



FINANCIAL RESEARCH ASSOCIATES PRESENTS

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# SMART BETA<sup>2.0</sup>

*Tilting Strategies towards Long-Term Growth*

**MAY 20-21, 2015**

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NEW YORK, NEW YORK**

**AT THE INTERSECTION OF ACTIVE AND PASSIVE YOU'LL FIND IMPROVED RETURNS, DECREASED COSTS, AND EXPOSURE TO NEW IDEAS. READY TO FIND OUT WHAT HAPPENS NEXT?**

Strategic. Alternative. Smart. Advanced. Bold terms all used to draw huge interest and attention from institutions, advisors, and managers tapping into the next dimension of investing. But how do these strategies really affect portfolios, returns, and goals? Let's break down the numbers and analyze the true impact and direction of capturing beta.

- How big is the smart beta landscape and is it still growing?
- Why are investors gravitating towards alternative beta? Who is interested in what?
- Which methods of benchmarking and measurement should be employed when evaluating smart beta?
- Do we have a clear definition-- what IS smart beta and what IS NOT?
- How does multi-factor investing and shifting away from market-cap weighting interact with your portfolio?
- What constitutes a reliable factor? How do you know when you've hit an anomaly?
- Can managers, investors, and advisors develop methods for combating overcrowding and over-concentration?
- Are there ways to "time" a factor? How should participants think about diversification and rebalancing?

**LET'S ANSWER THE IMPORTANT QUESTION: WHAT WILL SMART BETA LOOK LIKE IN FIVE YEARS?**

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# SMART. ADVANCED. STRATEGIC. ALTERNATIVE. IT'S TIME TO MOVE BEYOND THE NAME AND DISCOVER THE LONG-TERM IMPACT.

The promising-yet-complex world of smart beta implies active returns at passive prices, but what do investors, the numbers, and other industry experts have to say about the future of investing? That's where Smart Beta 2.0 comes into play. Bringing together major investors from the Virginia Retirement System, Kaiser Permanente, the State University Retirement System of Illinois, and the City of Austin Deferred Compensation Committee with leading industry thought leaders from Research Affiliates, PowerShares, T. Rowe Price, Schwab, and ERI Scientific Beta, this interactive forum offers a complete and comprehensive perspective of smart beta strategies.

The only conference on the market focusing exclusively on smart beta, this topical event is sure to attract attendees from across the globe. Look for two days of networking with investors, advisors, and industry professionals as we dive head first into hot topics like the latest research findings, benchmarking challenges and strategies, the impact of smart beta on portfolio design, and the latest on FINRA's smart beta examination. Our diverse speaking faculty is looking at ALL aspects of smart beta—the challenges and opportunities—from a variety of perspectives. This is the most extensive source for smart beta around!

Join us at The Princeton Club of New York on May 20th and 21st to equip yourself with all of the tools you need before jumping into smart beta! Register today! Call (800) 280-8440 or online at [www.frallc.com](http://www.frallc.com).



