# 3rd Investment Fundamentals for Pension Committee Members

**Explore winning strategies for fund investment and enhance your investment knowledge as a successful pension committee member**

***Workshop Included: Strategic and Tactical investing - the realities of a rapidly changing investment environment***

## participating organizations

Canadian Forces Personnel Support Agency
Counsel Portfolio Services
Eckler Ltd.
Hillsdale Investment Management Inc.
Manulife Financial
Morneau Sobeco
Russell Investment Group
Sun Life Financial

## who should attend

Pension Plan Funds
Association & Union Investment Funds
Investment Dealers
Pension Consultants & Actuaries
Employment Benefits Directors
CFOs
Pension Lawyers

## course highlights

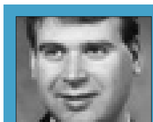
- Learn from leading pension sponsors about their investment outlook and what the future holds
- Get a firm understanding of pension investment basics
- Learn about the role of the trustee in setting investment policy
- Hear about new trends in asset allocation strategies
- Gain insight into evaluating and selecting fund managers
- Learn about pension plan investment risk and how to minimize it
- Examine liability driven investing strategies for pension funds

*"Greater knowledge of investments and pension funds as a whole, options on how to enhance existing pension funds, new ways to view role of governance for pension trustees."*

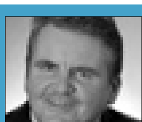
*"Gave me a lot of ideas to improve our governance related to investment and managers risk control."*

*"The Course helped me develop a better understanding of Investment fundamentals."*

*"Sharpened my interest in risk & liabilities."*

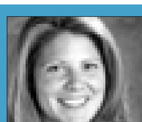


**Course Leader**
Clark Steffy, Manulife Financial

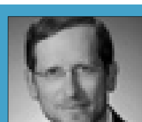


Joe Connolly, Morneau Sobeco

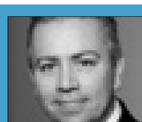
Bruce B. Curwood, Russell Investment Group



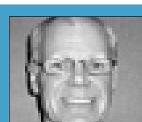
Janice Holman, Eckler Ltd.



Harry S. Marmer, Hillsdale Investment Management Inc.



Peter Muldowney, Sun Life Financial



Bob Smith, Canadian Forces Personnel Support Agency

Rana Chauhan, Counsel Portfolio Services

# FACULTY

## COURSE LEADER

### CLARK STEFFY

Clark Steffy, MBA, is a Senior Account Executive for the Group Savings & Retirement Solutions Division of **Manulife Financial**. He has been an Account Executive in the Pension and Retirement Savings field for the past 16 years with 3 prominent financial institutions. Clark has experience in the fields of retirement plan design, record keeping and administration, retirement education, institutional money management and executive retirement plans. Clark regularly speaks at conferences and has written a number of published articles in the field behavioural finance.

## CO-LECTURERS

### RANA CHAUHAN

Rana Chauhan is the Chief Investment Strategist for **Counsel Portfolio Services**. He maintains a close relationship with all of Counsel's investment specialists, allowing him to keep his finger on the market's pulse and on global economic developments. He is responsible for helping advisors understand how economic and market events impact their clients' investments. He was previously the Investment Strategist for Investment Planning Counsel Inc., prior to which he had spent two years as a Canadian Equity Analyst with a Municipal Pension Fund, and two years as an International Equity Analyst with a U.S. Bank.

### JOE CONNOLLY

Joe Connolly is an Investment Consultant in **Morneau Sobeco**'s asset consulting practice. He has over 15 years experience in the investment industry. He joined the firm in early 2007 after working as Director of Research at an investment management company. In that capacity, he was responsible for establishing investment policy, managing external fund managers and monitoring their performance, and researching a wide range of investment and asset management issues.

### BRUCE B. CURWOOD

Bruce B. Curwood, MBA CFA CIMA, is Director Research & Strategy at the **Russell Investment Group** that he first joined in 1995 as a Strategic Consultant. His current responsibilities relate primarily to research, strategy and client service. With over 25 years experience in asset management, he has worked in various organizations within the corporate and educational sectors. Immediately prior to Russell, he served for 5 years as the first treasurer of the University of Toronto. He has attained the designation of Accredited Director and has recently been elected an IMCA Board member.

