State of the Industry: Another New Normal, What's Next for Investment Consulting?

Moderator: **Peter Crivelli, Senior Vice President, Institutional Sales & Consultant Relations, Carillon Tower Advisers**

Speakers: **Millie Viquiera, Executive Vice President and Head of Fund Sponsor Consulting, Callan**

Rich Nuzum, CFA, President, Investments & Retirement, Mercer

The first panel of the AIMSE 2021 Conference kicks off with Peter opening the session and allowing Millie and Rich to give a brief introduction on themselves and their roles within their respective firms. Peter initiated the first question by asking, hindsight in 2020, what did we learn?
RN: surprise by how well everything worked, specifically referring to the consensus wisdom advice given to clients on the importance of diversification, having systematic rebalancing rules and sticking to those disciplines even in difficult times.
RN: discussed the qualitative on looking for manger research and operational risk assessment, business continuity of their own operations and firms, and the realization and ability to trade from home for not just a week, but now over a year, mentioning that it has worked on the OCIO side of the business. Rich then mentioned with the quick market recovery it helped underline consumer, business, and governance confidence.
RN: mentioned coming out of this pandemic optimistic as the things needed to be done for clients indeed work during a crisis.
MV: agrees with Rich's thorough response, while also adding how essential it is to have strong relationships with clients leading into a crisis. She explained how it is essential for clients to understand their managers' process, philosophy, and for them to be helped to embrace the notion that the long term is critically important to managing a portfolio successfully, highlighting the events of the last 12-15 months helped demonstrated this.
PC: how we have used and adapted to technology to be able to work from home and asked if he could talk on the impact of these technological tools and the ability to do continue to do manager research.
RN: started by explaining how all things digital accelerated when the pandemic hit. He continued to say how Mercer went into the crisis with the Mercer Investment Manager Database, which allows questionnaire information to be provided to Mercer, also noting going into the crisis offering their Manager research for sale on that platform, or on a subscription basis to clients to access that platform through Mercer Insight.
RN: launching their Strategic Research Community, which invites investment managers to publish their strategic research so the same Mercer Insight subscribers, in-house staff, and large sophisticated asset owner can view.
RN: even with travel restrictions the manager research team has been quite productive.

MV: mentioned how fortunate we all have been to be able to utilize technology in a way to allow us to continue to serve clients and then explained that from Callan's perspective, fortunately in the past few years they have upgraded their digital platforms to ensure a more user-friendly interactive system and the collection of data to become more streamlined.
MV: agreed with Rich's comments on the importance of having multiple ways of delivering information to clients, which has been more evident post-pandemic.

MV: briefly discussed the upgrading of Callan's Website, essentially taking research information and delivering it in a more efficient and easier to navigate method, she also mentioned a platform of which they are currently working on that will soon be announced, which will help delivering and storing information. She mentioned in the future, post-pandemic, the benefit of still utilizing Microsoft Teams and Zoom to be able to keep close relationships with Portfolio managers who do not spend much time travelling.

MV: explained the importance of databases, and mentioned Callan has worked to upgrade their database questionnaire, specifically noting the need for information around ESG and diversity and inclusion, also highlighting how they have updated their questionnaires to gather more of this information.

MV: stated how Callan's, and their clients are avidly asking for this information and encouraged the viewers to have their associates provide this information. Rich then briefly expressed the importance of ESG and for its data to be available.

PC: transitioned to the topic of post-pandemic, face to face conferences and asked MV when she believes this will be accessible.

MV: stated that Callan will be hosting a live, but hybrid conference in Salt Lake City, Utah this upcoming July. Overall, she explained Callan's expectation is that come summer they will be at minimal travelling for client meetings and touched on the challenges of reopening local offices.

RN: added that with having clients internationally, some of the Mercer team has been able to travel and explained how he believes there will be a bit of a bifurcation between Zoom and in-person in the future. The preference would be to have majority of meetings in person, as it allows for a more in-depth due diligence. In relation to conferences, he explained that the digital forum has allowed Mercer to provide niche content to select different communities. He also noted the first in person conference for Mercer is aimed to be in September in London, U.K., if all things remain active.

MV: explained Callan's importance on collaboration and how post-pandemic the aim is to work with the younger, newly hired generation, who have been trained and used to working from home and reintroduce them to the benefits, team collaboration and learning that can be achieved through working along side colleagues' shoulder-to-shoulder.

Following the discussion on pandemic related topics,

PC: transitioned to the conversation of industry trends, specifically being DC and OCIO, he started this off by asking RN to give his thoughts on the DB/DC evolution

RN: explained that he believed the Global Financial Crisis accelerated the transition from corporate DB to DC but does not believe that this has happened with the pandemic as the markets came back rather quick. He went on to mention that he believed that the Open Multiple Employer Plans will soak up a lot of the U.S. DC market over time, also noting that he does not believe it is pandemic related, it has just made progress.

MV: agreed with RN's comments and said that she as well believed the trend between DB and DC will continue but does not foresee any exponential moves or shifts any longer. She stated that from Callan's perspective and looking at their DB corporate clients, they have noticed interest in diversifying their bond portfolios and their credit exposure and encouraged managers to think what kind of credit diversification can be incorporated into their portfolios.

MV: In terms of DC mentioned there is quite an issue of fee pressure and does not see it going away any time soon. She explained how prior there was emphasis on how to get individuals into the plan, how to build wealth while people are still working and now the conversation has shifted to looking at solutions to bring to the table, such as, post-retirement, managed accounts, retirement income, annuities, etc.

MV: encouraged creativity and to notice trends and what that means for managers products and

product development. She also noted how vehicle choice is very important, mutual funds and CITs are things that managers should evaluate internally – essentially, what kind of daily value structures does one have available.
PC: then asked the panel what they learned in 2020 regarding the OCIO business.
RN: started by explaining how he believed the volatility seen in last February/March was a significant additional stimulus for growth on OCIOs. He continued to say that due to stocks hitting new highs repeatedly, and bonds getting higher interest rates on the long end is what led to a large demand for alternative investments.
RN: also mentioned the high fees as an additional reason.
Mv: however, explained that Callan has seen slightly different activity regarding OCIOs, noting that she has not seen the flood gates open, but has seen activity, with much of it being revisits to current providers, this could possibly be firms looking to identify better fee structure/fee savings. Overall, she noted that Callan views it as individuals maturing to OCIOs.
MV: goes to explain she has seen some activity more of questioning of "am I really getting what I bought" rather than for chasing alpha performance, as that is how it had been in the past. She noted that Callan is seeing a lot of questioning regarding what designated consulting is,
MV: believe that prospects are not always certain what they are looking for but rather, they are looking more for internal debate. She also noted the importance of third-party consultants.
The panel then shifted gears to discuss the importance of ESG where Mv gave her thoughts.
MV: explaining that she believed this conversation is here to stay, and every client is asking about it in one way, shape or form. She then encouraged asset managers to evaluate their take on ESG and how it is being integrated into a firm process and urged managers not to stick to the notion of just "we have been doing this for a prolonged time", as many managers have historically been focused mainly on just the Governance side. She encouraged managers to elaborate on how ESG is incorporated into research and the portfolio construction process.
MV: emphasized the importance of having databases updated with thoughtful answers to these questions.
Nearing the end of the session, PC: asked the panel if there was any silver lining for 2020.
MV: mentioned the time spent with her family was great, but also how important human connection is.
RN: as well mentioned the additional time spent with his family, on the business side however, he explained how it is difficult for the younger individuals in the industry as the in-person training is crucial for development in the early years and is looking forward to having the younger team soon be granted the same opportunity of the shoulder-to-shoulder mentorship.

