations Only**

*Session A: Practical Approaches to Risk Management: Mitigating Risk in an Uncertain Environment*

As markets today are characterized by greater complexity, uncertainty and volatility, risk factors have become more difficult to quantify and manage. Risk management has taken on an integral role in long-term investment planning, along with asset allocation, at endowment and foundation offices. This facilitated discussion is intended to be a practical exchange of ideas with the objective of providing insights to members. Participants are welcome to share their experiences and lessons learned, in particular, as it relates to periods of significant market volatility.

*Co-Facilitators:* Matthew H. Stone, The University of Chicago  
Thomas B. Woodbury, University of Pennsylvania

*Session B: Manager Selection as the Key to Out-Performance*

The uncertainty in global markets brings clearly into focus how critical the selection of fund managers is to the success of the investment portfolio. After the tremendous volatility and the stock market decline last month, variations in performance by fund managers underscored how critical it is to pick the right partners. While most investors review established due diligence practices to ensure they consider fund managers with stable investment teams, and disciplined investment process, what are the unique characteristics of fund managers that inspire high conviction and result in the allocation of capital? In an environment where returns are expected to be lower going forward, and the selection of managers represent high stakes decisions, what are the competencies that must be developed among investment staff to identify and invest with the right partners? This private discussion is an opportunity for peers to share their experiences and the processes they use to select fund managers for their portfolio.

*Co-Facilitators:* Amy L. Chen, Smithsonian Institution  
Charles A. Kennedy, Carnegie Mellon University

---

**8:15 am**

*Continental Breakfast for Members*

---

**8:55 am**

**Remarks from the  
Forum Chairmen**

Sally M. Dungan, Tufts University  
Jeff Pippin, Pepperdine University  
Paula J. Volent, Bowdoin College

# Schedule

Tuesday, September 29, 2015

---

**9:00 am**

Keynote Address -

The Internet: A Defining Economic Theme for Our Generation

Keynote Address - The Internet: A Defining Economic Theme for Our Generation

*Speaker:* Chase Coleman, Tiger Global Management, LLC

---

**9:45 am**

Evaluating Credit Opportunities in Europe

As Europe remains central among the core global themes influencing financial markets and investors, this discussion will explore views on how recent equity market volatility, the drop in energy prices and the Chinese economic slowdown are impacting the European landscape. What are the market dynamics in Europe that may create opportunities for investors? What is the state of the financial sector in Europe, and what aspects are healthy? Where are the pockets of opportunities that represent the best investments in Europe? What looks most attractive across countries and sectors? The discussion will allow members to compare and contrast the views of two seasoned credit managers, representing both a European based fund manager and a fund manager based in the U.S.

*Conducted by:* Martin Wolf, *Financial Times*, London

*Discussants:* Alistair Lumsden, East Lodge Capital Partners LLP  
Kevin Ulrich, Anchorage Capital Group, L.L.C.

---

**10:45 am**

Break

---

**11:15 am**

Opportunities in Latin America: Assessing the Relative Merits of Investing

Many endowments and foundations with significant allocations to Latin America have seen their investments fall in value. Because hedging currency risk can be cost prohibitive, losses have been magnified for U.S. investors. Some are concerned about the increased volatility in currencies that may occur in the region with the anticipated rise in interest rates. Yet the current environment is considered by many investors to be presenting a buying opportunity in a geography offering significant investment opportunity. For U.S. investors with a long-term investment orientation, attractive investment across Argentina, Brazil, Colombia and other Latin American countries may offer significant returns. Our distinguished panel of seasoned investors will share their opinions and insights on the state of Latin American economies, market dynamics and the opportunity-set available to investors.

*Conducted by:* Katty Kay, *BBC World News America*

*Discussants:* Pierpaolo Barbieri, Brevan Howard  
Fernando X. Donayre, INCA Investments, LLC  
Arminio Fraga, Gávea Investimentos

---

**12:15 pm**

Luncheon

# Schedule

Tuesday, September 29, 2015

---

**1:15 pm**

Managing Currency Risk When  
Exchange Rate Moves Are Big  
and Asset Returns Are Small

Managing Currency Risk When Exchange Rate Moves Are Big  
and Asset Returns Are Small

*Speaker:* Paul Podolsky, Bridgewater Associates, LP

---

**2:00 pm**

Why Private Equity?  
Fact and Fiction in a  
Burgeoning Asset Class

Among the various asset classes available to investors, private equity has provided the highest returns over the last three decades. So how should foundations and endowments approach this asset class today? What are the keys to successful investing in private equity? What are the advantages and risks? Do sector-focused private equity funds have compelling advantages over broader funds? Our presenter will share his perspective and insights on the nuances of private equity investing and what the drivers of success are likely to be in the current environment.

*Speaker:* Charles J. Moore, The Banc Funds Company, L.L.C.

---

**2:45 pm**

Break

---

**3:15 pm**

An Investment Perspective on the  
Global Landscape

*An Investment Perspective on the Global Landscape*

*Speaker:* Richard Bernstein, Richard Bernstein Advisors, LLC

# Schedule

Tuesday, September 29, 2015

---

**4:15 pm**

**The Secret Lives of the Brain**

Your conscious mind—the part you consider you—accounts for only a small fraction of the brain’s function. So what is all the rest doing? Our behavior, thoughts, and experiences are inseparably linked to vast operations happening behind the scenes -- the machinery is utterly alien to us, and yet, somehow, it is us. This all leads to the main question for this talk: how do we make decisions? What role is played by emotion? What economic phenomena can be best understood as neural phenomena (the emerging field of neuro-economics)? Why do people store their money in Christmas accounts that earn no interest? What do Odysseus and the sub-prime mortgage meltdown have in common? What have we learned about the roles of trust and reputation in economic exchanges? From the brain’s point of view, are corporations people too? How can we take lessons from brain science to make better decisions? My goal will be to help the audience to understand how our decisions emerge from the hidden workings of the brain, often infelicitously. Finally, if appropriate for this audience, I’d also be happy to talk about the necessity of creativity in our workplaces, and how to keep a fit, healthy brain.