### JANICE HOLMAN

Janice Holman is a Principal at **Eckler**, providing asset consulting services to a broad spectrum of clients. She is a specialist in CAP consulting and has guided many clients through establishing governance structures, reviewing plan design, fund option reviews and searches, carrier searches and implementing changes to plans. Prior to joining Eckler, Janice worked as an investment services executive at a major insurance firm and as an analyst for an investment management firm. Janice is an active participant in the pension and investment industry.

### HARRY MARMER

Harry Marmer, BBA, MBA, CFA is a Partner at **Hillsdale Investment Management Inc.** and Executive Vice President, Institutional Investment Services. Prior to joining Hillsdale in 2008, he held the position of Senior Vice President, Institutional Investment Services at Franklin Templeton Investments and Director at Russell Investment Group. He also co-led Mercer's Investment Consulting Practice in Canada and was a Principal.

### PETER MULDOWNEY

Peter Muldowney leads the **Sun Life Financial** DB Solutions team, providing a wide array of de-risking solutions for plan sponsors throughout North America. With more than 20 years experience in the pension and investment consulting industry as a consultant, marketer and strategist, Peter has held senior roles in leading Canadian and UK consulting firms.

### 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, Bob spent nearly thirty years with the Canadian Forces as a logistics officer.

# COURSE PROGRAM

### UNDERSTANDING INVESTMENT BASICS

Pension regulators across the globe are mandating an increase in the duty of care for trustees and pension committee members regarding investment management, requiring them to have more detailed knowledge and understanding of pension fund investment. This discussion details key issues for new trustees to consider when overseeing pension investment strategies, including:

- Key questions to ask in order to determine if an investment strategy is right for your specific plan
- Asset management process
- Understanding the investment management structure
- Governance structure
- Linkage with funding policy
- Investment regulations
- Statement of investment policies and procedures
- Setting the asset mix

### NEW TRENDS IN ASSET ALLOCATION STRATEGIES

Asset allocation drives the risk and return profile associated with sponsoring a DB pension plan. Past trends in asset allocation have been focused on diversifying the sources of return, with the introduction of alternative investments. This discussion considers new trends in the risk side of the equation and how it impacts the evolution in asset allocation strategies.

- Why asset allocation strategies are changing
- Importance of understanding risk in dollars, not just percentages
- Identifying the types of risks and the role of the asset allocation in managing the risk
- What's the end game for a DB plan?
- What's an optimal de-risk strategy?
- Merits of a dynamic asset allocation: combining opportunistic and strategic asset allocation decisions

## THE ROLE OF THE TRUSTEE IN SETTING INVESTMENT POLICY

The pension committee is responsible for making policy decisions. In fact, the pension committee should be spending approximately 70% of its time on policy decisions and reviews. Beneath every policy are foundation beliefs and principles. You do not have to be a subject matter expert to determine your beliefs and principles. This discussion examines the underlying beliefs and principles in the following policy areas:

- Establishing clear investment objectives for the pension fund
- Identifying the strategic asset allocation strategy for the pension fund (the long-term asset mix over the main investment categories)
- Identifying the overall performance objectives for the pension fund
- Identifying the means of monitoring and modifying allocations and performance objectives
- Broad decisions regarding tactical asset allocation, security selection and trade execution

## EVALUATING AND SELECTING MANAGERS

With plan structures and financial instruments growing ever more complicated, the need to apply more rigorous monitoring and fund manger risk processes is growing increasingly apparent. This discussion will provide insight into selecting managers, risk-adjusted performance measurement and a variety of approaches that can be employed to robustly evaluate fund managers:

- Using risk-budgeting to determine the appropriate active/passive weight
- Evaluating active manager candidates in a risk-budgeting framework
- Establishing realistic excess return/excess risk expectations for active manager candidates
- Determining appropriate manager allocations in a multiple manager portfolio
- Maintaining the risk budget over time

## CAPITAL ACCUMULATION PLAN (CAP) INVESTING: A BEHAVIOURAL FINANCE PERSPECTIVE

This session will provide a behavioural finance perspective on plan member investment choice within a Capital Accumulation Plan Context.

