

WINTER FORUM 2019

NMS MANAGEMENT PRESENTS

The Investment Management Forum for Endowments & Foundations

Hyatt Regency Scottsdale at Gainey Ranch
Scottsdale, Arizona
February 9-12, 2019

Winter Forum Faculty

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Nancy M. Szigethy
Founder
NMS Management, Inc.

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Chief Investment Officer
Kamehameha Schools

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Senior Vice President and
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CFO/CIO
University of Arizona
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Mitchell J. Blutt

CEO and
Co-Portfolio Manager
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Director
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Jason Dorsey

President
The Center for Generational
Kinetics

Geoffrey Duncombe

Chief Investment Officer
Two Sigma Advisers, LP

Michael Edleson

Chief Risk Officer
The University of Chicago

Daniel J. Estes

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Colin P. Fenton

Managing Partner and
Head of Research
Blacklight Research LLC

Niall Ferguson

Senior Fellow
Hoover Institution,
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Fellow of the Center for
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Stephanie Flanders

Senior Executive Editor
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Joshua S. Friedman

Co-Founder, Co-Chairman
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Kenneth C. Griffin

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Karl-Theodor zu Guttenberg

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Former National Intelligence
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(2007-2015)

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LinkedIn
Partner
Greylock Partners

Douglas A. Irwin

John French Professor
of Economics
Department of Economics
Dartmouth College

Ray Jacobson

Chief Investment Officer
Davidson College

Katty Kay

Author and Lead Anchor
BBC World News America

Stephen King

Senior Economic Adviser
HSBC

Dr. Arthur Laffer

Chairman
Laffer Associates

William D. Lee

Senior Vice President and
Chief Investment Officer
New York-Presbyterian
Hospital

Leslie K. Lenzo

Chief Investment Officer
Advocate Aurora Health

Mauricio Levitin

Founder &
Managing Director
Peninsula Investments Group

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Third Point, LLC

Jason B. Matz

Chief Investment Officer
GHR Foundation

David McAuliffe

President &
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Berkeley Endowment
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Editor-in-Chief
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Afshin Molavi

Senior Fellow
Foreign Policy Institute at
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HighVista Strategies, LLC

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Dr. Adam Posen

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Hardik Shah

ESG Practice Lead
GMO, LLC

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Chief Investment Officer
University of Kentucky

Gillian Tett

U.S. Managing Editor
& Columnist
Financial Times

Uzi Yoeli

Managing Director,
Portfolio Risk Management
The University of Texas
Investment Management
Company

Philip Zecher

Chief Investment Officer
Michigan State University

Schedule

Saturday, February 9, 2019

2:00 pm - 5:00 pm

Forum Registration for All Attendees

12:00 pm - 4:30 pm

SATURDAY AFTERNOON ACTIVITIES

12:22pm – 1:30pm - Golf Tee Times

Players of all levels are welcome to participate in the Golf Tee times at the Gainey Ranch Golf Courses Dunes & Lakes. NMS will arrange groups of two or four people to play at each tee time reserved. Space is limited and golf registrations will be taken in the order they are received. To sign up, please check-off the Golf option on your conference registration form, once you are registered Tee Time choices will be sent via email for your selections. Confirmation of your Tee Time and group will be sent to you via email.

1:30pm – 4:30pm - Hiking Tour

Lost Dog Wash Trailhead is one of the major access points for the Preserve. This award winning trailhead provides offers somewhat shorter and more mild trails that wander around and across a natural desert wash. Hikers will love to explore the abundant wildlife along the edge of the Lost Dog Wash Trail, just as native people did for hundreds of years. (20 min from Hyatt). Transportation will be provided by NMS. Space is limited and hiking registrations will be taken in the order they are received. To sign up, please check-off the Hiking option on your conference registration form. Confirmation of your registration for the hike will be sent to you via email.

5:30 pm

Welcome Reception

We will kick off the 2019 Winter Forum with a Hawaiian Luau Welcome Reception. Join us in the Palm Grove Court amid an atmosphere inspired by the Polynesian and ancient Hawaiian ritual. This evening is an opportunity for friends, old and new, to come together and enjoy an evening of fun and conversation.

Schedule

Sunday, February 10, 2019

7:30 am

Forum Registration & Breakfast

8:00 am

Welcome & Introductions

Nancy M. Szigethy, NMS Management, Inc.

