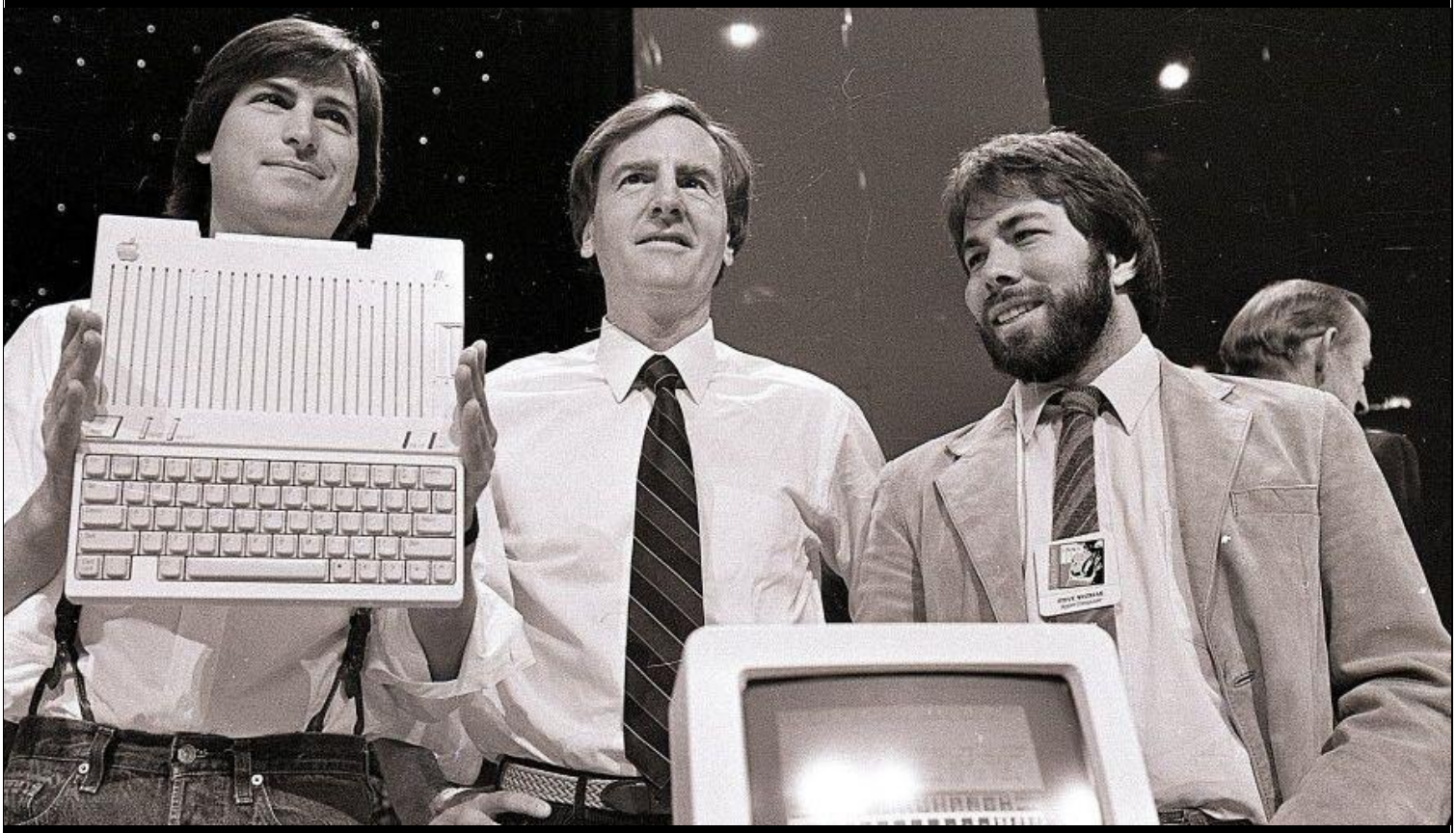
Institutional Investor FORUMS



GLOBAL
SENIOR INVESTOR SYMPOSIUM
SILICON VALLEY

Location: Rosewood Sand Hill, Silicon Valley, California, USA

Tuesday 15 – Friday 18 November 2016

Global Senior Investor Symposium - Silicon Valley
Rosewood Sand Hill, Silicon Valley, California, USA
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ADVISORY BOARD MEMBERS