Live Q&A Session:

Q. 1: Equity markets have been strong, are clients thinking about de-risking?
A: MV: explained that in terms of reactions to the market dynamics and de-risking as a result, and due to markets potentially being de-valued or overvalued, she noted that Callan has not seen that. She did however mention that some clients are keen on rebalancing on a regular basis due to the market action and have clients, particularly on the corporate DB side that may be looking at de-risking, but mainly the focus is as how it was before the pandemic, which is looking at different alpha generation patterns or further diversifying the portfolio. Rich agrees with Millie on her views and explained that Mercer is seeing a massive asset allocation but not for de-risking, but more for optimizing the allocation of risk.
Q. 2: Any big surprises in terms of asset class performance?
A: MV: explained that there has not been a big surprise but noted that some clients are glad to see value managers come back over the past two quarters.

Q. 3: What is hot and what is not in terms of search activity?
A: RN: explained that it differs by country, on a global level ESG is very crucial, in the U.S. and U.K. DE&I is essential, growth fixed income, and all things hedging. He continued to note that in the U.S. there is a lot on style with value versus growth, also noted the interest in single client China strategies – both equity and bonds.
MV: went to discuss how the search activity for Callan last year was quite robust, more than what was anticipated, and this year being on pace with 2020. The biggest interest she mentioned was real assets, private equity, private debt, and for the public markets she noted the many searches in fixed income, multi-credit, and multi-asset type strategies, and shared that Callan saw an increase in value searches as well. On ESG Millie noted that there have not been many ESG specific searches but have noticed the interest on the topic with clients. She informed the panel on the interest in China and have a client that is also interest in India, of which the latter is not an area Callan has done searches in previously.
Q. 4: Regarding ESG and DE&I, there is an understanding that there is a Co-op among some of the institutional clients and consultants, please elaborate.
A: RN: began to explain that clients need the relevant data to understand how to reflect DE&I in their portfolios, weather it be ownership, the key decision-making group, the investment teams, etc. Understanding that investment managers spend time providing this data to consultants, in such this led to the Co-operative initiative to collect data on behalf of the industry.
Q. 5: What are the thoughts on consolidation within the industry?
A: MV: answered by stated that she does not foresee this ending as there are many consultants in the industry competing against one another, RIAs, and asset managers. With this she explained there may be some smaller firms that do not possess the resources to adequately serve their clients.
Q. 6: How should AIMSE members be planning to engage with Mercer research and Callan research, would it be time to get on the road for on-site meetings?
A: RN: mentioned that slowly things will come back to in person but will also leverage Zoom and Microsoft Teams. He recommends to the viewers to be more explicit about on-site meetings and outline the reasonings.
MV: agrees with RN, noting it has been a fluid situation and noted that the research team is staying vigilant to keep open dialogue with all managers.
Following the Q&A session, PC thanked both RN and MV for their sign and insight on Mercer and

Political & Economic Update: The View from Washington

Moderator: **Sara Mongerson, Managing Director of Investor Relations, Smith Group Asset Management**

Speakers: **James Lucier, Managing Director, Capital Alpha Partners**

Dr. Harvey Rosenblum, Ph.D., Professor of Practice in Business Economics, Cox School of Business, Southern Methodist University

Having rebounded from a deep, pandemic-induced recession, the U.S. economy stands at a critical juncture. The prospects for a strong recovery appear good, although rising bond yields and harbingers of inflation have at times rattled the markets. All eyes will be on Washington as the new administration and Fed chart the course of the country's future growth.

This panel will examine the consequences of proposed fiscal policies, including potential tax hikes and infrastructure spending, along with the role of monetary policy. How will the Fed sustain the recovery without overheating the economy? What will be the long-term effects of the unprecedented stimulus spending? How will frictions within the Democratic and Republican parties influence the debate over these important issues? Please join our experts for what will surely prove to be a timely and engaging discussion.

Q1 - Biden and his efforts

Biden stimulus - unprecedented fiscal / monetary stimulus packages

$6TN COVID Relief over past year and a half with only $4TN spent (dry powder)
$6TH FED Lending - Congress has approved, but with only $3BN lent so far (dry powder),
$4TN in spending proposed by Biden in the New American Jobs Act/Family Plan, with another $1TN proposed alongside.

In speaker's opinion, with the $4/5TN in new spending and $3TN in new taxes proposed, we will actually end up with something smaller being approved and making its way through congress. Down to $3TN in spending, $1TN in new taxes, net new of $2TN by Thanksgiving. A lot less in infrastructure than people expect and more in refundable energy tax credits.

Buy on rumor / sell on news - lots of news about these plans, but not lots of details. When we see actual details, sell on news.

Q2 - The Fed & Inflation

Fed has launched unprecedented firepower. But how big is the hole they are trying to address? It is actually smaller than the GFC, but the Fed is doing more than then. If COVID comes under control soon, then all of this activity is going to swamp what effect it had.

Likelihood of inflation rising above recent average exists as a result of global central bank activity during pandemic. Demand is going to rise and supply remains constrained. Supply chains are going to shrink causing issues and price pressures. Supply will not be able to keep up with demand.

Politics - Powell's time is up on January 31st, he has not "been thinking about thinking about raising rates." During the GFC, the Fed had no exit policy. There was political pressure on the Fed to keep foot on the pedal, that same pressure exists today. Same pressure will continue until the mid-term elections of Nov. 2022. Robust monetary supply, plus QE plus zero interest rate policy to push ten year into negative real territory, which is rare. Political pressure will remain strong to keep accommodating.

Q3 - Inflation Expectations - Low & benign. How to manage expectations, what if it heats up?

Fed usually gets policy right but must also get the communication right. What is different now - social media - we have always had - but now it is immediate, and we have influencers with major power. It all happens so much faster now, if consumer hears about price increases on social page - they act! That will drive inflation expectations, which is what drives consumers behaviors and habits. Inflation has only been 2%, but that perception is changing due to new communication techniques of today - regular things, food, gasoline, etc. when those things change and people talk about it and so FOMO, psychology. Fears are being matched by reality, so expectations change and the new behavior changes and drives habits. Look at home market, over ask bidding. FOMO. Numbers will match behaviors. And Fed will be reluctant to tamp it down and they do not have an exit strategy! Fed is supposed to be price stability, value of dollar, integrity of the dollar, integrity of our country and the dollar as the world reserve currency, no one is going to want to buy our debt, if our inflation kicks up. No one will change behavior in Washington until the breaks start, especially in debt auction market! Spending impetus will begin to slow down.

Q4 - Biden's reaction to inflation concern?

Washington acts on a different time scale, not as focused on the short term moves of the markets. Washington hears that there is risk of inflation, but the view is that there is an opportunity to make fundamental changes that comes so rarely, so full speed ahead. Fix inflation later.

Q5 - Janet Yellin - please react to her recanting her higher interest rate remarks!

Freudian slip - She said "higher rates might be necessary", and her instincts as an economist were correct, but she doesn't realize that her new role is political as Sec. of Treasury - more political than economic. The problem is that governments like NY CA and IL are really dependent by capital gains by individual tax payors, so in an odd way it is not just markets themselves that have become addicted to super low interest rates, it's the US taxpayer who is addicted to super low interest rates.

Q6 - When do you see real wages respond?