Remarks from the Co-Chair

William H. McLean, Northwestern University

8:15 am

A Decade after the Great Recession, Are You Ready for the Great Disruption?

Over the last ten years, investors and asset managers have been intensely preoccupied with the emergency measures introduced by policymakers in response to the global financial crisis, and with the regulatory changes imposed to prevent a repeat of the events of 2008. But how much has really changed in the global financial system -- apart from the increased capitalization of big banks? And are we right to continue thinking that policy, whether monetary policy or trade policy, is the all-important variable? Historian Niall Ferguson argues that we spent the last ten years putting patches on an antiquated financial system which will be fundamentally disrupted in the next ten years. Just as online retail, search, entertainment and social networks have seen the triumph of network platforms, something similar is now coming to financial services. The prospect is both alarming and exciting. But what will the new financial system look like? And could it be that the impact of artificial intelligence on finance could fundamentally alter the balance of power in the world as well as in the economy? What if the U.S. wins the trade war with China, only to lose the fintech war?

Speaker: Niall Ferguson, Hoover Institution, Stanford University

9:15 am

Navigating Volatility: Making Sense of the World Economy in 2019

Volatility is back, big time. Investors are struggling to make sense of where the world economy is headed and what policymakers plan to do. As 2018 ended, the broad move was one of pessimism: financial market indicators were much more gloomy about the economy's prospects, than economic data would suggest due to uncertainty on several fronts:

- a) Monetary policy: How far and fast will the Fed tighten? Will it overshoot and push the US economy into recession, and if so, what tools are left in the tool kit?
- b) Trade Policy: Will the US-China trade war ratchet up or be solved in 2019?
- c) Staying power of the US expansion: How robust is the US economy? What happens as the sugar high from the tax cuts wears off?
- d) The Chinese economy: Are there deeper reasons to worry about strength of Chinese consumption and investments? Will the government's attempts at stimulus work?
- e) Europe: Will Britain crash out of the EU at the end of March and what impact would that have? Are there other time-bombs; the Italian economy?

This session will assess what lies ahead in these areas and discuss how investors should best position themselves to cope with the consequences.

Conducted by: Zanny Minton Beddoes, *The Economist*

Discussants: Dr. Arthur Laffer, Laffer Associates
Dr. Adam Posen, Peterson Institute for International Economics
Andy Rothman, Matthews Asia

Schedule

Sunday, February 10, 2019

10:30 am

Break

11:00 am

Gillian Tett in Conversation
with Douglas A. Irwin

Back to the Future: Globalization Breaking Down

An Interview with Douglas A. Irwin

For decades globalization has been hailed as global markets have developed, allowing companies and consumers access to products from countries around the globe. However, rising inequality has given rise to a backlash causing incredible political shifts over the last few years. Where do we go from here? The interview will focus on these trends in the context of the implications for investors, with an emphasis on international trade. What are investors getting right, and what are they getting wrong as they consider the escalation in tensions in US-China relations? Will countries that trade both with the US and China have to take sides? How might investors assess the interruption of strategic supply lines? Will the environment improve or are investors underestimating the consequences? The interview will contemplate if a trade war with China is inevitable and what the possible outcomes may be.

Conducted by: Gillian Tett, *Financial Times*

Interviewee: Douglas A. Irwin, Dartmouth College

12:00 pm

Luncheon

1:00 pm

Matt Clifford in Conversation with
Reid Hoffman

Trends in Venture Capital and New Technologies

An Interview with Reid Hoffman

The interview will focus on the evolution of venture capital and how new technologies in artificial intelligence, machine learning, and cryptocurrencies will impact businesses and consumers, driving successful investing in the years ahead. Specific themes will include: where we are in the VC cycle; the role geography plays in VC relative to Silicon Valley, China, Europe and EM; investment by VC in disrupted industries, and to what extent VC itself is being disrupted; what do the new models of VC mean for investors and how will they affect returns?

Conducted by: Matt Clifford, Entrepreneur First

Interviewee: Reid Hoffman, Greylock Partners

Schedule

Sunday, February 10, 2019

2:00 pm

The Strategic Challenge China Poses to the U.S.

