

# aimse • [advisor]

Journal for Members of the Association of Investment Management Sales Executives Winter 2009

## from the [president]

Dear AIMSE Members,

May I share a few of my favorite quotes with you?

- Clients don't like surprises.
- In a world of technology, people do business with people.
- Customers don't care how much you know; they care how much you care.

These phrases and others remind us that the people, with whom we interact as AIMSE members, depend on us to calmly deliver the perspective and the insight necessary to make sound investment decisions on behalf of their beneficiaries.



Of course, the market's wild gyrations, shaken clients and the shrinking size of our own few pennies can cause us to lose focus on that vital responsibility.

Having just watched the Super Bowl and the Australian Open, I am reminded that during times of adversity, it is often a third party who helps a participant maintain the focus they need to prevail. Coaches, colleagues and mentors are important to success in any endeavor.

AIMSE members provide those roles to each other. When you attend an AIMSE conference, regional gathering or pick up the phone to a fellow member, talking with someone who "gets" what you do helps. Whether you're a new marketer, veteran or senior executive, stepping away from the day to day interaction with your portfolio managers and clients to exchange a few words with others in the "same situation, different firm" helps.

We may not manage the money or place the trades. But these days, the salesperson or client service professional must continuously figure out ways to keep the clients professionally informed... and off the client list of our competitors!

The fellowship, mentorship, access and education that AIMSE delivers has provided many members with the tools to stay calm and focused over the years. The Advisor is another one of them. I hope you find this issue useful. I look forward to seeing you at the AIMSE/Pensions and Investments 3rd Annual Hedge Fund Conference on February 26 and the AIMSE Annual Marketing and Sales Conference, April 26 - 28 in Phoenix.

I'll leave you with one last quote: No clients, no business.

With warmest regards,



Larry Pokora, President  
AIMSE

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## from the *[editor]*

Dear AIMSE Members,

One of my mentors tells his vendors that the failure to report bad news early is grounds for dismissal. Good news is optional. His point: advance notice gives him a chance to either participate in crafting a solution or position the issue favorably with his trustees.



We built this issue of the Advisor to remind ourselves why it's important to keep in touch with mentors, colleagues and newcomers to the business during tough times. The little story above is a reminder that keeping your client's perspective in mind is key in this business and crucial in these times. We all have stories like this one. This issue summarizes what AIMSE has done and has planned for the coming year to help you stay focused.

From Atlanta, Curtis Baker tells how local members gather for quick breakfast sessions to swap manager search and competitive information.

As always, the Canadian Conference and the Fall Conference each deliver more consultants and plan sponsors in one meeting than you can visit in a month. Michael Gillis, Sally Stalcup and Jane Abitanta submit the "call reports" from these two stellar events.

We preview two other hallmark conferences in this issue that deliver senior perspective and industry access: the AIMSE/P&I Hedge Fund Conference on February 26 and the Annual Conference, April 26 - 28.

Finally, Ed Urban asks new and veteran marketers "Why AIMSE?" Certainly, one or more of these comments will resonate with you if you've ever picked up a great tip, guidance or lead from an AIMSE conference.

Good luck in the coming months. Stay focused. Hope to see you in the near future.

Enjoy,

Tony Wilkins, CFA  
Director - Consultant Relations  
Northern Trust

# *[Winning Hedge Fund Assets in 2009]*

## 3rd Annual AIMSE/ P&I Hedge Fund Conference

AIMSE has teamed up with Pensions & Investments to bring you the 3rd Annual Hedge Fund Conference - "Winning Hedge Fund Assets in 2009: Allocators and Consultants Share Their Shortlists." The conference will be held on February 26, 2009 at the Hilton New York Hotel. Spend a day in NYC elbowing with some of the world's most respected investors and consultants in hedge fund investing. Created by experienced hedge fund professionals, each session has been custom tailored, each speaker hand-selected to expand on the current and future business of hedge funds. Get it direct from the stars in the industry - the experts who invest in, recommend and have started many of the most successful hedge funds today.

Top U.S. consultants actively placing money with hedge funds will discuss what they're looking for now. Buyers of hedge funds will discuss the new criteria they need to see before investing. Top marketers will explain how to raise assets despite under-performance and widespread redemptions. Every important issue will be covered.

To stay relevant in today's market, every hedge fund and fund of funds needs to know what matters most - learn what counts at the 3rd Annual AIMSE/P&I Hedge Fund Conference in NYC.

