

# EDHEC

# Scientific Beta Days

# Europe 2019

- > Can factor risk premiums disappear with their success?
- > Is there an ESG factor?
- > How to reconcile ESG and factor investing
- > Limiting the carbon impact of factor strategies
- > How to manage the risks of factor-based investment
- > Protecting equity investment against drawdown risk: the case for maximum drawdown and maximum loss risk control options
- > Modifying the factor exposures of an existing portfolio: factor completeness portfolio and single factor allocation
- > What factor allocation to reduce the dependence of the performance of multi-factor strategies on economic regimes? From factor balance to regime premia diversification
- > How to assess the robustness of a factor strategy
- > Are some defensive strategies more efficient than others?
- > How to measure the investability of a multi-factor strategy
- > Building a multi-factor long-short strategy

# Scientific Beta Days 2019

The conference is organised by Scientific Beta within the framework of EDHEC Business School, a leading academic institution, for the benefit of professionals. It presents the research carried out by Scientific Beta and is structured to appeal to asset owners and their direct investment consultants and financial advisors.

The two-day conference will include multiple plenary sessions, workshops and **practical sessions presenting case studies**, providing a more in-depth analysis of certain topics and allowing professionals to review major industry challenges, explore state-of-the-art investment techniques and benchmark practices to advances in research.

**EDHEC Scientific Beta Days Europe 2019** will pay special attention to **ESG issues** but will also allow participants to discover **research results in the fields of risk and factor allocation** notably with sessions on factor crowding, the cost of investing in factor strategies, the consideration of conditional factor allocation correlations and regime premia in multi-factor allocation strategies, the ability to improve factor diversification in an existing portfolio and new frontiers in defensive strategies.



7:30-8:00 Registrations, Morning Tea and Coffee

## 8:00-8:10 Opening Address

Speaker:  
**Noël Amenc, PhD**, Professor of Finance, *EDHEC Business School* and CEO, *Scientific Beta*

## 8:10-9:20 Plenary session Factor Crowding, can Risk Premiums Disappear with their Success?

- > Why do risk premiums exist?
- > The determining factors of long horizon changes in risk premiums
- > How can factor crowding be measured?

Q&A session with investors, panel and audience

Chairman:  
**Laurent Trottier**, Global Head of ETF, Indexing & Smart Beta Management, *Amundi* (tbc)

Discussant:  
**Dr. Marc-Gregor Czaja**, Head of Equities and Derivatives, *Allianz Investment Management*

Speaker:  
**Felix Goltz, PhD**, Research Director, *Scientific Beta*

## 9:20-10:40 Plenary session How to Assess the Robustness of a Factor Strategy

- > The framework for analysing the robustness of the performance of an investment strategy
- > Conditional performance – performance in particular regimes/environments
- > Performance and risk stability
- > Robust inference and forecasting error analysis
- > Measuring out-of-sample robustness

Q&A session with investors, panel and audience

Chairman:  
**Aniket Das**, Investment Strategist - Index & Smart Beta Solutions Group, *LGIM*

Discussant:  
**Ingrid Albinson**, Head of Strategy, *CIO, Sjunde AP-Fonden (AP7)*

Speaker:  
**Eric Shirbini, PhD**, Global Research and Investment Solutions Director, *Scientific Beta*

10:40-11:00 Break

## 11:00-12:30 Plenary session What Factor Allocation to Reduce Dependency on Economic Regimes? From Factor Balance to Factor Diversification

- > The importance of considering the conditionality of premia in factor diversification
- > The limits of conditional approaches in bull and bear markets for portfolio diversification
- > How to define and measure factor premia regimes
- > Case study: maximum factor premia regime diversification

Q&A session with investors, panel and audience

Chairman:  
**Alexander Neszvecsko**, Portfolio Manager, *European Patent Office*

Discussant:  
**Luca Simonelli**, Senior Fund Manager, Multi Asset Absolute Return, *Fideuram*

Speaker:  
**Felix Goltz, PhD**, Research Director, *Scientific Beta*

12:30-13:30 Lunch



**Risk Awards**  
2019 Winner

**Scientific Beta**  
Indexing firm of the year

### 13:30-14:40 Plenary session

#### Is there an ESG Factor?

- > What are the main findings of academic research on the ESG Factor?
- > How to measure the existence of long-term factor risk premia
- > Is there an ESG Factor or anti-ESG Factor risk premia in a risk-based perspective?
- > Can ESG correspond to a persistence anomaly?