*Speaker:* David Eagleman, Baylor College of Medicine

---

**5:15 pm**

**Sessions Conclude**

**Reception Immediately Following**

This evening’s reception is a time for members to relax and reflect on the new ideas and fresh insights collected during our time together at this year’s Fall Forum.

# Schedule

Wednesday, September 30, 2015

---

**7:15 am - 7:45 am**

*Private Breakfast & Peer Networking for Endowments & Foundations Only*

---

**7:45 am - 9:00 am**

**Closed-Door Sessions for  
Endowments & Foundations Only**

*Session A: Developing an Investment Policy on Sustainability & Divestment*

Investor interest in sustainable investing appears to be steadily increasing as institutions seek to benefit from portfolio returns while also generating the non-financial returns across the spectrum of social, economic and environmental good. Is the notion of sustainable investing synonymous with lower returns or can it be an alpha generating investment opportunity? Given the advent of these investment strategies, how might institutions incorporate them into their investment policy? Should endowments be used for purposes beyond financial stewardship? Can a course of action be determined that complements, not compromises your investment philosophy? This private session is designed as an opportunity for peers to share ideas and discuss this important subject.

*Facilitators:* Michael K. Barry, Georgetown University  
Jason B. Matz, Carleton College

*Session B: Asset Allocation in an Age of Uncertainty*

Designing and implementing an asset allocation strategy that will be effective through market disruptions, extreme volatility, and an uncertain macro environment is a challenge for many institutions. As many investment teams revisit the goals, objectives, and risk tolerances of their institutions, new asset allocation strategies are being contemplated to reflect the priorities and underlying assumptions of investment staff and their boards. This facilitated discussion will re-examine traditionally held beliefs about asset allocation and afford members the opportunity to share ideas and the discussions they are engaging in at their respective institutions.

*Co-Facilitators:* Raymond A. Jacobson, Davidson College  
Jeff Pippin, Pepperdine University

---

**8:30 am**

*Continental Breakfast for All Other Attendees*

---

**9:10 am**

**Remarks from the  
Forum Chairmen**

Sally M. Dungan, Tufts University  
Jeff Pippin, Pepperdine University  
Paula J. Volent, Bowdoin College

---

**9:15 am**

**How a Central Bank Can Get an  
Economy out of a Liquidity Trap  
despite Fiscal Austerity**

Mr. McCulley will enumerate the various factors at work today in the U.S. economy. He will focus on the Fed's monetary policy, the role of the shadow banking system, and the impact on financial markets. Most importantly, McCulley will demonstrate how these macro factors are directly reflected in current equity & bond market valuations, and what conclusions investors can draw.

*Speaker:* Paul McCulley, PIMCO

# Schedule

Wednesday, September 30, 2015

---

**10:15 am**

**South Korean Equity Markets:  
Overlooked and Alpha Rich**

With China and Japan occupying investor focus in the region, Korea has been an overlooked equity market despite its size, liquidity and cheap valuations. The speaker will discuss why both domestic and international investors have been mostly passive in Korea and how heavy retail participation is responsible for significant single-name dispersion. This backdrop, in addition to a nascent hedge fund industry, creates the opportunity for value-oriented investors. The current political and economic reforms, including a shift in corporate governance, will also be discussed.

*Speaker:* Andrew K. Tsai, Chalkstream Capital Group, L.P.

---

**11:00 am**

Break

---

**11:30 am**

**Approaching the American Age**

China meltdown. Euro crisis. Russian invasion. Financial volatility. Energy collapse. Each development on its own spawns global consequences, but each is merely a symptom of the most brutal and deep-reaching transformation of the global system since at least the Second World War. Largely irrelevant for two generations, the juggernaut forces of geography and demography are having their day, and economic and political systems designed for the post-WWII era are finding it impossible to shift onto a new footing. And so they are cracking apart. The result is the ultimate flight to quality. But capital fleeing the dawning Chinese and European disasters has to go somewhere. Of the very few options available, one stands out: the politically stable, economically dynamic, youthful and very soon energy-independent United States. In his address, Zeihan will identify where the weaknesses in the international system will give way, and where the havens and growth markets of the near-future can be found.

*Speaker:* Peter Zeihan, Zeihan on Geopolitics

---

**12:30 pm**

**Volatility and the Allegory of the  
Prisoner's Dilemma**

Today's securities markets are pricing in yesterday's crash, the known unknown, rather than tomorrow's unknown unknown. To understand volatility as an asset class is to value the forward expectation of uncertainty, which is as much a function of human psychology as it is an expression of mathematics. The pricing of volatility derivatives has undergone wide-scale changes since the financial crisis that reflect classic behavioral biases. Now more than ever investors may be dramatically under pricing the risk of future volatility at great risk to the institutional portfolio. Not only is volatility an asset class, but in fact, it may end up being the most important asset class for institutional portfolios over the next decade. A strategy of "crisis alpha", defined as the strategic acquisition of mispriced volatility, is a powerful way to navigate future uncertainty.

*Speaker:* Christopher R. Cole, Artemis Capital Management LP

---

**1:10 pm**

**Forum Concludes**

Luncheon immediately following for all members  
(Grab n' Go Lunches will be available)