Speakers include:

- Lawrence E. Kochard, Chief Investment Officer, Georgetown University
- Jeff Mora - Makena
- Keith Weiner - UBS Global Asset Management
- Daniel Stern - Cliffwater LLC
- Victoria Vodolazschi - Northern Trust Global Advisors
- Elizabeth Hewitt - Robert Wood Johnson Foundation
- Peter Carey - NY State Commonfund
- Jake Walthour - Aksia, LLC
- Dana Hall - DE Shaw
- David Katz - Rocaton Investment Advisors, LLC
- Peter Cera, Goldenleaf Foundation

In these tumultuous times you won't want to miss this premier program of educational sessions including:

Keynote Speaker - Lawrence E. Kochard, Chief Investment Officer, Georgetown University

Taking Inventory: State of the Marketplace - John Casey, Casey Quirk

- Redeploying Capital: The New Allocation Model
- Risk Management
- New Rules: Fireside Chat with Consultants
- Global Distribution Channels - Covering the World
- Branding and Retaining Clients
- The New Face of Hedge Funds: Where are they Deploying Capital

We look forward to seeing you in New York! The conference registration form and agenda are posted on the AIMSE website at [www.AIMSE.org](http://www.AIMSE.org).

Stefanie Frese  
February 26, 2009  
Hilton New York Hotel  
New York City



## *[Why AIMSE?]*

AIMSE provides a beneficial peer forum to exchange best practices for productive asset gathering and proactive client servicing.

*John Boles, AIMSE Member*

The investment management business is large, global, complex and highly specialized. Coming together with other AIMSE professionals provides me with the more effective and efficient way of staying informed about our fast-paced, ever changing industry.

*Kathleen Dunlap, AIMSE Member*

At every AIMSE conference I attend, I learn something new. When I apply these pearls of wisdom to my practice I can state, without reservation, that they have helped my firm win new business. There can be no higher compliment than to recognize that AIMSE has improved my knowledge and skills as a marketer and that improvement has directly translated into success.

*Michael Gillis, AIMSE Member*

AIMSE affords me the ability to leverage my time as I get to spend quality time with up to 20 consultants and plan sponsors, as well as interact with my peers in a collegial, educational forum.

*Martha Gomez, AIMSE Member*

The AIMSE Fall Conference always has a must-attend session with manager search consultants and the 2008 conference was no exception. Moderator Maureen Decker, INVESCO, hosted panelists Cliff Axelson, Callan Associates Inc.; Keith Berlin, Fund Evaluation Group; Kevin Leonard, New England Pension Consultants; and Jack Dyer, Aon Investment Consulting for a stimulating discussion of what their clients are dealing with in the current market environment.

The following are key themes registered by consulting firms:

**Trends**

Aon

- Rapid growth – alternatives will continue because of diversification factor.
- Defined benefit plans are paying more attention to LDI.
- Defined contribution plans are waking up to litigation risk after having not monitored fees carefully. Aon will not take on a new DC plan unless they do a detailed fee analysis.

**NEPC**

- Alternatives are still hot, including hedge funds, private equity, real estate and portable alpha.
- NEPC is stepping back from style boxes and giving managers more flexibility.

**FEG**

- Focus is still on foundations and endowments and these are looking at global macro, multi-strategy hedge funds, distressed, emerging markets equity (but not frontier markets), energy infrastructure and MLPs.

**Callan**

- Large public funds are focusing on governance. Callan has introduced the idea of opportunistic allocation and is streamlining contracting process. Using consultant calls between quarters to address opportunities.
- Looking at issues with currency – currency hedging benefits clients as they have 25% non-US exposure
- Defined contribution – structure the plans to be able to take advantage of participant inertia – Target Date Funds remain a focus.

**Connecting with Consultants**

Callan – Best time spent is with the research group in San Francisco.

NEPC – Talk to the analysts—the Boston research group has separate analysts for private equity, hedge funds, timber and real asset analysts.

FEG – Seek out the specialists listed on their website and also check out their monthly piece to see what they are interested in.

Aon – Talk to research group; consultant also does research and presents to managers.

**Communications**

- Remember that the beginning of your relationship is like a “honeymoon” – so take advantage of this time – make calls, connect and “bank good will.”
- Be proactive; understand where plan sponsors are coming from and be able to relate to them. “You know what questions the clients will ask us.”
- “We like to see attractive relative performance.”
- Communications need to be short, simple and to the point.
- If you are doing poorly, communicate more and make it brief.
- During month of September, most hedge fund and private equity managers sent information out first (over long-only managers). Big commingled funds are the slowest in reporting.
- “Don’t tell us you can’t get it from compliance.”

**LDI**

- It is real for those pensions who are trying to take risk off the table. Less of an issue for public and Taft-Hartley plans.
- For NEPC, 30% of clients have implemented some LDI, 20% said “no thanks” and the rest are “sleeping on it.”
- “Porting alpha isn’t the problem. Finding it is the issue.”