Q&A session with investors, panel and audience

Chairman:

**Frederic Ducoulombier**, Professor, *EDHEC Business School*, ESG Director, *Scientific Beta*

Speaker:

**Abraham Lioui**, PhD, Professor, *EDHEC Business School* & *EDHEC Scientific Beta Research Chair*



### 14:40-16:15 Plenary session

#### How to Reconcile ESG and Factor Investing

- > Strict exclusion, score-base optimisation, integrated ESG, the different approaches of ESG investing in a multi-factor framework
- > The impact of ESG on factor strategy risks and performance
- > Case study: combining strong factor exposure and ambitious ESG Policy

Q&A session with investors, panel and audience

Discussant:

**Barbara Bleijenbergh**, Senior Strategist, *PME*

Speaker:

**Frederic Ducoulombier**, Professor, *EDHEC Business School*, ESG Director, *Scientific Beta*



### 16:15-16:45 Break

### 16:45-18:00 Plenary session

#### Reducing the Carbon Impact of Factor Strategies

- > How to measure the carbon impact of an investment
- > What is the correlation between factor intensity and the carbon intensity of a portfolio?
- > Case study: implementation of an efficient carbon filter combining high factor intensity and significant improvement in carbon footprint and carbon intensity

Q&A session with investors, panel and audience

Chairman:

**Camiel Jeurissen**, Investment Manager, *DSM Pension Services*

Speaker:

**Erik Christiansen**, Senior Consultant, *Scientific Beta*



### 18:00 -18:30 Cocktail

# EDHEC Scientific Beta Days Europe 2019

7:30-8:00 Registrations, Morning Tea and Coffee

## 08:00-09:10 Plenary Are Some Defensive Strategies More Efficient than others?

- > Advantages and limitations of defensive approaches based on low volatility exposure
- > Combining long-term excess return and defensiveness of low volatility factor strategies
- > Case study: selecting a risk profile for defensive strategy

Q&A session with investors, panel and audience

Chairman:  
**Ueli Büchi**, Head of External Portfolio management Mandates, **MPK** (tbc)  
Speaker:  
**Eric Shirbini, PhD**, Global Research and Investment Solutions Director, **Scientific Beta**

## 09:10-10:30 Plenary Absolute Protection of Equity Investment

- > The contribution of portfolio insurance techniques to the management of drawdown risks
- > How to implement a systematic strategy to ensure maximum loss within the framework of index management
- > Case study: insuring the risk of loss of a multi-factor strategy

Q&A session with investors, panel and audience

Chairman:  
**Mark Pemberton**, Executive Director, **Morgan Stanley**  
Speaker:  
**Daniel Aguet**, Deputy Head of Research, **Scientific Beta**

10:30-11:00 Break

## 11:00-12:30 Plenary How to Measure the Investability of a Multi-Factor Strategy

- > Tracking error, trading cost and market impact
- > Measuring the trading costs and market impact of a smart beta strategy
- > Results of studies on trading costs and market impacts of Scientific Beta flagship indices

Q&A session with investors, panel and audience

Chairman:  
**Guillaume Arnaud**, Head of Quantitative Investment, **Société Générale**  
Discussant:  
**Bernd Scherer**, Head of Portfolio Management & Head of Product Development, **Bankhaus Lampe**  
Speakers:  
**Giovanni Bruno**, Senior Quantitative Research Analyst, **Scientific Beta**  
**Felix Goltz, PhD**, Research Director, **Scientific Beta**

12:30-13:30 Lunch

## 13:30-15:00 Stream A How to Improve Diversification of an Existing Portfolio

- > What type of factor diversification (de-concentration, risk reduction, conditional diversification)
- > The different measurements of factor diversification
- > Long-only or long-short single-factor indices to implement a completeness portfolio
- > Case study: improving portfolio diversification with limited completeness portfolio and high turnover constraints