Actually, real wages started to pick up for lower income people around 2017, March 2020 it changed dramatically due to covid. The expansion that was in place finally trickled down. It was happening but interrupted by covid. But the Fed's goal is now not only full employment, but FULL and INCLUSIVE employment - a broadening of the mandate. I think it means the Fed is okay to have unemployment down to 2 handle, 2.5-2.8%, before they raise rates. Biden is pro-union and wants to see wages rising, will push fiscal policies to push up wages - like a higher minimum wage - unclear if it all will happen - but intention is there for broader real wages which will feed into inflation.

Q7 - Key developments for investors/allocators to watch for?

Clearly there has been a rotation out of tech and growth into cyclical stocks. Watch government spending and how much on infrastructure, e.g. how much spend on infra vs. LITIC. Also, questions about capital gains tax rates and will they take affect - will they be retroactive? Can be, but unlikely to be due to precedent. Another tax issue - renewable energy tax credits expected to be big, but if cut back - investors should be alert to watch should this happen.

Hard to predict outcome of unprecedented fiscal and monetary action. I get asked socially, do I believe we will have inflation, I say yes. And then they ask, what should I do about it, what are the good hedges? Again, I do not know, but when in looking at hedges of the past, some things work well, some things don't - and then there is the chance that everybody crowds the last hedge that worked, and then when do you exit? especially if inflation doesn't get out of control. So all I can say is I don't know.

Q8 - Inflation - this time, does it behave differently?

There are many things that makes it more difficulty, sometimes in places like Argentian, before they went to bed, convert overnight to dollars. It is a thief, steals purchasing power. Whether asleep or awake. Globally! Until they realize the policies driving inflation are robbing them, wait until people see where it is coming from and awake. We will probably get inflation they are wishing for, until people see it as a thief of their purchasing power.

Peace is deflationary, integration is deflationary, like Japan in since 1990s, but have managed to hold on just fine. China US Allies trying to replicate Chinese supply chains - which is driving commodity inflation - a trend not seen in decades. Its creating a war by another name - supply chain management, security of goods and services. It’s odd, and another force driving inflation.

Q9 - Do you see central banks threatened by crypto?

Government's don't view competitors kindly, for centuries e.g.. counterfeiters. Crypto is a competitor, therefore to fight is to come up with their own form of digital currency, perhaps lacking some of the features. China is fighting back, maybe, the Us is discussing and so are others. This move towards crypto is happening faster than Government can tackle. The cat is out of the bank. It does perform some of the dollar's functions, but not all - and volatility and transaction costs are an issue for it, but there is massive interest in it. Governments have to offer a competitive alternative. Crypto is disruptive, and the financial intermediators in money are being massively disrupted.

Q10 - $300 supplement unemployment benefits being cut, what happens/impact?

Employers can't fill their open job spots, so I don't see an extension of the $300 unemployment benefits - so they are likely to expire and not be extended. And it is not targeted enough, especially since vaccinations are spreading out and there are reopenings happening in all states - so we need people to get back to work, and we want nothing in their way to do so, but we should find a solution for those who can't get back to work for some valid reason, keep benefits targeted to just those, if possible.

Q11 - Corporate Taxes

Will we go back to Obama's corporate rate, global minimum tax and alternative minimum? I see 24/25% for corporate taxes. And some global minimum rate for marginal foreign income. Biden's proposal is unlikely to be enacted.

Q12 - Last Thoughts

How high could inflation go? The Fed has always used the Taylor Principle since the lates 70s/80s, and only recently (after 20 years) changed the stance on using it last month (FOMC meeting in March). The principle was essentially, if inflation went up by 1%, the reference rate would be raised by the Fed more than 1%. Many other central banks have followed the principle. So, is the Taylor Principle on hold or has it been rejected?

What kept it in place, the Fed always had a number of hawks mixed in the with the doves. All of the hawks have disappeared, afraid to speak, the doves are handling it exclusively - they want low inflation / high employment, such a sea change from the Volker era - when Paul pushed down inflation and tried to keep it down. This Fed is trying to push up inflation and is not the only central bank doing it, others around the globe are as well.

And they have the political support to be doing it. All President's have been doves, except for Ronald Regan for 2.5 years. President's want to be reelected or their party to be reelected, so they always want monetary easiness to help. So have central banks lost their independence? A force we have not seen for a longtime. If they push inflation to 5%, and if it stays there for a while, it will be difficult to bring it back down. Well above 3% in the next year. I could easily see 5% of inflation
expectations, behaviors and habits due to prices, that could create the problem.

Watch Washington for the next couple of months from now until Thanksgiving, once in a lifetime for politicians and the public to watch Congress to do some of the breathtakingly ambition things they are trying to do. They have about 5 months to do it. A very busy 5 months indeed.

International & Emerging Markets Equity Investing – Podium Changes, Valuation Gaps & Compelling Opportunities

Moderator: **Sean McCoy, Managing Director, Artisan Partners**

Speakers: **Alex Farquhar, Managing Director, Senior Consultant, Ellwood Associates**

Joel Baker, CFA, Senior Investment Consultant, Highland Consulting Associates, Inc.

Britt Vriesman, Senior Manager Research Analyst, RVK, Inc.

Lauren Mathias, Senior Vice President, Global Manager Research, Callan LLC

AF: $80 B – focuses on E&F, Corp Retire, Healthcare, Family office, 20 years with firm – head of Mgr Research
JB: Highland for 20 years now – 150 clients (E&F, Corporates)
Took over Non-profit team, now leading Canadian Practice (growing for the firm) and research
BV: Portland, Chicago, $1 Trillion AUA – broad client base – more ERISA searches than others
Cover Intl Equity (EAFE, ACWI-ex US)
LM: 1973 – 50% employees are shareholders , $3T AUA – Broad client base: 400 clients ,Entire career with Callan; lived in London for several years, Covers Intl last 3 years, emerging managers,
Diverse Managers, Heads up Callan Connects, their DEI outreach program, Co-Chair of their Inclusion Committee

Are there interests, priorities, biases we should be aware of?

JB: EM and Intl – ESG becoming of increasing relevance – integral to research
Deglobalization in aggregate filters through to Mgr selection process
Focusing increasingly on Fundamental component to create value for clients
From our perspective, country and security selection increasingly more important with deglobalization
There needs to be better metrics on ESG
Clients willing to pay for capacity in capacity-constrained strats
Best way to work with Highland: education component. Pet peeve: managers who lead with performance.
They want to see opportunity set
AF: All I talk about these days is DEI and ESG – been sending own surveys on DEI and ESG -client driven and
client demand (Especially impt with E&F)
In process of ranking managing for DEI and ESG
Alts access is paramount (Priv credit, Priv Equity, VC)
Typical client has 40% in Int'l
EM trend should continue (overweight emerging) relative to developed...overweight to EM for last 10 years
Loved Intl Small Cap for a decade
Fits and starts with Frontier markets
There is a lot of pressure on EM fees; their clients look at total portfolio fees..."pressure
across industry"
Likes higher conviction managers: passive US/active int'l
Best way to work with Ellwood: "we love thought leadership pieces"
BV: No biases – areas of focus are ESG – non-stop topic of conversation – across the board from cursory interest
to deep dive to maximize returns
Talking with tons of managers about integration into their process
Internally we have a ranking system from ESG unaware to Fully-engaged Sustainable investment integration"
Small cap is always important – hard to find "open" strategies
"there is interest in ESG...clients not sure what it is yet"
Doesn't want to double down on EM *AND* China
Style neutral on V vs. G in int'l
"Lots of style drift going on
LM: Manager questionnaire for Diversity and Inclusion – asking that every manager complete (clients and industry
want to know this information) – big overarching theme..."our clients want to know"
No biases – but follow Capital Market assumptions – currently Intl and EM has risen over time – see better, risk-adjusted opportunities there

#2
How are clients approaching equity allocations differently?