Tensions have escalated in U.S.-China Relations, amid an increase in disputes related to market access, intellectual property, military development, international trade, cyber-security and other factors. As investors seek to understand how to think about these issues in the context of their portfolios – this discussion looks to create a framework from which all the issues above may be contemplated: What is China’s world view (strategic perspective) and its historical and internal drivers? What are the strategic ambitions and goals that China derives from that mindset? The Validity/Accuracy of U.S. characterizations of China’s strategic goals; and, Beijing’s view of the U.S.-China relationship. The discussion is intended to lend insight on the U.S. -China relationship in transition.

Conducted by: Ana Marshall, The William and Flora Hewlett Foundation

Discussants: Paul T. Haenle, Carnegie-Tsinghua Center for Global Policy
Paul Heer, The George Washington University; Former National Intelligence Officer for East Asia (2007-2015)

3:00 pm

Break

3:30 pm

The Role of Technology, Data and People in Investment Management

Technology and data science are changing the way nearly every company does business, and that has become acutely apparent within financial services in recent years. Alternative data, machine learning, and other advances are becoming common topics among quant and more traditional investment managers, but it’s challenging to weigh the hype against the challenges likely to be faced. What roles might humans and machines serve with continued technological innovation and ever growing availability of data and how can competitive advantages be defended? The talk will also address how these key themes will have implications for both investment managers and asset allocators alike.

Speaker: Geoffrey Duncombe, Two Sigma Advisers, LP

4:15 pm

Crossing the Generational Divide: Separating Myth from Truth about Gen Z and Millennials as Consumers, Employees, and Trendsetters

Gen Z and Millennials are upending the world of business. They bring massive change as consumers, employees, and trendsetters. In fact, what worked only a few years ago is now completely failing with them in terms of recruiting, marketing, and influence. These generations also are the subject of tremendous misinformation, which makes understanding them a priority and a challenge. In this powerful presentation, you’ll separate Myth from Truth with Gen Z and Millennials. You’ll also learn the hidden drivers that affect everything they do. This presentation will answer your questions about these critical generations and you’ll leave with new actions you can use right away from the world’s leading Gen Z and Millennial researcher.

Speaker: Jason Dorsey, The Center for Generational Kinetics

5:15 pm

**Reception
Immediately Following Sessions**

This evening’s reception in the Terrace Court is the perfect opportunity to gather and enjoy a relaxed evening with peers after our first full day of Forum sessions. Debrief with your peers while enjoying a reception in the beautiful desert setting with views of the majestic McDowell Mountains.

Schedule

Monday, February 11, 2019

7:15 am

Breakfast for All Attendees

7:45 am

Opening Remarks from the
Forum Co-Chairs

Elizabeth S. Hokada, Kamehameha Schools
Jason Klein, Memorial Sloan Kettering Cancer Center
Joel R. Wittenberg, W.K. Kellogg Foundation

8:00 am

The New Geopolitical Risk (and
Opportunity) Map of the World

In our hyper-speed, hyper-connected world, the mid-20th century British Prime Minister Harold Macmillan's lament that the most difficult part about being a statesman was "events, my dear boy, events," seems quaint in retrospect. After all, the speed and complexity of change and the 24-hour news cycle coupled with the social media machine means that we are constantly bombarded with headlines that move markets. But look closer, and you will find deeper meta-trends that are shaping and reshaping the world, ones that will not make the headlines and will not give a Prime Minister or a President or an investor a daily headache but are more impactful in the long-term. This session will explore these larger meta-trends ranging from urbanization to demographic change and describe how they will affect the investment landscape in the long-term, while shifting global geopolitics in the process.

Speaker: Afshin Molavi, Foreign Policy Institute at Johns Hopkins University SAIS

8:45 am

The Dean's Panel: Insights on
New Investment Landscape

Our esteemed panelists have invested through decades of market cycles including periods characterized by significant uncertainty. In this session they will share with members, their insights on themes and trends that are significantly changing global financial markets, the field of asset management and examine the implications for investors.