Q&A session with investors, panel and audience

Chairman:  
**Arnaud Jobert**, Managing Director, **JPMorgan**, Global Head Equities Investable Indices, **JPMorgan**  
Speakers:  
**Noël Amenc, PhD**, Professor of Finance, **EDHEC Business School** and CEO, **Scientific Beta**  
**Eric Shirbini, PhD**, Global Research and Investment Solutions Director, **Scientific Beta**

## 13:30-15:00 Stream B Properly Measuring Factor Exposure

- > What factors should be measured?
- > Benefits and limitations of score-based approaches
- > How to take into account differences in the distribution of factor intensities and correlations between factors in factor exposure measurement
- > Case study: the dangers of poor consideration of factor exposure

Q&A session with investors, panel and audience

Chairman:  
**Freddy van Mulligen**, Senior Portfolio Manager, **Syntrus Achmea** (tbc)  
Speaker:  
**Felix Goltz, PhD**, Research Director, **Scientific Beta**

15:00-15:15 Break

## 15:15-16:30 Plenary Multi-Factor Allocation in a Long-Short Context

- > What ingredients for a long-short factor allocation: anti-factor short versus cap-weighted short
- > Defining sector neutrality in a long-short context
- > How to build a truly market-neutral multi-factor allocation
- > Case study: long-short multi-factor allocation with target volatility control and maximum drawdown insurance

Q&A session with investors, panel and audience

Speakers:  
**Daniel Aguet**, Deputy Head of Research, **Scientific Beta**  
**Benjamin Herzog**, Deputy Head of Business Development, **Scientific Beta**

16:30-17:00 Cocktail

# About Scientific Beta

Scientific Beta is the smart beta index provider set up by EDHEC-Risk Institute, the applied finance research centre of EDHEC Business School. EDHEC Business School is a private non-profit academic institution established in France in 1906. It ranks amongst the top management schools in Europe and has been distinguished globally for the quality of its management and finance programmes. The EDHEC M.Sc. in Financial Markets ranks 1st in the world in the Financial Times Masters in Finance Pre-experience rankings 2017.

EDHEC-Risk Institute set up Scientific Beta in December 2012 as part of its policy of transferring know-how to the industry. Scientific Beta is an original initiative which aims to favour the adoption of the latest advances in “smart beta” design and implementation by the whole investment industry. Its academic origin provides the foundation for its strategy: offer, in the best economic conditions possible, the smart beta solutions that are most proven scientifically with full transparency of both the methods and the associated risks.

Within the framework of smart beta offerings, Scientific Beta provides access to smart factor indices, which give exposure to risk factors that are well rewarded over the long term while at the same time diversifying away unrewarded specific risks. By combining these smart factor indices, one can design very high performance passive investment solutions.

With a concern to provide worldwide client servicing, Scientific Beta is present in Boston, London, Nice, Singapore and Tokyo. As of December 31, 2018, there was USD 43bn in assets replicating Scientific Beta indices. 35% of these assets under replication are ESG-compliant. Scientific Beta has a dedicated team of 52 people who cover not only client support from Nice, Singapore and Boston, but also the development, production and promotion of its index offering. Scientific Beta signed the United Nations-supported Principles for Responsible Investment (PRI) on September 27, 2016. On November 27, 2018, Scientific Beta was presented with the Risk Award for Indexing Firm of the Year 2019 by the prestigious professional publication Risk Magazine.

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[www.scientificbeta.com](http://www.scientificbeta.com)

# EDHEC Scientific Beta Days Europe 2019

October 10 & 11, 2019 — Barbizon Palace, Amsterdam

## INVITATION ONLY

Conference reserved for asset owners and institutional consultants upon receipt of an invitation. Admission is only valid when confirmed by the organisers, who reserve the right to refuse any registration request without justification.

Asset owners include: pension schemes, charities, endowments, foundations, insurance companies, single family offices and financial executives from non-financial companies.

REGISTER NOW FOR COMPLIMENTARY ATTENDANCE

<https://eur.cvent.me/KWqB>

ENQUIRIES

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