- Gretchen Tai, Former Chief Investment Officer, Hewlett-Packard
- Jim Christensen, Managing Director – Global Multi-Asset, QIC
- Ian Patrick, Chief Investment Officer, SunSuper
- Christian Puscasiu, Senior VP Private Equity and Co-Head of Direct Investing, CDPQ
- Rob Fowler, Chief Investment Officer, HESTA
- Scott Chan, Senior Managing Director, University of California Endowment
- Gabriel Petre, Lead Investment Strategist, World Bank

VENUE INFORMATION

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Tel: +1 650 561 1500
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And;

Stanford University
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BACKDROP

Innovation and disruptive technology: impact on our organisations and how we invest

Around the world, companies hamstrung by lacklustre economic environment are seeking to harvest the benefits of innovation as a source of growth. At the same time, these same companies are at risk of having their business models disrupted by new technologies and processes.

For investors, the experience of many has been that that the acceleration of innovation and technological disruption has been hard to comprehend or anticipate and a source of constant surprise, even for the best connected and most well informed. The challenge therefore for political leaders, business leaders, and investment fiduciaries alike is to understand this changing environment, challenge their own personal and organisational assumptions, and innovate in response.

This creates three critical dilemmas for investors; 1) how to identify those companies, sectors and investment structures with the greatest potential to succeed while avoiding or even dis-investing from those that will be disrupted; 2) how to construct portfolios that are more dynamic; and 3) how to manage embedded risks in portfolios?

We must also take practical steps now to innovate within our own organisations both to achieve the best outcomes (including investment, products and engagement) for our stakeholders and to remain competitive. Valuable insights can be gleaned from the approaches taken by companies outside of the finance sector in the various strategies being adopted to cultivate innovation.

One thing is for certain, as these transformative structural changes play out, it will be those who invest according to the status quo that will underperform in the long run.

PRELIMINARY AGENDA

Tuesday 15 November 2016

6.00pm Welcome reception (Rosewood Ballroom)

Tonight will bring together delegates from the US, Canada, Australia and other parts of the world in a relaxed atmosphere, providing the opportunity to meet with like-minded peers in an informal setting with cocktails and finger food.

Wednesday 16 November 2016

7.30am Breakfast (Rosewood Ballroom Foyer)

8.45am Symposium welcome (Rosewood Ballroom)
Peter Horn
Managing Director, Centre for Investor Education, Australia
Managing Director, Institutional Investor Forums, Asia Pacific

8.50am Chair opening remarks
Gabriel Szondy, Symposium Chair
Director, CareSuper (Australian Industry Superannuation Fund;
Chair, Frontier Advisors (Australian Asset Consultant)

8.55am Symposium app tutorial
Nick Corridon
Centre for Investor Education, Australia

9.05am CHAPTER ONE: INNOVATION - SEPARATING THE INVESTMENT MYTH FROM REALITY
It is widely recognised that innovation and disruptive technology has the potential to drive future economic growth and improve our standard of living for years to come. However, as the wave of creative destruction continues to accelerate, a bubble of ideas of what might be possible is floating to ever higher levels. While our collective imagination has been captured, the challenge for investors is to identify the businesses, and business models, that will succeed and grow, and those that won't. Have we reached a peak in hype, and trough in execution? This chapter will seek to provide investors with a solid grounding from which to view current developments and the tools to respond in a meaningful, pragmatic way in respect to investment strategy and execution.

9.05am UNDERSTANDING THE MACROECONOMIC BACKDROP: GLOBAL DRIVERS OF CHANGE AND INNOVATION

Sub-issues:

- The role of innovation in economic growth
- The role of governments and when is the market best? How are government policy and actions skewing the opportunity set?
- Future of Silicon Valley – the limits of innovation in software and software's need for hardware
- Innovation around the world. The role of China, Israel and other regions in complementing and competing with Silicon Valley

10.20am Morning tea (Rosewood Ballroom Foyer)

10.35am THE ROLE OF LABOR, CAPITAL AND IDEAS IN THE NEW ECONOMY

Sub-issues:

- Innovation on the supply side – understanding the key to productivity and earnings growth
- Why are labor and capital more mobile than productivity in a global marketplace?
- Does innovation drive economic and social inequality?
- Pathways to growth for the whole community – balancing greater efficiencies with dislocations in labor markets and societies
- How will employees be educated and trained for the new world to come? How will the right talent be attracted and retained?