Conducted by: Katty Kay, BBC World News America

Discussants: Joshua S. Friedman, Canyon Partners, LLC
Daniel S. Loeb, Third Point, LLC

9:45 am

Break

Schedule

Monday, February 11, 2019

10:15 am

Paula Volent in Conversation
with Kenneth C. Griffin

*Keynote Interview: The Asset Management Industry in Transition: A Look Ahead
An Interview with Kenneth C. Griffin*

In this interview, Mr. Griffin will share his perspective on a variety of investment trends and themes impacting the investment industry today. Mr. Griffin will offer his insights on topics relevant to all investors, including: how significant will the influence of artificial intelligence and machine learning be in asset management and for the economy at-large? Mr. Griffin will also share his views on the drivers of successful investment organizations and how to sustain them over the long-term, building and motivating world-class investment teams, and the adaptation required as the asset management industry changes.

Conducted by: Paula J. Volent, Bowdoin College

Interviewee: Kenneth C. Griffin, Citadel

11:00 am

Europe: Post Brexit and Italy -
Insights for Investors

As events unfold in Britain, Italy and across Europe, uncertainties abound as to the outcome, and the implications for investors. As the current situation shows no signs of reaching consensus, what are the likely probabilities for the next stage of Brexit: negotiated deal, delay, 2nd referendum or no deal at all? What will Europe's place be in the future global economy? How are the policies of the ECB being received across Europe? As weakness deepens in Italy's economy, will the political stand-off continue? The discussants will assess a range of issues of concern to investors: What parts of Europe will remain safest to invest? What are the currency risks – if the Eurozone remains vulnerable will the US dollar be stronger than expected? What is the state of banking institutions in Europe? As trade tensions persist, will Europe have to take sides? The session will examine both the macro forces at work, the potential risks to financial markets, and what all this may mean for investors.

Conducted by: Stephanie Flanders, *Bloomberg*

Discussants: Karl-Theodor zu Guttenberg, Spitzberg Partners
Stephen King, HSBC

12:00 pm

Luncheon

Schedule

Monday, February 11, 2019

1:00 pm

The US-China Tech War

The US-China science and technology relationship is being violently remade. While a tightly linked technology system benefited the United States and China over the last two decades, there is now widespread concern on both sides of the Pacific that the security risks outweigh the gains. President Xi Jinping has accelerated policies designed to increase the innovativeness of the Chinese economy and reshape the global internet. The Trump administration has pushed back against Chinese technology policies and threatened punitive measures if China does not cease the theft of intellectual property from American companies. After a short lull, Chinese hackers are once again targeting US technology companies, and in response, Washington has launched a new wave of indictments of Chinese hackers. This contest brings new risks and opportunities to Chinese and American technology companies and investors. The end result may be two distinct technology systems, with other countries forced to choose if they are going to plug into American or Chinese technology platforms and standards, and trade and investment flowing within technology spheres of influence.

Speaker: Adam Segal, Council on Foreign Relations

2:00 pm

The CIO Panel: Preparing the Portfolio for the Next Cycle

This panel discussion will explore how CIOs are thinking about portfolio management and their current allocation decisions. During this period of market uncertainty and low returns, investment teams are managing the portfolio in the face of high equity valuations, rising interest rates, recession risk, trade-war risk, and geopolitical tensions. This distinguished panel will share their views on a range of topics that are foremost on their minds, offering insights for members.

Conducted by: André F. Perold, HighVista Strategies, LLC

Discussants: Brian Pellegrino, Georgia Tech Foundation, Inc.
Srinivas Pulavarti, Emory Investment Management
Philip Zecher, Michigan State University

3:00 pm

Trends & Innovation in Biotechnology

Biotechnology is an industry that has it all – rapid innovation, imaginative promise, storied success and failures, broad and personal impact, and ethical considerations. While heightened expectations failed to materialize 15 to 20 years ago, we have seen life sciences experience explosive growth in the last 10 years. This discussion will address the question of “why now” as technological advances create disruption and impact opportunities. Conversation will include insights into areas of innovation and interest within biotechnology, new company formation, and the outlook for biotech M&A and IPOs. Topics will also include competitive dynamics and risks and the skills needed to be successful as an investor in life sciences. Policy and ethical considerations will be discussed as healthcare reform, regulation, and drug pricing impact the industry.

Conducted by: Scott M. Pittman, Mount Sinai Health System

Discussants: Mitchell J. Blutt, Consonance Capital
Daniel J. Estes, Frazier Healthcare Partners

Schedule

Monday, February 11, 2019

3:45 pm

Break & Transition to
Concurrent Sessions

4:15 pm

Concurrent Sessions
Advance Registration Required

Endowment & Foundation Members may select from Sessions A, B, C or D.
Service Provider Members may select from Sessions B and D only.