LM: Not approaching equity allocations differently but observing some evolution over time
Dedicated allocation to EM less today – clients prefer access through ACWI-ex US
Carve out China from EM allocation
Now have multiple EM managers instead of just one manager
Historically pared deep value and growth in int'l
Best way to work with Callan: Focus on the research team to start a dialogue with Callan – 2 min elevator pitch via email is a good start.

InvestmentMetrics Sponsor Showcase: What Asset Managers Need to Know in 2021 About How Fees and Factors Impact Asset Flows

(See PowerPoint)

The Secret Behind Communicating Concepts in a Way that Delights

Moderator: Christa Maxwell, CFA, CIPM, Head of Marketing and Business Development, Acuitas Investments

Speaker: Tim Urban

Tim Urban – "Wait But Why" – Tricks to making a good story work
What is the story here? How do I figure out what it is and how to tell it to click with people and stick with them for a long time? How do I tell a Story that is going to make an impact that we want to make? People aren't *that* different in the end… there's a reason most of us can agree on a great book or a great movie, etc. What interests us and what grabs us are pretty similar. Just picture you're writing for a stadium of yourself:

- 1,000,000 Tims – no focus group needed. It's a room full of "YOU"
- Imagine you're the one *getting* this presentation – what would make YOU think, "Man! These guys are good."
    1. Designing a structure – a tree
        a. Trunk – what's missing. The foundation, the core ideas. Beneath the buzz words. A few core concepts. Once you understand those well, it transforms the topic. Make sure every reader has the trunk concepts.
        b. Branch or a leaf – every incremental piece that builds the picture.
    2. Building an experience
        a. Are they enjoying this?
        b. Get people leaning in – suspenseful like a fiction writer
        c. Humor – if someone is funny on your team, use it!
    3. Visuals veverywhere
        a. Childs hill vs Grown-Up Mountain
        b. Use different types of visuals to show your point instead of just bar charts – stack tables.
    4. Symbols and terms for stickiness
        a. The Eisenhower Matrix

Q&A:
Keeping the balance between being creative and "keeping it professional"

U.S. Equities- Who Won, How to Structure Portfolios to Win, and What Happens Next?

Moderator: **Charlotte Walsh, CFA, Managing Director, Jennison Associates, LLC**

Speakers: **Jeff Gabrione, CFA, Director, Investments (Head of US Manager Research), Buck**

Tom Warburton, Director-Investment Research, North American Equities, Russell Investments

Samantha Grant, CFA, CAIA, Consultant, Marquette Associates

Eric Huff, CFA, CAIA, Vice President, Senior Consultant, LCG

Ryan Siebers, CFA, Research Analyst, Asset Consulting Group

JG: Has only spent two days in the office since joining Buck. Hopes to be hybrid when things return to normal. Can't imagine being back in the office more than one day a week.
JG: "Greater control of my calendar." Loves Zoom calls and questions value of going onsite.
JG: With run up in the market, he is working to separate managers' short term numbers from long term numbers. "How will they perform when you don't know what's coming around the corner?"
JG: DC Plan thoughts: Fee pressure is big topic for their clients, Trending towards fewer managers per plan, Tend to gravitate to more household names who are in middle of fairways (Conservative quality, Consistency of returns is more important than outperformance)
JG: Finals presentations over Zoom are hard for managers to read the room. Prep with the consultant in advance to make the most of it.
JG: ESG: Analysts need to understand what can happen to a portfolio. "I think most good managers do it without calling it ESG."
JG: Pet peeve: LinkedIn requests from people he doesn't know.

TW: Leads U.S. and Canadian Manager research
TW: Hot topic is how to incorporate ESG into manager universes. Trying to understand ESG relevance to success of manager's investment process. Managers should understand risks of ESG factors without scoring well on Sustainalytics.
TW: Looking to see where active management has potential to succeed across asset classes and countries. U.S. Large Cap has lots of opportunities Believe favorable time for active management in general – particularly value. Valuation spreads are extreme but value has come back some. Relative value probably has the most potential.
TWl Post COVID, he foresees more constrained travel budgets: Anticipates more video meetings, though things will largely return to normal. Loves the ability of managers to share screens – great way to learn more. Particularly need in person for new managers, struggling managers, or Those with personnel changes.
TW: Pet peeve: When PMs don't understand a question and the consultant relations person answers for them. It's okay to rephrase or redirect, but do not answer for them.

SG: Former head of U.S. Equity Research, now a consultant.
Current hot topics: How long will this rally last? Is active manager performance going to continue? Increasingly using passive management to capture asset classes or styles.
SG: "Not perfect, but you know what performance is going to be." Understanding how active is outperforming is very important. "If a manger told us they would underperform in markets like we've had, we need to check to understand why or why not it happened."
SG: Will reopen office to visitors, but will definitely continue to use video calls as well. Big backlog of physical, onsite due diligence meetings.
SG: Managers don't have to be ESG, but they should be careful communicating holdings when the customer may be sensitive to certain issues.
SG: Pet peeve: People who call her mobile phone or direct office line to "catch up." She's happy to do that, but please email in advance with intent, so she can schedule a time.

EH: Equities are priced for perfection – looking to the future now.
EH: Top 10 of the S&P 500 is over 27% of market cap and earnings. In regards to DB plans: Longer time horizon allows for more concentrated, more alpha driven managers, Less worried about style boxes, Shift to fixed income and liability management, Lots of time spent on manager selection.
EH: They have been back in the office for several months, though platooning with alternate days, Intend to have everyone back in the office together in June, Zoom meetings initially, but hope to back travelling soon.
EH: Downside protection is important when evaluating managers. Deep value rally may have already happened. Pet peeve: Long voicemails. Please keep them short and sweet.

RS: Working on ESG across the board. Anticipating lower return environment for the next 10 years. Believes active management may have better chance during that period.
RS: The quantity of manager meetings increased during work from home period, Quality of meetings was not eroded.
RS: They are returning the office soon, but visitors will be late to come back. Their consultants are already travelling to see clients.
RS: Pet peeve: Please tell him in advance if a PM is going to be on a call so he can properly prepare.

The Nexus of Wealth Management and Institutional Practices

Moderator: **Jay Wiltshire, CFA, Director, Institutional Client Relations, Epoch Investment Partners**

Speakers: **David Hyman, Partner & Senior Consultant, Mercer**

Bing Waldert, Managing Director, U.S. Research, Cerulli Associates

Paul Mirabella, Managing Director, Wealth Management & Investments, City National Bank

Wealth management becoming more institutionalized
Four large B-D's: Morgan Stanley, Merrill Lynch/BofA, UBS, Wells Fargo
17,000 RIA's in the US, $3T AUM, fees coming down, think of them as professional buyers

David Hyman: 1) how to stand out? 2) how to get efficient and gain scale? 3) how can I "democratize"...i.e., get an edge with Alternatives?
Version 1.0: Investment management
Version 2.0: Wealth management - tax planning, etc.
Version 3.0: Household management - "psychologists"
Paul Mirabella: His firm is second largest bank of FL
Uses Mercer/Hyman...raved about the partnership
Mercer screens 6600 offerings
Re: Alternatives: Accredited Investors (mass marketing) vs. Qualified Purchasers (higher end), Can't ignore passive pressure, even in alts
Scale vs. Customization Technology in SMA's focusing on taxes
Dave: "want to be a manufacturer AND distributor"
Dave: Model delivery better than creating a mutual fund
SMA = tax efficiency
Mercer is interested in thought leadership on Practice Management.