Josh Krenz, *Conference Director*

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## CONFERENCE CO-CHAIRS



**ScientificBeta**  
An EDHEC-Risk Institute Venture

Eric Shirbini,  
Global Product Specialist  
**ERI SCIENTIFIC BETA**



**Global X**

Bruno del Ama  
*Co-founder and CEO*  
**Global X Funds**

## OUR RENOWNED SPEAKING

- AJ Padilla, **CITY OF AUSTIN DEFERRED COMPENSATION COMMITTEE**
- Kevin Yousif, **LS INVESTMENT ADVISORS**
- Anthony Davidow, **SCHWAB CENTER FOR FINANCIAL RESEARCH**
- John Feyerer, **INVESCO POWERSHARES**
- Eric Shirbini, **ERI SCIENTIFIC BETA**
- Rick Ferri, **PORTFOLIO SOLUTIONS**
- Paul R.T. Johnson, **STATE UNIVERSITY RETIREMENT SYSTEM OF ILLINOIS**
- Mannik S. Dhillon, **VICTORY CAPITAL MANAGEMENT**
- Bill McBride, **MARKOV PROCESSES INTERNATIONAL**
- Ralph Goldsticker, **GOLDSTICKER INVESTMENT STRATEGIES**
- "J.T." John T. Grier, **VIRGINIA RETIREMENT SYSTEM**
- Steven Sixt, **MARKET STRATEGIES INTERNATIONAL**
- Jason Hsu, **RESEARCH AFFILIATES**
- John Lewis, **DORSEY WRIGHT AND ASSOCIATES**
- Goekhan Kula, **MYRA CAPITAL**
- Cleo Chang, **WILSHIRE**
- Greg Johnsen, **PARAMETRIC**
- Will McGough, **STADION**
- Amitabh Dugar, **QUANT FINANCE SOLUTIONS**
- Tim Atkinson, **CITY OF AUSTIN DEFERRED COMPENSATION COMMITTEE**
- Martin Raab, **ETF RADAR**
- Tom Goodwin, **RUSSELL INDEXES**
- Bruno del Ama, **Global X Funds**

## WHO SHOULD ATTEND?

This program is designed for (but not limited to) investment professionals from:

- Institutions
- Endowments
- Foundations
- Pension Plans
- Insurance Companies
- Retirement Professionals
- Investment Consultants, Financial Advisors, and RIAs
- ETF Managers and Providers
- Index Fund Managers and Providers
- Researchers, Analysts, and Academics

## TOP REASONS TO ATTEND

- Hear directly from institutional investors who utilize smart beta—what brought them to the strategy? What are their concerns? Where would they like to see the trend go next?
- Discover the how's and why's of integrating smart beta into your investment strategy
- Gain access to current market research findings and growth projections from the industry's top firms
- Explore innovative ways to invigorate your risk-adjusted returns
- Get a comparative look at factor investing and alternative weighting—what's a reliable strategy in the world of smart beta?
- Find out how experts evaluate and measure success in a multi-dimensional investing environment—it's not as easy as you think!
- Analyze problems with capacity and learn how the industry is responding
- Bring home new ways to look at rebalancing and the dynamic rotation of factors

# DAY ONE: WEDNESDAY MAY 20, 2015



8:00 - 8:45 Registration & Continental Breakfast

8:45 - 9:00 Welcome and Co-Chair's Opening Remarks

Bruno del Ama  
*Co-founder and CEO*  
**GLOBAL X FUNDS**

Eric Shirbini,  
*Global Product Specialist*  
**ERI SCIENTIFIC BETA**

## 9:00 - 9:45 State of the Industry Has Smart Beta Kicked Investing Up a Notch?

- Research findings and growth projections--how big is the smart beta landscape and is it still growing?
- Have smart beta strategies been adopted by plan sponsors and other institutional investors? How?
- Do the numbers show any clear and identifiable trends?

Steven Sixt, *Senior Director, Research and Consulting*  
**MARKET STRATEGIES INTERNATIONAL**

## 9:45 - 10:45 Why Smart Beta? Understanding the Motives behind the Trend

- How is smart beta different from what's already available?
- Is there a clear delineation between what IS smart beta and What IS NOT? How are the strategies defined?
- How do smart beta strategies interact with each other and your portfolio?
- Where does smart beta work and where are there problems?

### Moderator:

AJ Padilla, *Vice Chairperson*

**CITY OF AUSTIN DEFERRED COMPENSATION COMMITTEE**

Kevin Yousif, *Chief Investment Officer, Passive*

**LS INVESTMENT ADVISORS**

Jason Hsu, *Ph.D., Co-Founder and Vice Chairman*

**RESEARCH AFFILIATES**

Tom Goodwin, *Senior Director Research*

**RUSSELL INDEXES**

10:45 - 11:00 Morning Break

## 11:00 - 12:00 Breaking It Down How Elements of Smart Beta Interact with Your Portfolio

- Why move away from market-cap weighting?
- What are the questions sponsors and advisors need to ask when considering:
  - Fundamental
  - Equal
  - Other alternative and advanced weighting methods
- What are the common factors? How are they utilized and what do investors need to know before getting in?
- Moving away from single towards multi--what are the pros and cons of increasingly complex factors?
- Is multi-factor multi-asset the future of smart beta?
- How do we make sure these rules for factors are being adhered to?
- How do these elements fit into a portfolio?