# 16th Annual AIMSE Canadian

The 16th Annual AIMSE Canadian Conference was once again held in Toronto in January and hosted over 120 participants from across North America. Plan sponsors from various regions in Canada combined with consultants from Toronto and Montreal convened to give AIMSE members more of what matters most...ACCESS!

Attendees were treated to intimate, insightful, and impactful access to Alberta's largest pension plan, Manitoba's largest pension plan, two huge plans from Quebec, and three more sizable plans from Ontario through the highly interactive round-table format. Every year this session is the hit of the conference and 2009 was no exception. We would like to tell you more, but if you were there, the value of this session is self-evident, and if you missed it, well, you missed a golden opportunity to gain valuable access to key decision makers for some of Canada's largest pension plans. Further reminders of what you missed are prohibited under the Geneva Convention.

## [aimse] Regional Events:

### *Did you know...*

That being an AIMSE member gives you access to Regional events throughout the year in cities across the United States, Canada, and Europe. Recent regional events include breakfast meetings, lunches or networking cocktail hours have been conducted in Philadelphia, New York, Atlanta, Chicago & San Francisco. Regional events often feature speakers ranging from Consultants & Plan Sponsors to Industry veterans addressing a variety of topics.

#### **Highlights from the Atlanta Regional Luncheon February 19, 2008**

This was the first regional outreach in the Atlanta area. There were 18 attendees, primarily asset managers, representing 12 firms in attendance at the lunch. The event focused on educational and networking opportunities and support on a regional basis.

Attendees at these meetings will tell you that the most valuable component is the roundtable conversations where you and your peers share information, contacts, search activity & tips from the field that will help you succeed.

Get the most out of your AIMSE membership and keep in contact with your AIMSE friends in between conferences. For more information on upcoming regional events please contact the AIMSE office at [info@aimse.org](mailto:info@aimse.org) or visit the AIMSE website at [www.aimse.org](http://www.aimse.org).

# Conference Highlights

The consultant no-holds barred panel featured, Peter Arnold from Buck, Janet Rabovsky of Watson Wyatt, Brian Dayes of Mercer, and Pierre Collins of Brockhouse Cooper. All except Pierre are based in Toronto. Pierre hails from Montreal. The panel was lively, opinioned and entertaining and they shared some interesting information that delighted some and worried others.

Keith McDowell shared his wisdom as it relates to the art of presenting and served up timely reminders of the essence of what makes a successful presentation. Keith also provided us with wisdom and advice on how to deliver bad news in these challenging times.

A panel of senior marketers, featuring Rachel Minard, Tom Barron and Stephen Foote, provided the audience with excellent guidance on how to best approach and expand marketing efforts globally.

The preceding are mere words that provide just a glimpse of the immense value that attending the Canadian AIMSE conference delivers. For those that attended, no further explanation is necessary, and for those that missed it, no description will do the conference justice.

Similarly, we can offer just our simple thanks to all who played a part in making the conference a success. Their efforts are worthy of much more. Nevertheless, a great big sincere and hearty thank-you to:

Jeff Horbal - Artio Global  
Tasleem Jamal - Burgundy  
Craig Auwaerter - KBSH  
Michael Peck - Acuity  
Tony Mastandrea - Lazard  
Kathy Hoskins - Drohan  
Management Group  
(and the entire DMG team)

# BLUEPRINT FOR SUCCESS: SURVIVING THE HEADWINDS

## AIMSE 32nd Annual Sales & Marketing Conference

April 26-28, 2009

Arizona Biltmore

Phoenix, AZ

If you are in the institutional sales or client service business, You Cannot Afford to Miss This Conference!

For less than a \$1,600 registration fee, you can have more than 20 meetings with consultants and plan sponsors in just a day and a half conference. This is an excellent opportunity to meet in a single setting - truly an efficient deployment of your limited resources and great use of your professional time.