The Future of Distribution: Disruption & Opportunity

Moderators: Sean Clark, CFA, Senior Vice President, Institutional Sales & Consultant Relations Westwood Management

Christa Maxwell, CFA, CIPM, Head of Marketing and Business Development Acuitas Investments

Speakers: Davis Walmsley, Head of Client Relationships, Investment Management, Greenwich Associates

Paige Scott, Senior Partner, Kingsley Gate

Andrew Thompson, Managing Director- Asset Management, Sheffield Haworth

AIMSE Disruption Distribution Model

Overview of landscape from Greenwich Associates/Post-Pandemic Distribution Perspectives
- Winning new business from new customers has been biggest challenge during pandemic.
- Growing importance of brand in institutional market.
- 42% said brand was most of very influential in manager selection decision-up from 25% in 2015. Managers with strong brands that can clearly articulate their value proposition are leaders and wining business.
- Cross sales matters to growing AUM and you need high quality client service.
    - Managers with strong service quality propositions have been able game and get even better have been able to to meet investor's needs, and enabled cross sale discussions to happen
- Leading sales pros conduct 50% more meetings and coverts twice as many institutional prospects to finals presentations. Element of working harder!! Also, efficient as they are twice as effective converting to opportunities.

- Leading pros generate three times the amount of asset, but they do not accomplish this on their own-need brand, marketing support, sales support
- Employ a strategic prospecting and engagement approach can maximize the impact of scarce resources to improve both the top and bottom lines.
  - Greenwich Persona marketing approach-enables a more tailored approach and increased value-add
    - Allow for tailored approach with content and knowledge that extends far beyond performance. "Delivering beyond alpha".
    - White papers, invite only events, webinars

PANEL DISCUSSION:

Have expectations of sales professionals changed during pandemic?

D: Yes-some have reframed expectations and are aware of the support that salespeople need to get attention to prospects and clients. Ex-embracing digital engagement

PS: Pandemic set people back-impossible to get face-to-face meetings. Not rolling back targets around sales expectations. Many managers had great years.

PS: Hiring-conversations around recognition of tough to get meetings without relationships. How did you get creative? What tools did you use?

AT: Expectations not changed. Firms are now willing to put into 2-3 year guarantees vs. 1 year guarantees previously to support them for a longer period to support and make a commitment to a strong sales program

Supporting sales professionals-what tools and data's have successful companies used?

D: Persona analysis within prospecting and client relationships. Cutting across typical channel categories. How do you want to interact with them and support outreach efforts? Treat each category different given their persona type.

PS: Investments in IT and digital, and now in addition to CIT, there is now Chief Digital Officers. Only 13% are achieving the target state CRM. Not getting trained to effectively use tools for sales optimization. Been used on retail side and now being adopted on institutional side.

- Data, Client analytics, Client experience-mass customization

AT: 30% did not have CRM tool. With new volume of meetings, they need to capture that information

D: *how do you get attention of your audience?*

D: Proliferation of white papers zoom fatigue. Content delivery is just as important of content creation. More personalized delivery. Make it look like it is coming from their main contact-more inclined to open it. Have catchy title. Provide summaries so people can decide and making it accessible digest on their own time, with recordings. Don't want to be in the delete file. Need to add value!! Quality over quantity.

- Persona – six types. Bit of proxy for level of sophistication. Consultant dependent to Wizard (no consultant intervention).

Company brand?

PS: Service is a differentiator. Raise money through existing relationships. High correlation to servicing and retention.

- Managers could give more leeway to smaller boutique firms than the larger firms.

Transition back to normal?

AT: wasted time to travel. More efficient with WFH. Polled fund raisers, 150 of them, at mid-stage process. After you have met, introduced.

PS: more relaxation around location-just need be by major airport. Still in motion. Leadership opportunities ask question.

AT: WFH/Back to work need to align with their ESG philosophy. Inconsistent messaging

- Allocators needs to figure out how to engage with their own employees before interacting with money managers. Davis thinks in another 12-18 months it will be more to normal. People want to be together.
- Goal to be more impactful with tools. Not use as a hammer. Know where to apply
- Distribution models: Firms gave VP/Directors bigger territories, or given them tier 2, 3, or 4 clients. Increased coverage territory. Virtually seeking has brought easy and cheap coverage.

PS: wrote paper Institutionalization of Retail. Institutional are looking to create scale in intermediary. Looking to resources and staff. Have institutional quality gatekeepers.
Retail has done a better job with digitalization than institutional.
Highlight job search trends in past year?
AT: large number of non-domestic firms looking to build in NA, particularly US. They think expensive: office space and people. You can take out the office space in short term. Expand geographical footprint. At first can hire just one person covering US rather than 3.
PS: Fundamental upgrade of domestic equity strategies. Focus on consternated high-quality strategies. Lift-outs…. addressing gaps with M&A. EM, ISC. Sales: distressed, direct lending, institutional pivoting to intermediaries, and marketing and IT.
Compensation trends:
PS: most recent surgery completed. 2020-comp up. 38% of firms raised comp. 42% said no changes. Only 19 cut compensation.
Head of Sales: median 300K, total 1.3mm. Average: $1.6mm larger firms paying over $2mm

ESG. It's What's for Dinner

Moderator: Ian Toner, Chief Investment Officer, Verus

Speakers: **Emily Thomas, CFA, Executive Director, Morgan Stanley**

Kirsty Jenkinson, Head of Sustainable Investment & Stewardship Strategies, CalSTRS

Tamara Larsen, Executive Director, Agility

To what extent has the role of sustainable investing changed over last 3-4yrs, and what changes are most important?

K: 1- overwhelming shift from risk management to investing in solutions. 2- focus has increased enormously across the entire industry. Professionalization with better data, analysis, more experience and track records

T: Re-evaluation of what ESG means moving from just Governance to taking more social/racial issues into the equation, and how they all interact together instead of as silos

E: How does it impact performance? S piece driving increased disclosure

How do you manage the complexity of stakeholders viewpoints and interests?

T – typically nonprofits, based in partnership with clients. Need interests to be aligned with their investment portfolio

Portfolio construction hurdles
E: 1- certain asset classes with very few options (i.e. Value, Fixed Income, Hedge Funds) 2- have to recognize the definitions for the clients and help educate them on what their goals mean for the end investment option 3- what's most impt to the client. One strategy can not be all things to all ppl. 4- Data continues to grow and implemented by managers

T: 1- metrics/data aren't standardized yet at large, but convening groups are developing different sets of metrics. Need educational discussions with clients to figure out what they're trying to solve, and how does that translate into metrics that are relevant and useful. "Metrics to nowhere" – focusing on those that aren't relevant but checks a box. 2- Mature portfolios need to incorporate timing of newer investments

K – has a separate opportunistic bucket to invest in these solutions thru private markets and public.

Benchmark measurement

T: focused on market rate investing, but may use a secondary benchmark for fossil-fuel free, etc. Still important to prove they can outperform the market. Metrics used: investments need to stand on their own. Use the UN STG's as a starting point. Also engage with industry groups, Iris Plus catalog (?), pull from net-zero groups, etc.

K: traditional policy benchmark. Goal is to add to total fund but also to support social and environmental issues

E: market rate benchmarks/return. But also focusing on impact side – clients can select their primary issue and see how their selections are aligned.

