

Investing in a Climate of Uncertainty

International Forum of Sovereign Wealth Funds

8th Annual Meeting Programme

Auckland, New Zealand

8 – 11 November 2016

The current investment environment is unprecedented. Inflation and growth are low, and central banks continue to ease monetary policies in both conventional and novel ways. Bond yields are lower than ever before, and asset class valuations are stretched by both historical and prospective measures. These cyclical trends are cast in the broader context of a potential structural decline in labour productivity, low wage growth and rising inequality. The resulting frustration and disparity is driving local and international politics. How this plays out has yet to be fully appreciated but the consequences for societies and markets will be far reaching.

Climate change is the defining social, economic and ecological challenge of our time. The Paris Agreement on Climate shifted attention from debate on the science to concrete targets and actions. Proposed or agreed government actions mean that investment portfolios face a new class of risks which are poorly understood. Sovereign Wealth Funds must contend with each of these risks and find new investment opportunities to suit their status as long-term, state-owned, commercial investors.

8TH ANNUAL MEETING | NEW ZEALAND 2016**Tuesday, 8 November 2016***Sofitel, Auckland Viaduct Harbour*

Dress: Business casual

Technical Workshops

Members and observers only

Participation in the technical workshops is open to all IFSWF members and observers on a voluntary basis. The workshops are intended to address topics in detail. At the start of each workshop, the co-Chairs will highlight the main features of the problem at hand, decision variables and solution options. It is then expected that members will then share their own experiences, and contribute questions and insight as appropriate to a closed forum of peer SWFs.

9:00 am — 10:30 am

Workshop 1 — Sovereign Development Funds

Overview: Several IFSWF members have mandates which include economic development or strategic investment. Member funds will discuss investment models with attention paid to benchmarking and economic impact evaluation, governance for domestic investments, and applying Santiago Principles for development funds.

10:30 am — 11:00 am

Coffee

11:00 am — 12:30 pm

Workshop 2 — Performance Measurement and Benchmarks

Overview: Investors commonly use performance measurement and benchmarks to measure the success of their strategies. What type of expected qualitative performance metrics should be set ahead of time? How do these differ in the short- and long-terms? What are the characteristics of a good benchmark for a long-term investor? How are benchmarks best used at the strategy level, the portfolio level, and at the level of monitoring individual asset manager performance? What fee and incentive structures are consistent with this approach for external and internal investment management?

12:30 pm — 1:30 pm

Lunch

1:30 pm — 3:00 pm

Workshop 3 — Infrastructure Showcase

Overview: Estimates of global infrastructure requirements are only increasing with each year. Governments at all levels are facing massive shortfalls in their ability to fund these requirements. Old publicly-funded pay-as-you-go infrastructure financing has reached limits in the age of austerity. New privately-funded or partnership models for infrastructure finance have faced many problems. At the same time, huge sources of long-term capital are ‘locked out’ from participating in infrastructure investment. What explains the ‘infrastructure wedge’? Where are the most compelling opportunities – geographies and sectors? How have members approached infrastructure investments?

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Technical Workshops

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3:00 pm — 3:30 pm

Coffee

3:30 pm — 4:30 pm

Workshop 4 — Divestment: A spotlight on tobacco

Overview: How do institutions think about divestment? How is divestment balanced against engagement and other approaches to responsible investment? What are the obligations of sovereign wealth funds under The United Nations Tobacco Treaty? Are SWFs meeting those obligations? What has the experience of SWFs been in tobacco-free investment?

4:30 pm — 5:30 pm

Workshop 5 — Insourcing Investment Activity

Overview: A marked trend in recent years amidst large public institutional investors and SWFs has been the insourcing of investment activity. Why are SWFs bringing activity in-house? What has been the experience so far? What activities should and should not be insourced? What are the implications for staffing and other resource requirements? How should success be evaluated?

5:30 pm — 6:30 pm

Drinks — Workshop participants

6:30pm — 9:00 pm

Dinner — Workshop participants



8TH ANNUAL MEETING | NEW ZEALAND 2016

Wednesday, 9 November 2016

Viaduct Events Centre

Dress: Business formal

IFSWF Annual Meeting

Members and observers only

8:00 am onwards

Light breakfast available

9:00 am — 10:00 am

Annual Meeting

At the 8th annual meeting of IFSWF, the Forum's activities and accounts for the past financial year will be presented to the members. Group photograph

10:00 am — 10:30 am

Coffee

10:30 am — 11:30 am

Sub-committee presentations and case studies launch

11:30 am — 12:00 pm

Keynote — Glenn Stevens, AC

Dr Stevens will reflect on his time as governor of the Reserve Bank of Australia and offer insight on macro-economic events





8TH ANNUAL MEETING | NEW ZEALAND 2016

Wednesday, 9 November 2016

Viaduct Events Centre

Dress: Business formal

IFSWF Open Conference Sessions

All delegates

12:00 pm — 1:00 pm

Lunch

1:00 pm — 2:00 pm

Welcome address — Adrian Orr

Chair, IFSWF and CEO, New Zealand Superannuation Fund

To open the main conference sessions, Mr Orr will introduce IFSWF, and its purpose and progress

Keynote — John Lipsky

Distinguished Scholar, Johns Hopkins University

Dr Lipsky will survey today's major macroeconomic themes and introduce their implications for investors

2:00 pm — 3:30 pm

Panel 1 — Investment Risk and Returns in the Current Environment

Overview: Today's investment environment is characterised by low growth and low returns. In a world awash with liquidity, yields have slumped to all-time lows and valuations across many different asset classes appear stretched on many alternative measures. Commodity price declines have led to reduced inflows to some SWFs and, in some cases, to higher withdrawals as governments seek to stabilise their fiscal positions. What does a good strategic response look like? What opportunities are SWFs uniquely positioned to advantage from? How should SWFs react to short-term market volatilities and be better positioned for structural, long-term, macro themes?