### Moderator:

Tim Atkinson, *Chair*

**CITY OF AUSTIN DEFERRED COMPENSATION COMMITTEE**

*And Chair*

**AUSTIN POLICE RETIREMENT SYSTEM**

Anthony Davidow, *Vice President – Alternative Beta & Asset Allocation Strategist*

**SCHWAB CENTER FOR FINANCIAL RESEARCH**

John Feyerer, *Vice President, ETF Product Management*

**INVESCO POWERSHARES**

Eric Shirbini, *Global Product Specialist*

**ERI SCIENTIFIC BETA**

Mannik S. Dhillon, *Head of Product Development & Strategy*

**VICTORY CAPITAL MANAGEMENT**

## 12:00 - 12:30 FINRA Update A Discussion of Ethics in the Marketing of Smart Beta

- What is being researched in the current FINRA examination?
- Does "smart beta" misrepresent the product being offered?
- How might this affect consumers, producers, and marketers of smart beta products?

Rick Ferri, *Founder*

**PORTFOLIO SOLUTIONS**

Kathleen Moriarty, *Partner*

**KATTEN MUCHIN ROSENMAN**

12:30 - 1:45 Networking Luncheon

## 1:45 - 2:30 Point-of-View Panel Perspectives from Investors Embracing Smart Beta

- Why select a smart beta strategy?
- How has smart beta affected your portfolio? Are you seeing results?
- Has smart beta required you to take a more active role in your investments?
- Have there been any concerns or challenges that you've had to address?
- Where do you see the strategy going next?

### Moderator:

Mannik S. Dhillon, *Head of Product Development & Strategy*

**VICTORY CAPITAL MANAGEMENT**

Paul R.T. Johnson, *Board of Trustees*

**STATE UNIVERSITY RETIREMENT SYSTEM OF ILLINOIS**

"J.T." John T. Grier, *Director, Internal Equity Management*

**VIRGINIA RETIREMENT SYSTEM**

## 2:30 - 3:15 The Promise of Smart Beta Afternoon Keynote

Jason Hsu, *Co-Founder and Vice Chairman*

**RESEARCH AFFILIATES**

## 3:00 - 3:15 Afternoon Break

## 3:15 - 4:00 Dynamic Rotation of Factors Can You Time Strategies to Capture Beta?

- How can you time your exposure to value, momentum, and other beta strategies?
- Which frameworks can be used by advisors and consultants to "buy low and sell high" in smart beta?
- How frequently should you rebalance?
- Are smart beta strategies more susceptible to concentration?

Will McGough, *Vice President and Portfolio Manager*

**STADION**

John Lewis, *Senior Portfolio Manager*

## DORSEY WRIGHT AND ASSOCIATES

### 4:00 - 4:45 Smart Beta versus Active versus Passive How Do Costs and Returns Fare Over Time?

- Is smart beta a way for funds to charge higher fees for passive products?
- How does smart beta stack up against traditional active and passive strategies?
- Are the fees absorbing the benefits of smart beta?

Cleo Chang, *Chief Investment Officer and Managing Director*

**WILSHIRE**

Greg Johnsen, *Director - Institutional Portfolio Management*

**PARAMETRIC**

### Cocktail Reception 4:45 - 5:45

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# DAY TWO: THURSDAY MAY 21, 2015



8:00 - 8:45 Continental Breakfast

8:45 - 9:00 Recap of Day One

Bruno del Ama  
*Co-founder and CEO*  
**Global X Funds**

Eric Shirbini,  
*Global Product Specialist*  
**ERI SCIENTIFIC BETA**

### 9:00 - 9:30

### Benchmarking Smart Beta What Are the Rules for Measuring Non-Traditional Strategies?

- What are some of the challenges in benchmarking current strategies? Are we looking at passive or active measures?
- Are we still comparing our factors to cap-market weighted indexes?
- How do you identify if underperformance is coming from a single factor or the strategy as a whole?
- How do you evaluate these funds in a portfolio context?
- How do you measure value added by managers net of fees?