Regulatory structure: What changes do you expect to come down the line? And what should be on the agenda?

K: huge movements globally in this space on disclosures and how do you classify. Want harmonization but also recognize different regions will tackle things differently. Also don't recreate the wheel.

T: Focus and emphasis on disclosure is very powerful. Disconnect btwn US and Globally on racial equity and what's reflected in regulatory env. US has more recognition of intersections btwn racial/gender justice and environmental.

E: Pay equity – diversity at different levels – disclosing the data but also make the reporting consistent globally.

D&I: roles as investors and within organizations, personally creating structures and practices

K – have dedicated teams to focus on D&I managers. Also co-host a discussion series with the largest asset managers. support the new entrants coming into the industry, but also address the old guard
E: added a 5th core value to their firm/mission, plus several internal initiatives to address their own D&I. They think about it from the investment standpoint (racial equity tool kit is now public), how is it incorporated into the investment process, and in terms of ownership

Fixed Income 2021 – Where Do We Go from Here?

Moderator: **Greg Graziano, Director, Consultant Relations, Lazard Asset Management LLC**

Speakers: **Will Beck, Senior Vice President, Wilshire**

Keith Berlin, Senior Vice President, Director of Global Fixed Income and Credit, FEG Investment Advisors

Yoel Prasetyo, CFA, CAIA, Senior Fixed Income Researcher, Russell Investments

WB-not time to go into long durations. Lower for longer on short end. Want to get bank lending to go again which will help with job creation and growth. AA: not making aggressive tilts. Look to alternative buckets to build diversified portfolios to help solve for inflation.

KB: duration management risky business in FI. Big rate bets can blow up funds. Agg has 6-year duration; 4-year duration in intermediate agg. Don't' give up a lot in yield to move to intermediate. Not the right move in 2020 but now that we have normalized it makes sense.

Expected returns in long term? And, how to achieve 7%?

YP: no easy answer. Work with DB plans-both public and private worried about funding status that is main concern. If you are 80% need growth seeking alpha with LDI. If you are 60% need return seeking and LDI.

60/40 split. 20 year expected return is 5 to 6% so if you are focused on 7% need to be more aggressive.

WB: DC clients don't have same tools as larger clients. Don't have alternatives. Need ballast in portfolio with Core Plus.

ESG?
YP: everyone is doing differently. ESG in FI -no standards. Some managers progressing and some just starting. Timing/adoption difference. Geographic clients have different sets of expectation.

Securitized side: Freddie Mac release first green bond. Bit rich. Sign market is ready.

WB: Impact side have demand. Don't have product if you are not genuine about it.

Green-ium—new word for everyone.

How are you evaluating managers?

KB: Investment culture. Plowed through, all went well. Read PPM and DDQ language. Everyone is collegial and open environment, yet they are all at home. What are changes to culture? Can't be no changes with what we went through in 18 months.

YP: understanding people is important. Can have quant models but behind that you have people. Fancy tools and need to look under hood to see how people are interacting. Saw disturbing signs when face to face. We observe people to see how they interact. Investment process is important. Solid well thought out investment process. Separation of alpha and beta. How much is beta?? How is portfolio constructed? What are alpha sources? How do you generate alpha?

Core FI? Fees? Still under pressure. Lazard said they are launching CIT at 10bps. Starting to see striped down product the more you push on fees. Yes, we are using passive to get core, and then build active around spread sectors.

View on global multi-sectors? Credit, securitized. Going forward with rates low you will see more of this.

Need right vehicle with the right liquidity.

KB: building out an alternative credit platform.
Do clients tend to re-up with same managers? Yes.
Don't need 25 mezzanine debt funds…need 4-5. Want them to do what they say they will. If they don't then there is an opportunity. ```

After the Pandemic – The Future of Real Estate

Moderator: Eileen Kirkwood, CFA, CAIA, Principal, Consultant and Investor Relations, BentallGreenOak

Speakers: Sally Haskins, Senior Vice President & Co-Manager, Real Assets Consulting Group, Callan

Kirloes Gerges, Aon

George Scott, Senior Real Estate Investment Officer, New York State Common Retirement Fund

How has the pandemic affected the various property types?
Office space
KG - Office biggest questions, not sure about impact of WFH. Hard to say what will happen. Probably won't return to pre-COVID levels. Some sort of hybrid structure likely to be implemented widely. Some pressure to be in office. Less space for more people. Pre-COVID open plans. Now different build outs.

Death of offices overstated, but still big question mark.
SG - How we will come back to the office will be very different. Bringing down portfolio exposure. Client demanding new accommodations to spaces.
Big cities will changes — other industries new
Other property types of interest?
SH - Medical offices, creative content and other still need collaboration space.
Labor force will drive what happens to office. Discovered that we can be productive out of office. In-person collaboration difficult for some people. COVID has taught us this.

Retail - has COVID been the great accelerator in retail?
GS - Retail was already going down that path, COVID straw that broke camel's back. E-commerce benefited.
New expressions of retail, such as omni channel outlets.
Mall traffic up according to SPG. E-commerce will definitely survive. Omni will benefit.
KG - Double-digit growth in e-commerce to continue. Will be story that will continue.
Pent-up demand to get out of house - will be a pop.

Industrials outlook?
SH - E-commerce and industrials, impact of broadband especially in rural areas — will accelerate trend. Industrial will continue to grow around the world. Still like.
Any sub-sectors you like?
KG - Do data centers count? They are interesting. Cold storage could be interesting, but depends on location in world, such as China more so than US.
GS - Last mile logistics is an interesting sub-sector.
SH - Those sectors more available for private investment (not just through REITs). More choice for investors.

Single and multi-family housing?
GS - Population shifts out of urban areas, but demand will continue, especially with younger people. Rent did not take a hit, no increases though. Interest in affordable housing. Some rent issue, but strong demand will continue. Tech hubs will benefit (e.g. Austin, Dallas). Not focused on Class A, more interest in workforce housing.
SH - Search in Eds and Meds market. Made recommendation to invest in apartment manager, strong benefit to these markets, housing needed, under supplied in these areas. Rental housing important.
GS - Missed mark on single-family opportunity, getting more institutional attention.
KG - Many types of housing to talk about. Becoming more institutional. Millennials don't have money to buy, so are renting. Also, senior housing—could be some tailwinds. College housing still supported.
SH - Rise of online schooling. Will smaller schools be impacted? Will people pay full freight for hybrid experience?

How has all of this impacted investors and decision making in real estate?
SH - Markets, real estate rebounding. FI investors looking at other areas. More money to be put to use.
GS - So much foreign capital looking at US real estate. We still have trouble putting money to work, still like real estate. 80% in US, 20% overseas. Still focused on US. Looking at managers' alignment of interests.

KG - Haven't seen R/E allocations decrease. Within real estate - shifted away from open-end to blind-pool funds. Finding best managers in sectors. Shifting away from retain and office into niche spaces.
SH - What type of property within sectors important. Looking at diversification within real estate.

Pandemic impact on manager selection?
KG - Finding managers who are aligned with funds important. Mostly worked with familiar manager, not much to new managers. On the whole the selection process didn't change, but tended to go with managers we already knew.
SH - early in pandemic hard to go with new manager. Got more comfortable with Zoom, worked with some new managers, but still prefer in-person. How evolution of thoughts regarding ESG during pandemic changed.