The AIMSE 32nd Annual Sales & Marketing Conference, April 26-28, 2009 in Phoenix, Arizona, will deliver to you:

### Plan Sponsors (Confirmed to Date)

Jonathan Hook, CFA, The Ohio State University

Brian Morales, CFA, The Annie E. Casey Foundation

Mark Newcomb, CFA, University of Texas Investment Management Company

Judy Van Gordon, Arizona State University Foundation

### Roundtable Sessions

The Boy Scouts of America - Randy Kopsa

Avaya - Alayne Gatti

Houston Municipal Employees Fund - Doug Wynkoop

Fairfax County - Andy Spellar

### Consultants (Confirmed to Date)

90-Minute Breakout Sessions with Global Consultants

1. Mercer - Jeff Gabrione...1 ½ hour insight into Mercer's manager research system

2. Watson Wyatt-Janice Fritz-Snyder...1 ½ hour insight into the newly reorganized Watson Wyatt manager research organization

### Roundtable Sessions

Wilshire Associates - Josh Emanuel

Cliffwater - Ben Rotenberg

Russell Investment Group - Dennis Jensen

Wurts & Associates - Scott Whalen

Hewitt Associates - Paul Malizia

### In addition, we will hear from these industry leaders

Keith McDowell - McDowell Consulting

Jack Boyce - AIG Investments

Carrie Callahan - Galliard Capital

Matt Bevin - Integrity Asset Management

Joel Leib - SEIC

Todd Cipperman - Cipperman and Company

David Bauer - Casey, Quirk & Associates

David Heaton - Merrill Lynch

Judy O'Connell - Champlain Investment Partners, LLC

Chris Paoletta - Perimeter Capital Management LLC

Tony Wilkins - Northern Trust Global Investments

For details on the AIMSE 32nd Annual Sales & Marketing Conference, visit the AIMSE website at [www.aimse.org](http://www.aimse.org).

SPECIAL NOTE: AIMSE wants to remain in contact with our members! Please send your personal email address to [info@aimse.org](mailto:info@aimse.org). You can also update your membership record online.

*See you in Phoenix!*

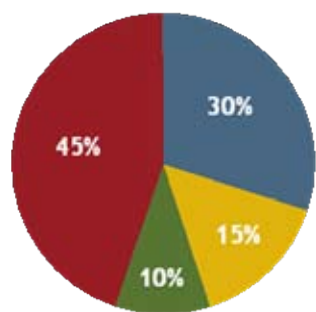
# [Plan Sponsor Forum]

## Plans Compare Notes on Asset Allocation in Troubled Times

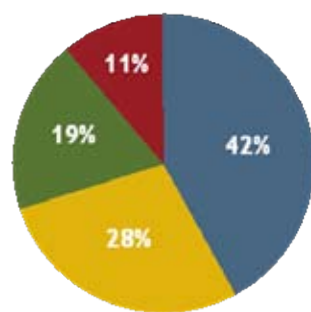
The theme of the 2008 AIMSE Fall Conference, The Changing Landscape of the Investment Management Industry, certainly played out well during the Plan Sponsor Forum discussion. We learned that while many elements remain constant in the world of plan sponsors, many others are changing. Moderated by David Bruce of Barclays Global Investors, the panel participants included: Joshua Kaplan of Drexel University, Colleen Ostrowski of Pfizer Master Trust, Bill Rubin of City of Philadelphia, and John Luthi of Bucknell University. All spoke candidly about their current interests, how decisions are made within their plan, how they handle difficult times, and the importance of proactive communications.

Bruce's clever kick-off to the discussion quickly captured the AIMSE member's attention. He displayed four unnamed asset allocation charts – each representing one of the represented plans. The audience was asked to guess which allocation belonged to which plan – and the results were surprising once the named charts appeared as below.

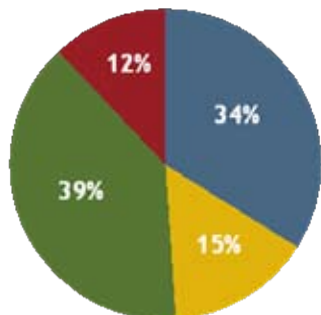
**Bucknell University**



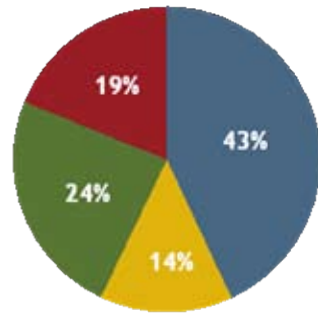
**Drexel University**



**Pfizer US DB**



**Philadelphia Bd. of Pensions**



■ Domestic Equities ■ Int'l Equities ■ Fixed Income/Cash ■ Alternatives

### Interests

Current interests vary by plan. While each plan was clearly reeling from the market stress of the summer and September, the tone centered around remaining calm, not overreacting, and looking ahead to opportunities. Kaplan shared Drexel is opportunistically looking at distressed, agriculture, frontier markets, and alternative energy. Overall, Drexel is transitioning to look more in-line with foundations/endowments asset allocation. Pfizer is interested in global equity and unconstrained active long-only

strategies. Pfizer's fund has been volatile and pension expense volatile as well, thus, they are also looking to change their asset allocation. The changes are not, however, driven by the 30 days of September 2008; they are looking at factor models, and achieving diversification through asset allocation versus managers.