Bill McBride, *Executive Vice President, Head of Business Development & Marketing*

**MARKOV PROCESSES INTERNATIONAL**

### 9:30 - 10:00 Robustness of Smart Beta

Heavy reliance on back-tests when promoting smart beta strategies naturally leads to questions on the robustness of these strategies

- What do we mean by robustness of smart beta strategies?
- What are the potential sources that cause a lack of robustness and how can these problems be mitigated?
- How can you measure robustness and can these analytics be used to improve robustness?

Eric Shirbini, *Global Product Specialist*

**ERI SCIENTIFIC BETA**

### 10:00 - 10:15 Morning Break

### 10:15 - 11:00 The Power to Combine Smart Beta Indices and Dynamic Asset Allocation Models

- How are "3rd Generation" indices taking shape? What differentiates them from previous strategies?
- What will be the impact on existing portfolios? Are there any concerns investors might have? How should advisors approach these strategies?
- What other innovations are taking shape surrounding indices and beta?

Martin Raab, *Founding Partner*

**ETF RADAR**

Goekhan Kula, *Chief Investment Officer*

**MYRA CAPITAL**

### 11:00-11:40 How Important Are the Rules used to Create Smart Beta Factor Portfolios?

- If we use different portfolio construction approaches, how different are the portfolio's holdings and returns?
- Are there material differences? If so, how should investors proceed?

Amitabh Dugar, *Founder*

**QUANT FINANCE SOLUTIONS**

Ralph Goldsticker, *Senior Investment Strategist*

**GOLDSTICKER INVESTMENT STRATEGIES**

### 11:40 - 12:00 Separating Factors from Anomalies: How Do You Identify Reliable Smart Beta Strategies?

Eric Shirbini, *Global Product Specialist*

**ERI SCIENTIFIC BETA**

12:00

Close of Conference

## THE CONFERENCE ORGANIZER

**Financial Research Associates, LLC** Financial Research Associates provides the financial community with access to business information and networking opportunities. Offering highly targeted conferences, FRA is a preferred resource for executives and managers seeking cutting-edge information on the next wave of business opportunities. Please visit [www.frallc.com](http://www.frallc.com) for more information on upcoming events.

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The Club offers you the best of everything—in the heart of everything. You'll find us at 15 West 43rd Street, between 5th and 6th Avenues, in New York City's iconic Midtown Manhattan district. Grand Central Station, the Empire State Building, the Theater District, and Central Park are all within easy strolls of our front door. And we're just 20 minutes from LaGuardia Airport and 30 minutes from John F. Kennedy International Airport.

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As part of its policy of transferring know-how to the industry, EDHEC-Risk Institute has established ERI Scientific Beta. ERI 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. Smart beta is an approach that deviates from the default solution for indexing or benchmarking of using market capitalisation as the sole criterion for weighting and constituent selection.

Global X Funds offers four ETFs based on ERI Scientific Beta Multi-Beta Multi-Strategy indexes, covering the United States, Europe, Asia ex-Japan, and Japan. These core equity funds seek to outperform market capitalization weighted benchmark indexes by capturing four factors that have historically led to outsized gains: Value, Size, Low Volatility and Momentum.

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Dedicated to creating value for investors, we seek to have a profound impact on the global investment community through our insights and products.

The firm is built on a strong research base, led by Rob Arnott and Jason Hsu. We deliver solutions in partnership with some of the world's leading financial institutions, who offer mutual funds, ETFs, separately managed accounts, and/or commingled accounts. We also work directly with institutional clients.

Research Affiliates was founded in 2002 and is based in Newport Beach, California.

As of September 30, 2014, about \$177 billion in assets are managed worldwide using investment strategies developed by Research Affiliates.

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Victory Capital is an independently owned multi-boutique asset management firm with \$35.8 billion in assets under management as of December 31, 2014.

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# Smart Beta 2.0

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