How important is ESG to your clients and stakeholders?
GS - Prior to COVID already focused on ESG, post even more of a focus. ESG team within governance. Have gotten much more granular. DE&I focus. ESG team involved in vetting managers. Getting a lot of attention. Common invested in emerging managers.
KG - Also laser-focused on ESG. Thinking about it at asset class level. R/E maybe a little bit slow on disclosure. Discussions with "offending" managers.
SH - Over past year, questions regarding ESG and DE&I have changed the most. Looking for tangible changes based on policies. NAREIM diversity survey as industry benchmark. Spending a lot of time on this at every board meeting.

Search activity?
KG - Robust! A lot of searches. A lot of allocations. Both discretionary and non-discretionary. Searches every week it seems. Open end, closed end, separate accounts, special situations. A lot of demand. Both diversified and sector-specific. Busy across all verticals.
SH - Same at Callan. Cold storage, life sciences. Advised clients to wait to make investments in core. Industrials, debt, CMBS. Denominator effect.
GS - Focused on managers with niche expertise. Still bullish on core, but like senior housing, student housing, life sciences.
SH - Looking at Asia now, selectively in Europe, some European debt.

View on travel and in-person meetings? Back to pre-COVID or some hybrid approach.
KG - depends on who wants to see us! Manager meetings starting to happen. Some manager visits with approval. Will likely get back to pre-Covid levels.
SH - Sticking to assertion that many meetings that don't need to happen in person. Still want to get to know people, new managers.
GS - Still will want to meet new managers. Will travel to see assets, especially those that are problematic. Travel will happen again. Will visit new managers invested with during COVID.

Permission: Granted to Get Rid of Your B.S.

Moderator: Greg Graziano, Director, Consultant Relations, Lazard Asset Management LLC

Speaker: Risha Grant, Founder & CEO, Risha Grant, LLC.

We are all diverse in some ways
What is diversity? (is about "you")
Lots of people find diversity challenging, It is your race, age, gender, clothing choices, food choices..it is WHO YOU ARE! Only thing that is abnormal is we still live and work in places where everyone looks the same
Inclusion? (is about "us")
"Inclusion is where we suck!"
Become an ally; how to become an ally and amplify the voice of those that are quiet in a meeting

Bias
We don't have diversity problems, we have people problems
Problems: admit and define that we have one.

Unconscious Bias: Unrecognizable part of our upbringing; prior generations raise us to protect us, Us v. Them introduced to protect us generally from validated biases that may not

BS = Bias Synapse
Synapse how brain communicates between brain cells
Have to take brains off auto pilot: We can turn that off and have to because we're dealing w/ unique people

Permission Granted: 3 Step Process
eel what you feel in your core…accept it, deal with it and move forward

Identify your BS
- Figure out what your validated biases are
- BS Finder

Assessment: Who makes you uncomfortable and why? Attribution: Is the reason I'm uncomfortable my fault or their issue? Identification: Are my feelings based on my personal experiences, societal norms or a deeply rooted, long held belief, that was instilled in me as a child?
- 4 factors that reinforce bias: Personal Experience, Family, Friends, Media

Own your BS
- Lessons from childhood: Don't call people names or talk about them behind their backs, Listen when others are speaking, Work/Play well with others, Be Nice!
- How does your bias show up in your behavior?

Confront the BS
- Total acceptance of humanity

We want inclusion: now what?: Unpack your boxes, Be intentional, Build authentic relationships , Question your assumptions, Challenge microaggressions
There is no them, there is only us…ALL OF US!!!

What is the best way to be an ally without being annoying? Self-educate, Let people know that you are there and available to help

Diversity, Equity and Inclusion (DE&I) Implementation- The Future Has Arrived

Moderator: Chavon Sutton, Senior Investment Director, Sustainable and Impact Investing, Cambridge Associates, LLC

Speakers: Kirk Sims, CFA, Director, Head of Emerging Manager Program, Teacher's Retirement System of Texas

Leslie Lenzo, CFA, Chief Investment Officer, SVP Investments, Advocate Health Care

Jessica Hart, Retirement Practice Lead, Multi Manager Solutions, Northern Trust Asset Management

How is DEI assessed as part manager assessment?
KS: First focus is performance. In emerging manager space, look for opty for manager to scale, and to build a relationship. Engage with emerging managers at earlier stage, building an opty / relationship at stage when your capital is important, can grow with manager, and those relationships last as they grow because you were there at the beginning. Diversity not just in managers, but diversity of thoughts, same clubs, same schools, looking at same deals?
LL: No emerging manager program, every manager is competing for a spot in primary portfolio, but think similar as Kirk. Not just gender and ethnic diversity, but look at diversity of geog sourcing network, e.g. regional Midwest instead of coasts. Not just fundamental some quant. Diverse across all aspects. Key is widening the funnel and finding as many diverse managers as possible, so that when adding to portfolio, have a bench of competitive managers
JH: Coming up a lot in convos with clients, both as part of evaluating NT, and also how they expect NT to select managers for the sub investment program. But not driving a lot more decision making yet, not material factor yet but want to get there
How are you holding managers accountable?
LL: Tough, constant convos with managers about diversity. At the end of the day if an existing managers and they are performing well, not going to fire them if they are not increasing diversity of staff. More in play with re-ups and prospective managers, active decision to add them. A lot of times all things being equal, the DEI focus can be deciding factor on the margin.
KS: Agree with Leslie. Not just diverse managers but diverse brokerage for trading. In previous firm had targets for usage of diverse brokers. Even helped introduce some relationships but manager couldn't do it, terminated it.
JH: OCIO / multi-manager uniquely positioned since constantly placing assets to managers with new clients coming in. Incremental dollar means re-underwriting managers constantly and holding them accountable.
Minimum requirements of track record e.g. bias against diverse firms? But fiduciary responsibility as well
KS: Yes normally limit on % of firm an investment can be, and may start with <3year track record. Then it depends on asset class. Can potentially look at PM's previous track at a different firm, e.g. PE and HF. Where they don't have one, most of the time they are coming rom a firm that is big enough to provide a reference on that person's skill. Assuming you have identified a good manager whose strategy can scale, that problem should go away over time. Other plans see that TX has done the work and invested, stamp of approval.

LL: Looks at lot of managers, diverse or not, that have <3year track, then run down history and usually worth it. track record in that same capacity rather than current firm, working with managers to do those reference calls

Assessment of DEI, how can manager best facilitate it?

LL: At basic level, focus on it and be thoughtful in everything they do.One manager hired a recruiter to help add to investment team and told specifically want diverse candidates, recruiter would come back with white males with similar i-banking backgrounds. Manager went to Linkedin and found potential candidates that would fit their bill and show to recruiters. Been a fantastic investment partner.

What are the panel's views on country limitations on disclosing personal information

KS: An issue esp. in LatAm, and different regions view diversity differently. May not have it broken out in EEOC definition, but can still share some info. But can't hold other countries to the same standard as US currently has in place, may be very foreign concept

JH: No standardization of data, not DB yet, but trend towards asking very specific question. Time consuming, designing specific questionnaires, to understand ownership stats and metrics. Where they are now and where they think they are going

KS: You can look at certain things to get a feel. Even with different countries, you can look at the make up of their investment staff. If a good portion of them are women, that's a mindset you can see even if no officiall data

LL: Look at team page on website before taking an intro meeting, page says something about the firm

In measuring success, what are useful ways to do it for DEI? Use of technology?