- How much choice should capital accumulation plans offer their plan members?
- Investment solutions to help ease the burden of investment choice on plan member
- Behavioural barriers to sound investment choices by plan members

## ALTERNATIVE ASSET INVESTING FOR PENSION FUNDS

Alternative investments provide another tool by which plan sponsors can minimize volatility and better match their liabilities to assets. 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 examine developments in alternative investing.

- Innovative new strategies, instruments and techniques: what are alternative investments and how do they fit in a portfolio?
- Why pension funds are increasingly choosing alternative asset classes: alternative vs. traditional assets
- Better decision-making in asset allocation for alternatives
- Investing in real estate and in infrastructure
- The role of private equity in a diversified portfolio

## IMPROVING RISK ASSESSMENT AND MANAGEMENT

Changing players, changing conditions and changing investment vehicles - all contribute to heighten investment risk. But as a pension committee member, what is your role in managing investment risk? This discussion looks at key areas for a trustee when measuring and managing investment risk.

- Defining and controlling investment risk
- Performance and risk monitoring
- Yield enhancement and risk control
- Setting clear risk objectives
- Defining a "risk-minimizing portfolio" for your pension plan

## LIABILITY-DRIVEN INVESTING

Increasingly pension plans are looking at ways to invest their assets in a manner that is more closely aligned with their liabilities. Greater attention is being paid to plan liabilities in the management of fund assets, so that in both the shorter and longer terms, the pension plan will have the funds available to meet its obligations. This session will look at liability driven investment and the principles of asset-liability matching.

- Determining which LDI strategy will work best for you based on plan assets, funding status, and size
- Minimizing asset-liability risk
- Different asset/liability matching strategies available and when and how to use them
- Blending liability-matching approaches with return enhancing strategies
- Implications of a liability driven investment framework for performance measurement

## UNDERSTANDING & MANAGING LIABILITY RISK

It's no secret that a majority of the pension plans in Canada are underfunded, with the total shortfall estimated in the billions of dollars. The pension industry is questioning traditional investment approaches and sponsors are looking to identify and diversify their risks, while generating sufficient investment income to meet their liabilities. This presentation from one of the country's largest pension plans will focus on:

- Classifying and managing investment risk: market risk, interest rate risk and active risk
- Risk appetite
- Implementing liability-driven solutions: cash flow and duration matching and optimizing higher return targets

## CURRENT ISSUES SURROUNDING EQUITY INVESTMENT

Equities have always played a role in pension fund investments. They are an attractive investment to pension fund trustees who have decided to take risk, as equities are weakly correlated with the lowest risk investment (long bonds). Today, however, there are a growing number of options in the equities market, including investment in foreign equities. This session will look at the latest trends in equity investment.

- Small caps versus large caps
- Using an index vs. managed equity funds
- Determining the degree of equity investment
- Which industries will be driving the market in the future
- How equities fit into a liability driven investment program

# WORKSHOP

### STRATEGIC AND TACTICAL INVESTING

In a an investment world quickly evolving as a result of modernization of information flow, the rapidity of transactions, and the quick allocation changes being made by alternative investments, portfolios need to be structured to be able to adjust to rapid changes in the markets. In this environment, a new question has come to the fore with respect your investment approach – whether to use a strategic or tactical investment strategy. This workshop will examine both approaches and considerations into when and how they should be employed.

- Understanding the risks of the strategic and tactical approaches
- Avoiding mistakes in tactical and strategic management
- Key aspects of strategic investing: buy, hold and rebalance periodically
- The tactical approach: making asset allocation shifts to capitalize on perceived opportunities to potentially boost total portfolio return and reduce risk
- Choosing a strategy that accurately reflects individual temperament, time frame and goals
- Integrating both strategic and tactical approaches
- Engaging in regular rebalancing with the strategic approach
- Determining which approach best suits your investment needs and market conditions

# MULTIMEDIA PRESENTATIONS

Register for Investment Fundamentals for Pension Committee Members 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 695 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.

