IMI

GREENWICH

INVESTMENT MANAGEMENT INSTITUTE'S

ENDOWMENTS AND FOUNDATIONS ROUNDTABLE:

"Investment Strategy Now for Enhanced Returns Tomorrow"

November 8, 2006

The Delamar Hotel
Steamboat Road
Greenwich, CT

CONFERENCE PROGRAM

IMI

Presents Our

ENDOWMENTS AND FOUNDATIONS ROUNDTABLE

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8:15 A.M. **REGISTRATION AND CONTINENTAL BREAKFAST**

8:45 **WELCOME AND OPENING REMARKS:**

Ellen Taylor
Senior Program Director
Investment Management Institute

9:00-9:45 **THE GROWING USE OF EXCHANGE-TRADED FUNDS**

Exchange-traded funds (ETFs) are gradually claiming an ever larger share of institutional portfolios. Are there risks that are not being considered with regard to the marketplace as well as unrealistic expectations as their use by both institutions and hedge funds grows by leaps and bounds? These are all important questions to explore in the nonprofit universe.

9:45-10:30 **SOCIALLY RESPONSIBLE INVESTING: ARE THE RETURNS THERE?**

One of the fastest growing institutional investments is Socially Responsible Investing (SRI), estimated to tip the scales at $3 trillion -- or about 9% of all institutional assets. No longer consigned to the "department of diminished returns," in many instances matches returns in non-screened investments. Not surprisingly, that has gotten the attention of Wall Street firms who are rushing to put the finishing touches on at least four hedge funds dedicated to SRI. Some points to consider:

- What about screening of international, private equity, and fixed income options in SRI funds?
- How does SRI fit into your portfolio: as part of your mission or as part of your social awareness? Is there a difference?
- Devising positive or negative screens: which is more effective?
- Should SRI be part of the asset allocation model/strategy?
- A look at SRI returns: can it pay to do the right thing?
- The growing importance of shareholder advocacy and proxy voting

10:30-10:45 **MORNING REFRESHMENT BREAK**

10:45-11:30 **NEW GUIDELINES FOR AUDITING YOUR ALLOCATIONS TO ALTERNATIVES**

- Prickly problems arising from different year ends
- The "quarterly lag" and answering questions from your Investment Committee
- How do you assess the quality of the audit given by the hedge fund? That is often a major problem, especially when questions arise about the auditor's independence
- Also creates a problem with private equity dealings
- Should you consider changing your own fiscal year-end date?
- Transparency issues and evaluating hedge fund numbers
- How to access the numbers needed to satisfy Investment Committee

11:30-12:15 **INFRASTRUCTURE INVESTING: HOW TO MAKE ALLOCATIONS TO THIS ALTERNATIVE**

- One of the hottest new "alternative alternatives," are these investments private equity or real assets?
- With interstates and bridges aging, the need for infrastructure maintenance grows, as well as its appeal as an investment vehicle.
- Numerous funds are being developed as infrastructure vehicles as well as the potential for extensive "deal sources" due to the enormous number of state and local municipalities with great needs for revenues and projects that could be developed to support infrastructure.
- While worldwide rebuilding needs are even greater, so are the risks, such as the tendency of South American countries to nationalize their revenue-producing assets.

12:15-1:15 **LUNCHEON DISCUSSION: THE NEW "UNIFORM PRUDENT MANAGEMENT OF FUNDS ACT": HOW WILL IT IMPACT YOUR NONPROFIT ORGANIZATION?**

Just passed by the Uniform Laws Commission in July, this act will affect the entire investment process for all E&Fs as it begins to move through the legislative process this fall. The act's intent is to apply modern portfolio management theory to nonprofit organizations, and we will attempt to clarify how it will impact your particular endowment or foundation.

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1:15-2:00 **HEDGE FUND INVESTING: IS THE BLOOM OFF THE ROSE?**

At 8,000 hedge funds **a**nd counting, and with returns slumping against the backdrop of a few notable and "noisy" failures this year, what is the outlook for hedge funds over the next 12 months? Are there any new strategies left to exploit? Can you alleviate potential risk by using fund of funds? This session will also explore:

- How can market neutral portfolios balance long exposure to equities? Costs? Liquidity?
- Are historically huge inflows into hedge funds causing concern that too much capital is being placed into too few opportunities, particularly in arbitrage strategies?
- Can historically strong strategies continue to provide similar returns in the future?
- Where will new opportunities come from and how do investors capitalize on them?
- Which due-diligence measures should be followed in the hiring process to assess manager-specific risk?

2:00-2:45 **UNDERSTANDING PORTABLE ALPHA STRATEGIES: RISK AND RETURNS**

Most institutional investors try to enhance alpha by selecting strong managers in each of the asset classes that comprise their overall asset allocation, often paying high fees for historically strong performers. But many traditional asset classes are exceptionally efficient and, thus, are difficult areas in which to create alpha Even so, alpha transfer techniques allow alpha from good managers operating in inefficient markets to be put on top of market exposures achieved cheaply through futures, swaps, or indexing. These and other questions will be explored in this session.

2:45-3:00 **AFTERNOON REFRESHMENT BREAK**

3:00-3:45 **HOW TO TAKE BACK YOUR INVESTMENT COMMITTEE**

- How to enact change when dealing with a recalcitrant chief executive
- How to manage and gain control of the hearts and minds of lifetime committee members
- How to deal with stellar reputations but soaring egos that prove to be an obstruction to decision making
- The objective of hiring "smart" members
- What is the ultimate role of the investment committee ?

4:30 PM **ROUNDTABLE WRAP-UP**

Participants will have the opportunity to ask additional questions during this time as well as suggest topics for future roundtables.

Moderator: Mary Ann Mullen
Program Manager
Investment Management Institute