Session A
Closed-Door Session for
Endowments & Foundations Only

Asset Allocation Approaches: Long-Term versus Short-Term

As investors face the challenges of late-stage investing, low returns are coupled with the complexity of factors in the macro environment. Against this backdrop, how are allocators thinking about their asset allocation? Are investment teams adhering to their long-term policy portfolio or shifting allocations? Are investors building fluidity into their allocations to meet objectives over the medium-term? In this discussion, peers can share ideas and current thinking on asset allocation in addition to related subjects such as benchmarking, re-balancing and how cash is being used in the portfolio.

Co-Facilitators: Craig J. Barker, University of Arizona Foundation
David McAuliffe, Berkeley Endowment Management Company

Session B
Open to All Members

The Rise of ESG Strategies in Endowment and Foundation Portfolios

As interest in the ESG space has increased significantly among asset allocators, investment managers have created new products and incorporated changes into their investment processes. As the influence of ESG strategies on institutional portfolios has evolved, how successful have these investments been in meeting their core objectives? On a practical basis, how are ESG factors being incorporated into analysis and the decision-making processes? This session will examine developments across the industry, take measure of investor sentiment on current offerings, and discuss best practices in due diligence in the space.

Conducted by: Todd D. Shupp, University of Kentucky

Discussants: Tony Davis, Inherent Group, LP
Hardik Shah, GMO, LLC

Schedule

Monday, February 11, 2019

4:15 pm

Concurrent Sessions (*continued*)

Session C

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

Private Equity in a New Era of Investing

This peer-to-peer facilitated discussion is presented for investment officers to exchange ideas and share experiences related to their private equity portfolios. While many endowment and foundation portfolios have generated strong returns from their private equity investments, a changing investment environment raises questions about what the future has in store. How will changes in the macro environment, including rising interest rates, impact the asset class? Given high valuations, how are decisions about new allocations being impacted? How are investors managing their unfunded commitments? The facilitated discussion will offer members a chance to exchange views on the above topics and others subjects on the minds of private equity investors.

Co-Facilitators: Janet Yang Devinney, Kamehameha Schools
Sherry Lin, Willett Advisors

Session D

Open to All Members

Emerging Markets (Ex-China): Investing in a Political Environment

Emerging markets are in bear territory and stoking fears about what may lie in store. Political risks across the globe, market volatility, trade tensions, rising interest rates, and the strength of the dollar may all have implications for where emerging markets go from here. What are the potential implications of these factors on the emerging markets investing thesis? In the face of significant macro influences, how might allocators consider adjusting their allocations to EM in the medium and long-term? What about managing currency risk? Is the decline in EM equities presenting a buying opportunity in some countries? Where, across EM can allocators still expect to have longer-term returns? This session will offer insights from on the ground investors on the opportunity-set and risk of investing in the current environment.

Conducted by: William D. Lee, New York-Presbyterian Hospital

Discussants: David Halpert, Prince Street Capital Management
Maria Negrete-Gruson, Artisan Partners

5:30 pm

Reception

This evening's Membership Reception & Dinner will begin under the stars on the Terrace Court. Then, please join us in the Arizona Ballroom in celebration of the NMS 15th Anniversary Membership. The annual Membership Dinner is the perfect occasion to create valuable connections and enjoy an evening of camaraderie with your peers. After dinner, join us in the Desert Garden for an assortment of decadent dessert and coffee stations.

6:30 pm

Membership Dinner

Schedule

Tuesday, February 12, 2019

7:00 am

Private Breakfast for Endowments & Foundations Only

7:30 am - 8:45 am

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

Session A - Late-Cycle Risk Management

Given the greater complexity and uncertainties related to macro factors and financial markets, portfolio risk factors have become more difficult to quantify and manage. This closed-door discussion will examine the challenges of and approaches to managing risk in a low return environment. Topics for discussion will include payout and spending rules, risk management of alternative investment, risk appetite, the agency problem, among others. Members will also have the opportunity to share ideas on market crisis management.