**Understanding Investment Basics**
Roy Stuart, Leader,
Governance Practice (Western Canada),
*Hewitt Associates*
Time: 61 Slides: 35

**Creating an Asset Allocation Policy**
Stephen Orlich, Vice-President,
Portfolio Manager, Strategic Asset Allocation,
*MFC Global Investment Management*
Time: 58 Slides: 49

**Proper Risk Assessment**
Roy Stuart, Leader,
Governance Practice (Western Canada),
*Hewitt Associates*
Time: 39 Slides:19

**The Role of the Trustee in Setting Investment Policy**
Garnet Andrews,
Director of Investment Management,
*TELUS Corporation*
Time: 35 Slides: 29

**Evaluating and Selecting Managers: Investment Manager Structure**
Bernie Mulligan, Trustee Pension Plan,
*Plumbing & Pipefitting Workers Local 170;*
Fred Snyder, Branch Manager,
*Dundee Private Investors Inc.*
Time: 32

**Asset Liability Modeling & LDI**
Gerry Wahl, Assistant Treasurer,
*Teck Cominco Limited*
Time: 28 Slides: 20

**Trends in Equity and Bond Investing**
Perry Teperson, Portfolio Manager,
*Leith Wheeler Investment Counsel Ltd.*
Time 65 Slides: 32

**The ties between investment policy & pension funding**
Ian Edelist,
*Eckler Limited*
Time: 30 Slides: 16

**Liability-Driven Investing**
Brendan George, Senior Vice-President,
*AON Consulting Inc.*
Time: 38 Slides: 32

**Investment Fundamentals on Alternative Investments for Pension Committee Members**
Brendan George, Senior Vice-President,
*AON Consulting Inc.*
Time: 74 Slides: 49

**Responsible investing in a shifting investment landscape**
Sarah Smith,
*Jantzi Research Inc.*
Time: 38 Slides: 28

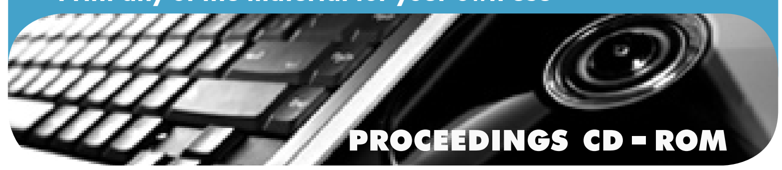
**Pension Plan Investment Risk**
Valter Viola, President,
*Holland Park Risk Management Inc.*
Time: 64 Slides: 25

**Incorporating Alternative Investments into the Mix**
Pierre Caron,
*bfinance Canada Inc.;*
Anthony T. Lennie,
*Victoria University (University of Toronto)*
Time: 43 Slides: 29

**Alternative Assets Investing for Pension Funds An Overview**
William G. Maclean,
*Aon Consulting*
Time: 66 Slides: 58

**Trends in Asset Allocation**
Robert Chepelsky,
*Morneau Sobeco*
Time: 24 Slides: 21

**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 $1925 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.

**Payment must be received prior to June 14, 2010**

**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 June 8, 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.

**Phone: 1-800-363-0722 Toronto: (416) 665-6868 Fax: (416) 665-7733**

## TO REGISTER FOR INVESTMENT FUNDAMENTALS FOR PENSION COMMITTEE MEMBERS

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

# ______________ Expiration date: ____ / ____

Signature : ______________________________

Payment enclosed: ☐ Please invoice. PO Number: ______________

WHEN CALLING, PLEASE MENTION PRIORITY CODE:
3IFT1006/E

MAIL COMPLETED FORM WITH PAYMENT TO:
Federated Press P.O. Box 4005, Station "A"
Toronto, Ontario M5W 2Z8

## REGISTRATION COSTS

NUMBER OF PARTICIPANTS:

COURSE: $1925

COURSE + PROCEEDINGS CD-ROM:
$1925 + $125 = $2050

PROCEEDINGS CD-ROM: $499

NOTE: Please add 5% GST to all prices.`

Proceedings CD-ROM will be available 60 days after the course takes place

Enclose your cheque payable to Federated Press in the amount of:

GST Reg. # R101755163
PBN#101755163PG0001

For additional delegates please duplicate this form and follow the normal registration process