KS: Actively working on it now, TBD on what type of data+

# of efforts last 18 months to quantify what larger firms are doing. Eventually some will have a score, some will give you a data pool for you to analyze. Thinks the ability to choose a tool will get better

LL: Diff for existing vs prospective managers. For prospective – a simple check box in CRM, are they diverse or not? If existing – annual survey with a dozen questions. Focus on gender and ethnic statistics, ownership, % of investment professionals, try to ask same questions every year to observe trends

Internal system used for both workflow processing as well as document retention, use same system for this survey pushes

JH: Also send survey out to current managers and those considering. Employee, supplier diversity, hiring process. Over 120 managers of various shape and sizes, collect info on annual basis. But no one definition of what diverse is, a scoring rubric off this data, and see where each manager falls relative to others in this framework. Hope to see the whole distribution move towards more positive scoring, and see if can allocate margin dollars to those who rank higher

Have you seen more industry participation in sharing the data that you do have and help lower the hurdles for diverse managers?

KS: Have been sharing optys and talk about existing managers. Not so much sharing of information with bigger bulge bracket firms

Have you seen much sharing of DEI data?

JH: Haven't seen sharing of data amongst competitors per se

LL: Once people know you are interested, welcome you to the network of discussion. Some industry group such as AIMA, have standardized surveys, she hasn't spent as much time on those tools but expect to see more formalization as time goes on

Actionable items?

LL: Do you have a parental leave policy?

KS: Host some of the larger managers for board members get to learn more about what they are doing

JH: Inclusion – can they start asking about promotion and retention data? Not just a snapshot of employee base. It's fabric of DD process, just like assessing investment culture, this is a component of it

How to address common biases amongst employees? Can't really ask managers to do more than you are doing yourself.
JH: Yes internal training of analyst teams to help them feel more comfortable having these discussions
KS: Awareness is key and people need to get comfortable. Inclusion Officer hire has increased focus. Now has a black employee network. One hire made a huge difference
LL: Mandatory bias training rolled out two years ago. Very eye and mind opening
Expectations
KS: Very high. Need to see % of upper middle management, % brought into entry level class and see if they make it through to senior management. Need plan to keep them.
JH: On the right path, hard pressed to say dollars are behind the discussions yet
LL: Huge strides past year in elevating discussions, but still very early stages in making concrete progress
Hope that by the time she retires this is no longer a topic that needs to be discussed

Considering Alternatives- Where to Turn

Moderator: **Lewis Del Ponte, Executive Director, Harvest Volatility Management, LLC.**

Speakers: **Anthony Novara, Principal, Research Director- Global Hedge Fund Strategies & Captal Markets, Fiducient Advisors**

Darren Myers, Partner, Director of Research, Agility

Matt Sturdivan, Director of Equity Research, RVK, Inc.

Jessica Gelhar Noviskis, CFA, Senior Research Analyst, Hedge Funds, Marquette Associates

Private Equity

A: still finding value in the sub-$1B PE and VC spaces, Less interest in private credit, Looking at "nichy" sector-specific deals

D: not concerned the sector is rich: it's only 3.5 - 4.5% of total asset allocation, Not alarming vs. public markets, Pace of re-ups is a problem, Always reserve room for new managers, Looking for "domain expertise"/less correlation

Venture Capital

D: lots of opps in VC, Harder to get low hanging fruit, Smaller investable universe, Spending more time on early stage...likes sub-sectors, Has invested in Houston and Minnesota..."we chase less competition", Can chase better deals in other places than Silicon Valley, Bearish on private credit..."hot dottish"

A: bearish on private credit, too , Likes TX VC ecosystem, Will look at other VC locales

Hedge Funds

J: still pretty bullish; likes merger arb

M: pretty bullish; healthier space than the headlines suggest
More placement. in multi-strat

Volatility Hedging

M: no house view on whether it's in equity book or separate class
Tail risk hedging is at the client level

J: write SPX put and call options is their house view, View at hedge fund alternative

Where do you see research opportunities?

A: they like Zoom, Click "contact us" on website, then "Money Manager" , Likes emails and phone calls , Finishing up Asia-focused HF's , Mission-aligned investing/DEI, They like smaller managers , First time funds...NOT first time investors , Anything unique on privates, ESG/DEI important

D: mostly E&F clients, Agrees with Anthony's comments, Interest in liquid and private real assets , Looking at European HF's

M: RVK.Inc.com..."email the group", Likes activist HF's, Likes 130/30

J: primary focus: Equity L-S, email is best way to reach her

Stewards of Capital

Moderator: **Josh Emanuel, CFA, Chief Investment Officer, Investment Management, Wilshire**

Speakers: **Matt Smagacz, CFA, FRM, Senior Investment Officer, State of Wyoming**

Kelli Washington, CFA, Managing Director of Research & Investment Strategy, Cleveland Clinic Investment Office

Lisa Erickson, SVP, Co-Head of Public Markets Due Diligence, US Bank Wealth Management

Background on the individuals and their funds:

KW: Cleveland Clinic: $13B in total assets, $11B (long-term investment pool) managed using an endowment-like model, $1.5B Pension fund assets (mostly fixed income), $500m self-insurance fund (mostly fixed income)

MS: State of Wyoming, $28B in total assets, $9.1B in Perinate Wyoming Trust Fund most active of the plans (11% in Private Markets)
LE: US Bank Wealth Management: Total AUM: $220B, Allocation breakdown: 28% Public Equities, 30% Cash/FI, 16% Private Equity/Venture/Private credit,14% Absolute returns 12% Real Assets (both Public and Private)
LE: is Co-head of department with Kurt Silberstein. They are responsible for determining which strategies are approved for wealth management clients. They set a number of internal models
Try to keep a robust list of managers but have a “best choice option” for each asset class

What is your economic outlook?
LE: See the glass half full, Supportive markets for equities, Monetary and Fiscal environment looks strong, US and foreign markets look favorable, Keeping an eye on the data and watching the reopening
MS: Markets look expensive, Seeing big beats in equities but little reactions in the market, Chinese credit impulse – keep wagers under control, Keeping an eye on inflation, Board has approved a larger allocation to alts, Big question internally; Where can you find alpha? – Less trafficked markets so that’s why they look at alts
KW: Talking a lot on private markets, Talking a lot about inflation, Is inflations a fear or transitory? Lean transitory, Keeping an eye on supply chain issues, moving goods back on shore will lead to higher prices, Should they add sub asset classes to protect the portfolio

How are you thinking about inflation in your asset allocation

LE: Base case is that inflation is transitory, need to monitor consumer spending, They have released additional products to protect against inflation, Commodities – not always available and now allow clients to invest (Diversified Commodities, gold, inflation protection ETFs)
MS: They are thinking about the way they can position themselves to create positive feedback, where are highest duration assets, Manage bond portfolios in house, Rebuilding PE strategy from scratch
KW: Underweight FI by about 7%, Overweight Public equities/ absolute returns, also building out real assets, Last year they were overweight cash, Deployed into HY and rolling gains into absolute return (global Macro/Market neutral), Private Equity has grown, Trimming FI and making a small allocation to opportunistic FI
LE: Focus on midcap to leverage the reopening, Fixed income – extending to credit sectors, Private Market solutions coming to market (actively looking for solutions)

JE:Underweight to FI in Jan and looking for diversifiers in FI, Farm related assets that produce cash flow, Looking for consistent return profile, Overweight value equities, Getting exposure to inflation protection,That value assets should be able to pass through pricing power

How can managers engage with your organizations?

LE: Reach out occasionally and ask about their needs, Turnover is not high, Simple emails are best
KW: Don’t have slots to fill, they do take meetings/calls, Reach out with a friendly email. Participate in all asset classes.