Institutional Investor FORUMS

INNOVATION IN INVESTMENT

The Real-World Applications of Big Ideas

JULY 17, 2018
ASCENT LOUNGE
NEW YORK CITY

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San Francisco Employees Retirement System

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Bruce Madding
Chief Executive Officer and Chief Investment Officer
Capital Corporation

Scott Pittman
Chief Investment Officer
The Mount Sinai Health System

David C. Villa
Chief Investment Officer
State of Wisconsin Investment Board ("SWIB")

Sponsoring Organizations (to date)

ARK Investment Management, LLC

Sanostro AG

The Real-World Applications of Big Ideas

Investors today are increasingly bifurcating their portfolios: allocating significant portions of their portfolios to low-cost passive strategies while acknowledging that they will readily pay for true, demonstrable active management, including the most sophisticated data- and quant-driven strategies.

Recognizing that the incorporation of data is increasingly vital to all styles of investment and to risk appetites of all degrees, Institutional Investor's new event will focus on how institutions have access to a true spectrum of investment opportunities, with a specific emphasis on the ways that disruptive innovations like the incorporation of big data, artificial intelligence, machine learning and other technology-driven advances are changing the entire opportunity set for institutional investors.

Over the course of the day program, discussion will progress to increasingly active strategies—always with a keen focus on what exactly it is that these solutions can bring to an institutional portfolio, including:

- How can investors differentiate between various types of strategies and the managers that purport to possess the "secret sauce" on everything from smart beta to complex quant-based strategies?
- Which vehicles can smooth out volatility without sacrificing returns?
- How can these strategies – whether passive or the most active—complement what is in investors' portfolios instead of concentrating exposures and risks?

Tuesday, July 17, 2018

8:00 am
Registration and Continental Breakfast

Ascent Lounge Foyer

8:40 am
Welcome and App Tutorial

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Presented by:

Conference Chair: William Coaker, *Chief Investment Officer*, **San Francisco Employees Retirement System**

Lisa Yao, *Chief Executive Officer*, **TTIVanguard, a Euromoney Institutional Investor PLC Company**

Kip Miller, *Director*, **Institutional Investor Forums**

8:45 am
Guest Presentation
Making Sense of Emerging Technology

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Presented by:

K. Krasnow Waterman, *Entrepreneur in Residence & Lecturer,* **University of Arizona**, and *Visiting Scientist,* **MIT**

Artificial Intelligence, machine learning, blockchain, and so on; new terms and technologies just keep coming. Investors need to understand how they are changing businesses and the world. This session will provide a practical overview of the hottest current technologies, whether you want to invest in them or implement them in the office.

9:15 am
Special Q&A
Big Trends & Innovations

Ascent Lounge

Participants:

William Coaker, *Chief Investment Officer,* **San Francisco Employees Retirement System**

Catherine Wood, *Chief Executive Officer & Chief Investment Officer*, **ARK Investment**

Which technology will have the highest impact in the next decade, gene-editing, or autonomous vehicles? Why choose? In a far-reaching discussion that will also touch on healthcare, mobility-as-a-service, autonomous vehicles, energy storage and even the jobs of the future, William Coaker and Cathie Wood will discuss and debate the portfolio implications—as well as the societal consequences—of the pending waves of change.

9:45 am
Coffee Break

Ascent Lounge Foyer

10:15 am
Panel Discussion

Applying Artificial Intelligence and Machine Learning to an Institutional Portfolio: Identifying the Potential and Acknowledging the Limitations

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Panelists:

- Scott Pittman, *Chief Investment Officer*, **The Mount Sinai Health System**

Every advancement starts as a concept, an idea. Tell that to your boss when you're trying to implement some of these new ideas based upon AI/machine learning principles. Perhaps the key is understanding the potential for these strategies to enhance your portfolio but also acknowledging their limitations so that as to manage your own and your boss's expectations. This panel discussion will provide insight into why and how major institutions – both managers and allocators – have approached this matter, including an examination of what drew them to these strategies as well as what they wished to achieve.