11.50am CHAPTER TWO: SURVEYING THE INVESTMENT IMPLICATIONS OF INNOVATION AND CREATIVE DISRUPTION

"We tend to overestimate the effect of a technology in the short run and underestimate the effect in the long run." – Amara's Law

The late Roy Amara (1925-2007) was a futurist before the term was fashionable, a scientist at the Stanford Research Institute and president of the Institute for the Future. This profound statement (often repeated by the likes of Bill Gates) carries significant implications for institutional investors, who pursue long-term investment objectives, but are subjected to short-term noise and performance reviews. Through this chapter we will assess the risks that are embedded and/or on the horizon in portfolios, as well as explore the opportunities set to emerge over the long run.

11.55am CASE STUDIES OF INVESTMENT OPPORTUNITIES AND UNEXPECTED RISKS EMBEDDED IN OUR PORTFOLIOS

Speaker:

Peter Zabierek, Chief Executive Officer, Presima

Sub-issues:

- Blockchain – the biggest change in our industry since computers themselves?
- The investment opportunities represented in key new technologies such as self-driving cars (the impacts on insurance, transport, infrastructure, and energy), 3D printing (the impacts on healthcare, manufacturing, and building materials), pharma (bending the rules of demographics and impacts on healthcare, consumer choices, not to mention politics, and battery storage technology (the impacts on auto manufacturing, green buildings and household consumption)
- Lessons from the Green Revolution in food manufacturing in the 1970s
- Digital disruption in retail, changing business models and interactions with customers and the supply chain
- The future of machine substitution and automation
- Will robotics push manufacturing back to developed markets at the expense of emerging markets?

Investment considerations:

- Sectors ripe for productivity improvements – looking beyond tech
- Common themes of change in supply chains of multiple industries
- How to identify the winners and losers of creative disruption
- Understanding when to take exposure to new innovations
- Overcoming 'factor decay' in strategy selection – moving away from the herd
- What role, aside from as consumers and exporters of commodities, will emerging economies play in the future global economy?

1.15pm Lunch (Rosewood Ballroom Foyer)

2.15pm THERE IS NO SUCH THING AS A "PASSIVE INVESTMENT"

Sub-issues:

- Portfolio construction – why you can no longer 'set and forget'. Moving past conventional investing assumptions and practices
- Broad macroeconomic implications of higher productivity – which nations will benefit the most?
- The competitiveness of emerging markets in new sectors

Investment considerations:

- Are certain investment styles best positioned in this new world?
- Which investment styles and strategies are most suited to adapt to these structural changes?
- Selecting investment structures and asset classes – Venture Capital, Private Equity, Real Assets
- Productivity enhancements and emerging markets. Assessing regional and sectoral allocations when country of domicile is less important and sector classifications are blurred
- Impact investing – the risk of unintended consequences
- Will individual investors' appetite for active and passive investment options change as key demographics change?

3.35pm Afternoon tea (Rosewood Ballroom Foyer)

3.50pm CHAPTER THREE: HARNESSING INNOVATION IN OUR OWN ORGANISATIONS

What practical steps can those tasked with leading institutional investment firms implement now to help foster and stimulate innovation within our own organisations? Valuable insights can be gleaned from the approaches taken by companies outside of the finance sector in the various strategies being adopted to cultivate innovation. This chapter will identify realistic and practical small steps that organisations can introduce into their structure and process in order to allow innovative ideas be developed into actionable solutions.

3.55pm DISRUPTION VS. PARTNERSHIPS – CHARACTERISTICS OF EFFECTIVE STRATEGY

Sub-issues:

- Strategies incumbent players are implementing to be positioned for new technology, changing consumer preferences, and embryonic market opportunities
- Governance structures that support optimal risk taking and overcome cultural issues
- How does innovation and disruption affect institutions' fiduciary obligations?
- Putting in place policy frameworks and clear objectives to support innovation
- Benefits and drawbacks of creating defined internal teams focused on innovation. Who owns the challenge to innovate?
- Opportunities and risks from forming partnerships with new players
- The merits of taking equity stakes in start-ups
- Pre vs post retirement solutions

Investment considerations:

- As banks and other market makers are disintermediated from key segments of the capital markets (eg, lending), how role will institutional allocators play?
- How will institutional investors be able to compete for critical investment talent against the new firms and sectors?

