

EDHEC

Scientific Beta Days

North America 2019

- > Can factor risk premiums disappear with their success?
- > 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 organized 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 discusses it with the institutional investor and financial advisory communities.

The event is structured to appeal to asset owners and their direct investment consultants and financial advisers. 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 North America 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.



24 October — Day One

EDHEC Scientific Beta Days North America 2019

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

8:00-8:10 Opening Address

Speaker:
Marc Zieger, Director North America, *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:
Alex Farquhar, Consultant & Director of Traditional Research, *Ellwood Associates* (tbc)

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 analyzing 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:
Syed Haque, Director of Public Markets, *United Parcel Service* (tbc)

Discussant:
Stephen Beinhacker, Global Head of Equity, *SEI Investments Company*

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:
James Davis, CIO, *OPTrust* (tbc)

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

Panellists:
François Gagnon, Managing Director of Investments, *University of Michigan Investment Office*
Michael Griswold, Managing Director of Strategy & Risk Management, *Ascension Health*

12:30-13:30 Lunch



13:30-14:30 Plenary session Factor Strategy Risks and Smart Beta

- > The main risks affecting factor strategy performance
- > How to manage the implied risks of smart beta strategies
- > The importance of transparency in terms of embedded risks in smart beta strategies
- > Case study: comparison of the performance and risks of the same factor allocation according to the implicit risk management choices

Q&A session with investors, panel and audience

Chairman:

Gareth Witten, Director, Portfolio Strategy & Investment Risk, **Ontario Power Generation**

Speaker:

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

14:30-16:00 Plenary session How to Reconcile ESG and Factor Investing

- > Strict exclusion, score-base optimization, 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

Chairman:

Nicolas Richard, Executive vice president, Investments and Chief Operating Officer, **Desjardins Global Asset Management**

Discussant:

Alex Chung, Manager, Investments, **Dignity Health**

Speaker:

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

16:00-16:30 Break

16:30-17:45 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:

Anny-Claude Duval, Senior Director, External Portfolio Management, **CDPQ** (tbc)

Speaker:

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

17:45 -18:30 Cocktail



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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:

Greg Behar, Head of Index Investment Strategy, *Legal & General Investment Management America*

Discussant:

John Pirone, Senior Vice President, *Capital Markets Research Group, Callan Associates*

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:

Corrado Tiralongo, CIO, *Counsel Portfolio Services*

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 indexes

Q&A session with investors, panel and audience

Chairman:

Emiliano Rabinovich, Senior Portfolio Manager, *State Street Global Advisors*

Panellists:

Paul Bouchey, CIO, *Parametric Portfolio Associates*

Dan Scholz, Director Investment Strategies, *Nisa Investment Advisors*

Speaker:

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 indexes 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, Global Head Equities Investable Indices, *JP Morgan*

Speakers:

Noël Amenc, PhD, Professor, *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:

Alec Stais, CIO, *State of Rhode Island Office of the General Treasurer*

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

Chairman:

Mike Clark, Head of Equity Derivatives Trading, *Société Générale Corporate & Investment Banking*

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 center 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 programs. 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 favor 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 indexes, 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 indexes, 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 indexes. 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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EDHEC Scientific Beta Days North America 2019

October 24 & 25, 2019 – The Ritz Carlton Boston

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.

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ENQUIRIES

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