11:00 am

Panel Discussion
Building a Better-Returns Portfolio: How AI and Machine Learning Can Help

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- In recent years, significant advances in computing power and data access have pushed out the boundaries of achievement in machine learning and big data
- These developments open up a range of opportunities for today's investors, enabling them to explore new solutions to investment challenges
- How can these alternative tools and techniques be used to build better portfolios?

11:45 pm

Investor Case Study

30 minute presentation, 15 minutes of audience Q&A

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Presented by:

Brandon Da Silva*, Investment Analyst, Office of the Chief Investment Officer*, **OPTrust**

12:30 pm

Lunch with Guest Speaker

Landmarc Restaurant

Presented by:

Linda Xie, *Co-Founder,* **Scalar Capital**

As a product manager at Coinbase, Linda Xie had a front row seat to the new trading markets for digital assets. She spent 2 years working with law enforcement including the FBI, DEA, and HSI on de-anonymizing Bitcoin transactions. Xie recently launched a digital asset fund and will explain the challenges of working in this space and offer suggestions for exploring the opportunities it provides.

2:00 pm

Panel Discussion
Building a More Resilient Portfolio: AI and Machine Learning from a Risk Management Perspective

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2:45 pm

Panel Discussion
Attracting & Retaining Tech Talent: Key Learnings for Allocators and Their Managers

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Moderator:

Ken Kambiz Akoundi, Phd, *Editor,* **investordna.net**

Panelists to be named

Asset management can't compete with Google, Amazon, Apple, and start-ups solely on the basis of compensation. How are the best and brightest asset management firms attracting and retaining talent that was once more interested in an academic or technical setting? Is the gene pool of talent too homogeneous? Might we develop a "human beta risk" if too many new hires have comparable backgrounds? How can firms appropriately diversify?

3:30 pm
Coffee Break

Ascent Lounge Foyer

4:00 pm
Guest Presentation
Special Discussion on the Future of Work: AI, Automation, and the Future of Employment

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Presented by:

Vishal Sikka, *Former Chief Executive Officer,* Infosys

AI is cutting into employment at a faster rate than ever. Even IT, which has grown dramatically over the past 20 years, has many parts that are more mechanical than creative, such as infrastructure management, business process outsourcing, and software verification. The many jobs created in these areas are all vulnerable to automation. Depending on the nature of your business mix, huge chunks of your operations are prone to automation. It's already happening. At Infosys, in the first nine months of this financial year, the equivalent of 8,000 jobs was eliminated by automation. If we sit still, there is absolutely no doubt that our jobs are going to be wiped out by AI-over the next 10 years, perhaps as much as 60% of the jobs that we do today are going to be replaced by AI unless we continue to evolve ourselves and create automation that augments human work instead of just replacing it.

4:45 pm
Expert Presentation
Blockchain & Beyond

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Presented by:

John Henry Clippinger, *Founder and Executive Director,* **ID3 - Institute for Institutional Innovation & Data Driven Design**, and *Research Scientist,* **MIT Media Lab**

As Blockchain applications and services have become more main stream, the locus of innovation is turning towards smart contracts and exchangeable "smart tokens." Rather than being subject to the uncertainties, bubbles, and manipulations of markets, engineers are designing a new generation of tokens that adapt or adjust to different changes in order to preserve some "state," such as, price stability, adjusted risk, diversity, liquidity—or all of the above. This is something that was inconceivable under the existing economic, financial, and monetary system. But with the advent of machine learning, real time data feeds, programmable contracts, and adaptive algorithms, it is becoming feasible to design token protocols that are self-regulating financial instruments. There exist a range of new applications from the notion of a "stable coin" that can resist volatility, level out pump and dump schemes and preserve liquidity, to

"smart" baskets of tokens much like ETF (Exchange Traded Funds), that can buy and sell different types of tokens to preserve some desired outcome.

5:30 pm
Cocktail reception

6:15 pm
Forum Concludes