5.00pm Session close

5.30pm Meet in the lobby for a short bus ride to dinner

6.00pm Dinner

Thursday 17 November 2016

7.30am Breakfast (Rosewood Ballroom Foyer)

8.30am **DELEGATES' EXCHANGE (ASSET OWNERS ONLY)** (Eucalyptus Room)

9.05am Opening remarks (Rosewood Ballroom)

9.10am **FINTECH – WHAT IS RISKIER FOR YOUR ORGANISATION, ATTEMPTING TO RIDE THE WAVE OR WATCHING THE OTHERS?**

Sub-issues:

- Key implications from the rise of fintech platforms and products
- New trading technologies and the potential for growing regulatory intervention
- Approaches to using forward-looking portfolio data
- Achieving themes in more efficient, cheaper way
- Using big data to create better products
- Innovation and new tools in member engagement

Investment considerations:

- How fintech impacts our organisations
- Blockchain investments outside financial services
- Opportunities for large tech firms to enter the finance sector
- Where will disruption in our industry come from?
- Better to be the first mover guinea pig or wait and see and risk being left behind?

10.40am **CHAPTER FOUR: EXPLORING NEW TECHNOLOGIES SET TO RESHAPE THE COMPANIES WE INVEST IN**

While macroeconomic headwinds are expected to persist, there are investment themes that investors can access with high growth potential. Taking advantage of these opportunities requires lateral thinking and the willingness to research areas outside mainstream coverage. The clear challenge for investors is how to identify and gain exposure while minimising downside risks from companies that will inevitably fail along the way. The sessions in this chapter will take a deep dive into several key themes that are set to create significant winners and losers, and provide insights into how to frame your strategy to be aligned with these themes.

Speaker:

Ajay Krishnan, Portfolio Manager, Wasatch Advisors

GENETICS AND THE FUTURE OF HEALTHCARE

Sub-issues:

- Meeting the challenges of longevity for society, financial markets, and individuals
- How advances in health care can lower the burden for countries with ageing populations
- The application of genetics into daily health

Investment considerations:

- How big pharma will evolve over the next 10 years
- Contrasting the outlook between Japan and China through a health care perspective
- Implications of preventative health care for the hospital sector

MOVING BEYOND "THE INTERNET OF THINGS"

Sub-issues:

- Advancements in sensor technology underpinning an ecosystem of information
- Latest innovations improving the decision making capacity of consumers
- The convergence of miniaturization, wireless connectivity, increased storage capacity and batteries

Investment considerations:

- Regions adapting quickest to IoT – why Asia leads and Europe lags
- Cost efficiencies and process improvements in the Energy & Mining sector
- The widening application of IoT in the services sectors

12.00pm CHAPTER FIVE: THE SHARK TANK

There is no shortage of entrepreneurs with brilliant start-up ideas, however many drown while trying to navigate the waters of raising capital. Evaluating an early stage startup is a combination of art and science, with the traditional pitch remaining a fundamental means of filtering and identifying opportunities of interest.

In this session, moderated by industry experts, four startups from different sectors will pitch why they are critical to your investment portfolio. Delegates will have the opportunity to review these pitches and form a framework for evaluating earnings potential alongside seasoned experts. How good are you at picking the next big thing?

1.00pm Lunch (Rosewood Ballroom Foyer)

2.00pm CHAPTER SIX: EXPLORING NEW APPLICATIONS IN DATA DISCOVERY

Guest Speakers:

Eric Haseltine, President, Haseltine Partners
Dr. Chris Gilbert, MD PhD

An area previously only available to large organisations, new techniques have been developed in data discovery that are opening up new avenues of research for individuals and organisations of all size.

Eric Haseltine and Dr. Chris Gilbert will show that by using tools readily available to each of us, such as Google Trends and Google Correlate, and by using standard statistical methods such as predicting the past (to create trend lines to match in the present and into the future) they've made interesting discoveries and found suggestive paths for further research in such diverse areas as oncology, psychology, and digital marketing.