John Luthi of Bucknell shared they are focused on building out the core pieces where they lacked exposure – Venture, MLPs and non-US equity; looking opportunistic too. He added that as of late, the impending cycle of distressed debt has been pushed forward and that, "this environment exposes what you have..." Philadelphia is looking at funding a \$35B pension obligation bond. They like where the plan is and are not planning any changes.

### Decisions

Knowing how decisions are made within any plan is an important aspect for both winning and retaining the relationship. An outline of the board for each plan is listed below; however, some specifics per plan were also shared. For Drexel, in the past, decisions came from the board on a quarterly basis. As of May 2008, the approach changed. The plan posts memos around planned moves via an internal website for the Trustees only in order to reach agreement and make decisions more quickly. They have found that this approach allows them to be more opportunistic.

### Difficult Times

Dealing with difficult times is challenging for everyone. Bruce's panelists remarked that while uncertainty abounds in many ways, remaining focused is crucial. Bill Rubin from Philadelphia remarked that, "during difficult times, we take the 'sit and wait' approach. If a CIO or CEO of a firm leaves, we look hard, but not because of the numbers – we believe in the strategy put in place first and proceed strategically." In terms of dealing with tough performance, Luthi looks at each manager case-by-case by focusing on



the strategy (Bucknell has a lot of multi-strats in their portfolio). Ostrowski's opinion is that as long as a manager sticks to his/her strategy (when performance is down), they are ok with it because "we are long-term investors." Rubin commented, "Do your best, do what you said you'd do versus only looking at the numbers; being down is down."

## Communications

With regard to how plans prefer to be communicated with, from phone calls, to emails to receiving updates/commentaries, proactive communication is everyone's first priority. Second, know individual preferences: some plan sponsors prefer emails in order to save and/or send on to share with others. Pfizer's Ostrowski, for example, prefers hardcopies because she commutes and can read through materials on the train; currently, she has no time for new business calls. If she doesn't return your call, send an email - it's her preference.

The consensus was also that managers need to target their communications and anticipate their audience's needs. Remember to look at relationships as strategic; know who all should receive which communications wherever you send them. Time your communications; consider what's going on with clients, prospects, consultants before you reach out.

## Snapshots of each plan:

### Bucknell University

- Asset size: approximately \$550 M
- Consultant: Hammond Associates
- Board makeup: currently 8 voting members on the Committee on Investments
- Navigating inside plan - best contact person:
- Domestic Equity: Jonathan Weil
- International/Global Equity: Christi Fallon
- Fixed Income/Alternatives: Ping Chen
- Foreign Plans: Ciaran Murphy

### Drexel University

- Asset size: \$570 M
- Consultant: Cambridge
- Board makeup: 7 trustees on Investment Committee
- Navigating inside plan - best contact person:
- Contact through email

### Pfizer Master Trust

- Asset size: \$23 B globally (\$7.5 B US DB; \$7.5 B US DC)
- Consultant: None
- Board makeup: Senior VP and Treasury (chair); VP - HR Benefits; VP - HR Operations; VP Finance and Strategy
- Navigating inside plan - best contact person:
- Domestic Equity: Jonathan Weil
- International/Global Equity: Christi Fallon
- Fixed Income/Alternatives: Ping Chen
- Foreign Plans: Ciaran Murphy

### City of Philadelphia

- Asset size: \$4.5 B
- Consultant: Many
- Board makeup: 4 elected trustees, 4 appointed trustees, controller
- Navigating inside plan - best contact person:
- Uses the RFP process

In today's world, among a whole list of topics, plan sponsors are most concerned with counter-party risk and prime brokers. Stay in touch, ensure your communications are answering the questions/concerns of your clients, offer any useful information that may help them to better deal with the changing landscape, and remain proactive.

The Advisor is grateful to Sally M. Stalcup, Stalcup Consulting for this article. If you have questions or comments, Sally can be reached at [sally@stalcupconsulting.com](mailto:sally@stalcupconsulting.com) or (949) 709-5553.

aimse is especially grateful to those  
*[sponsors and exhibitors]*  
who participated from 2008-2009





calendar of *[events]*

**AIMSE International Consultants Conference**

February 23, 2009

Goldman Sachs International

London, UK

**AIMSE and Pensions & Investments 3rd Annual Hedge Fund Conference**

February 26, 2009

Hilton New York

New York, NY

**AIMSE 32nd Annual Marketing & Sales Conference**

April 26-28, 2009

Biltmore Resort and Spa

Phoenix, AZ