3:30 pm — 4:00 pm

Coffee





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Wednesday, 9 November 2016

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Dress: Business formal

IFSWF Open Conference Sessions

All delegates

4:00 pm — 5:30 pm

Panel 2 — Purpose and Practice of SWFs in a Changing World

Overview: How do SWF boards and management meet their purpose when few things look cheap and everything looks risky? How must communication and transparency adapt when investment returns are expected to be low? What are the new challenges that SWFs face in their perception, domestically and internationally? What lies ahead for the Santiago Principles and their application? What is the market role for SWFs in the context of emergent topics like changing bank and financial regulation?

5:30 pm — 6:30 pm

Cocktail reception

6:30 pm — 9:00 pm

Dinner

Karanga — Precious Clarke, Ngāti Whātua Ōrākei

Welcome — Catherine Savage, Chair of the Board of the Guardians of New Zealand Superannuation



8TH ANNUAL MEETING | NEW ZEALAND 2016**Thursday, 10 November 2016***Viaduct Events Centre*

Dress: Business formal

IFSWF Open Conference Sessions

All attendees

7:00 am onwards

Light breakfast available

8:00 am — 8:45 am

Special Address — TBA

8:45 am — 9:00 am

Break

9:00 am — 9:30 am

Keynote — Mats Andersson*Former Chief Executive, AP4*

9:30 am — 10:30 am

Panel 3 — Investment Risks from Climate Policy

Overview: Climate change and proposed government actions pose material risks to SWF portfolios. The Paris Agreement on Climate adopted by consensus by 195 governments in December 2015 has shifted attention from debate on the science to concrete targets and actions. SWF government owners are ratifying the agreement. Investment portfolios face a new class of risks ranging from assets that can never be realised, to policy shifts and uncertain regulatory environments, to reformatted economic and market structures with new products, players, and incentives. What are the investment implications of the Paris Agreement, and of government actions to meet commitments?

10:30 am — 11:00 am

Coffee

11:00 am — 12:00 pm

Panel 4 — Investment Opportunities from Climate Policy

Overview: Following the conversation on investment risk, this session approaches the same issues from the other side: how should SWFs be positioned to take advantage of new climate- and climate policy related investment opportunities?

12:00 pm — 12:30 pm

Keynote — Bob Prince*CIO, Bridgewater*

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Dress: Business formal

IFSWF Open Conference Sessions

All delegates

12:30 pm — 1:30 pm

Lunch

1:30 pm — 2:15pm

Climate-related investments: Case Studies

IFSWF members will present case studies that highlight investments made to improve portfolio resilience to climate change, or to capture opportunities resulting from climate change and related government policy

2:15pm — 3:00pm

Keynote — Hon Bill English

Deputy Prime Minister of New Zealand, and Minister of Finance

3:00 pm — 3:20 pm

Coffee

3:20 pm — 3:45 pm

Keynote — Hon Shane Jones

Ambassador for Pacific Economic Development

3:45 pm — 5:00 pm

Panel 5 — The Treaty of Waitangi and Indigenous Economic Development

Overview: The Treaty of Waitangi is New Zealand's defining constitutional document. Settlements made to Māori tribes as redress for historical breaches of the Treaty have resulted in new investment funds that are highly relevant in New Zealand. How has the governance of these iwi funds evolved over the years and what lessons do their management and investment strategy hold for indigenous peoples around the world?

6:10 pm

Buses depart Viaduct Events Centre, the Hilton hotel, and the Sofitel hotel for Auckland Museum

7:00 pm — 10:00 pm

Gala Dinner

Welcome address — Adrian Orr *Chair, IFSWF and CEO, New Zealand Superannuation Fund*

Introduction to the 9th Annual Meeting — Samruk Kazyna

8TH ANNUAL MEETING | NEW ZEALAND 2016**Friday, 11 November 2016***Viaduct Events Centre*

Dress: Casual

Waiheke Island Excursion and Networking Day

All delegates

8:45 am

Assemble at Auckland Ferry Terminal, corner Queen and Quay Streets

9:00 am — 9:45 am

Ferry boat transfer to Waiheke Island

9:45 am — 12 pm**Activities and Tours**

Option A: Rest and relaxation at Cable Bay Vineyard

Option B: Sightseeing around Waiheke Island

Option C: A tour of the island's olive groves

Option D: Wild on Waiheke

12:00 pm — 12:30 pm

Transfer from activities to Cable Bay for lunch

12:30 pm — 2:45 pm

Lunch

2:45 pm — 3:45 pmDepart Cable Bay for Matiatia Wharf (Waiheke) and then ferry boat transfer to Auckland, arriving 3:45 pm.
Earlier departures from Cable Bay are available.