Co-Facilitators: Michael Edleson, The University of Chicago
Uzi Yoeli, The University of Texas Investment Management Company

Session B - Peer Discussion for Healthcare Institutions

This discussion-based, open format session is an opportunity for peer investment officers to discuss trends occurring in the healthcare space and how investment offices at HC institutions are evolving related to portfolio management. Some of the key themes to be discussed will include the roll-up of healthcare institutions across the industry and the consolidation of consultant firms serving the sector. Discussion will also address new approaches to asset allocation, liquidity management and risk tolerance as per the interests of members.

Co-Facilitators: Jerome R. Judd, Bon Secours Mercy Health
Leslie K. Lenzo, Advocate Aurora Health

Session C - Investment Idea-Exchange

In this low-return environment, institutions are combing the investment landscape, seeking out strategies and vehicles that will deliver attractive portfolio returns. This closed-door session is an opportunity for investment officers to share ideas across asset classes, regions and strategies. What are allocators finding interesting, and why? Where are research efforts being directed in the current environment? If you wish to take away a new idea, you need to bring one too.

Co-Facilitators: Jason B. Matz, GHR Foundation
Lisa R. Murray, Ewing Marion Kauffman Foundation

Schedule

Tuesday, February 12, 2019

8:15 am

Breakfast for All Other Attendees

8:55 am

Co-Chair Recap

Elizabeth S. Hokada, Kamehameha Schools
Jason Klein, Memorial Sloan Kettering Cancer Center
Joel R. Wittenberg, W.K. Kellogg Foundation

9:00 am

2019 Energy Outlook:
Elementary, Watson

In 2018, well-intentioned but misguided policies to limit hydrocarbon investment resulted in the highest energy price volatility in a decade and eruptive public fury toward pro-divestment fund managers, the French government, the World Bank, Tesla, and the Green Climate Fund. The sting of the yellowjacket riots in Paris is the latest evidence of this effect. Macron's capitulation on fuel taxes is a clear signal: those who promise to eliminate hydrocarbons from human civilization are now beginning to see the fatal flaws in their assumptions and logic. This presentation will explain how the energy outlook fits into the global macro landscape for 2019. Linking the key facts across science, geopolitics, and supply-demand fundamentals, Colin Fenton will show how even ESG-sensitive institutional investors are about to refocus on: (a) the physical chemistry of hydrocarbons, and (b) how big data and predictive analytics will help make hydrocarbon-oriented investments among the most valuable in 2019 and beyond.

Speaker: Colin P. Fenton, Blacklight Research LLC

9:45 am

Public vs Private Markets
Opportunity Set

As endowments and foundations assess their portfolio allocations, how might they best assess opportunities in the public versus private markets? This presentation will take a closer look at factors to assess in the decision-making process.

Speaker: Michael T. Carmen, Wellington Management Company LLP

Schedule

Tuesday, February 12, 2019

10:30 am

Break

11:00 am

**The Role of Hedge Funds in
Allocator Portfolios**

Increased market volatility over the last year created greater optimism for the hedge fund sector. While some fund managers delivered returns, many more disappointed their investors with lackluster returns. In the wake of recent performance and continued fund closings, how are allocators thinking about hedge fund investing? What worked in the last year and what did not? Are allocators doing a re-think on the role of hedge funds in their portfolios? What are the bright spots across the range of investment strategies? Is it a good time now to upgrade a portfolio with thoughtful managers, and what is the best approach to selecting good managers? This session will provide an opportunity to gain insights from peers.

Conducted by: Jennifer Heller, Brandywine Group Advisors

Discussants: Jenny Chan, Children's Hospital of Philadelphia
Ray Jacobson, Davidson College

11:45 am

**The Opportunity-Set for
Real Estate in Latin America**

Latin America is a continent with a population of 650 million that is frequently headlined in the news with political & economic crises. At the same time, Latin America is projected to be the fastest growing region among emerging markets. The GDP growth of some cities is more than double the national average, increasing the number of mid-income households to more than 35%. How might allocators measure the opportunity against the risks inherent in the current environment? This session will examine a niche approach of selectively investing in for-sale development projects in selected cities/neighborhoods across the region in partnership with local operators, exploring the opportunity and the investment risks.

Speaker: Mauricio Levitin, Peninsula Investments Group

12:30 pm

Forum Concludes

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