3.00pm Afternoon tea (Rosewood Ballroom Foyer)

3.20pm CHAPTER SEVEN: COMPANY VISIT TOURS

As the home of globally recognised companies including Google, Apple, Intel and Facebook, Silicon Valley has attracted talent from around the world, spawning a unique tech culture that creates energy and cross-pollination of ideas.

Through two company visits, delegates will gain a deeper understanding and appreciation of the contributing factors to the excitement and creativity that is often found in Silicon Valley firms.

5.30pm Meet in lobby for short bus ride to dinner

6.00pm Dinner

Friday 20 November 2016 – ON CAMPUS AT STANFORD UNIVERSITY

6.30am Breakfast (Madera Restaurant)

7.45am Meet in the lobby for bus ride to Stanford University

8.15am CHAPTER EIGHT: STANFORD UNIVERSITY TOUR

Located in the heart of Silicon Valley, Stanford University has established itself as an incubator of innovation. It was at Stanford that the founders of Google, Sergey Brin and Larry Page, first developed their page-rank algorithm while computer science graduate students. Breakthrough technologies licensed by Stanford span medicine, engineering, and the sciences.

A tour of the campus grounds will reveal more about Stanford's rich history, distinctive architecture, and notable landmarks.

CONTEMPORARY ISSUES IN ASSET ALLOCATION, RISK MANAGEMENT AND INVESTING

Guest speaker:

Prof. Myron Scholes, Frank E. Buck Professor of Finance, Emeritus, Stanford Graduate School of Business; Chief Investment Strategist, Janus Capital Group

In an intimate and collegiate workshop setting, Professor Myron Scholes will share insights from his current research as well as explore with delegates the structural changes occurring in global financial markets, and how investors can adapt accordingly

Professor Scholes is the Frank E. Buck Professor of Finance, Emeritus, at the Stanford Graduate School of Business, where each year he continues to teach a course on Managing Under Uncertainty. He is a member of the Econometric Society and served as President of the American Finance Association in 1990. He is widely known for his seminal work in options pricing, capital market equilibrium, tax policies and the financial services industry. For his work he is a Nobel Laureate in Economic Sciences and co-originator of the Black-Scholes options pricing model for which he was awarded the Nobel Prize in 1997.

HOOVER INSTITUTION

The Hoover Institution was first established in 1919 as a library by Herbert Hoover before he became President of the United States. It was named within Stanford University in 1959, and is located on campus, with its most prominent facility being the landmark Hoover Tower. With its eminent scholars and world-renowned library and archives, the Hoover Institution seeks to improve the human condition by advancing ideas that promote economic opportunity and prosperity, while securing and safeguarding peace.

THE POLICY AGENDA AND CONSEQUENCES OF THE US PRESIDENTIAL ELECTION

Sub-issues:

- Expectations of the new US President
- Reviewing the policy roadmap and likelihood of success
- Implications of new administration for US foreign policy

HASSO PLATTNER INSTITUTE OF DESIGN (d.school)

The d.school is a hub for innovators from Stanford, bringing together students and faculty in engineering, medicine, business, law, the humanities, sciences, and education to produce creative solutions to complex challenges.

The school's methodology for innovation, called design thinking, combines creative and analytical approaches, drawing on methods from engineering and design with ideas from the arts, tools from the social sciences, and insights from the business world. Organisations that have partnered with d.school in projects include Visa, Gates Foundation, General Electric, and Google.

MANUFACTURING INNOVATION – THE DESIGN APPROACH

Sub-issues:

- The d.school process of entrepreneurship and company formation
- Applying cutting edge design principles to the process of innovative solutions to complex problems
- Sectors/situations ripe for disruption from new innovation in design
- Ingredients for successful innovation in today's environment

2.30pm STANFORD MUSEUM TOUR (The Cantor Arts Center)

The Cantor Arts Center boasts a proud and venerable history, as it was conceived of in tandem with the founding of Stanford University itself. The Stanford family, including Leland Jr., traveled the world collecting objects of art and cultural interest. The Center's diverse collections span continents, cultures, and 5,000 years of art history and include one of the largest presentations of Rodin bronzes outside Paris.