



# AIMA Australia

## Annual Forum 2020

### Highlights



## KEY TAKEAWAYS



This AIMA Australia Annual Forum 2020 is part of the AIMA APAC September Series which consists of forums across Australia, Singapore, and Japan. This year's forum started with celebratory remarks about AIMA's 30th anniversary, representing three decades of advocating for the best interests of alternative investment managers globally and educating key stakeholders about the importance of alternative investments for investors and within the broader economy.

The importance of the occasion was underlined in the pre-forum keynote speech delivered by Man Group's CEO, Luke Ellis, and AIMA's CEO, Jack Inglis as well as in the first day of the forum during the fireside chat between Paul Chadwick, who is an AIMA Global Council Member, Founding Partner, Managing Director at Nanuk Asset Management and Jean M. Hynes who is a CFA Managing Partner, Senior Managing Director, and Global Industry Analyst at Wellington Management.

Equally significant were the themes discussed at the Forum. These included:

(i) how the hedge fund industry has weathered the 2020 pandemic,

(ii) the benefits of an allocation to alternative assets in the current market and economic environment,

(iii) what investors are expecting from hedge funds and,

(iv) what cultural shifts have occurred within asset management firms due to the new ways of remote working.

In addition, the forum provided an opportunity to recap the major regulatory developments from around the globe in 2020.

If the theme of the forum could be briefly summarised it would be in two words: flexibility and adaptability. So far, this year has been one of unprecedented change and the alternative investment industry has demonstrated an incredible ability to adapt to the "new normal".

This AIMA Australia Annual Forum 2020 attracted almost 1,650 attendees from all over the world, 40% of which were female. We would like to thank everyone who participated and sponsored the event. We hope to see you all again next year – whether this is in virtual format or meeting in-person.

## KEYNOTE SPEAKERS

AIMA's CEO launched the forum on an upbeat tone, underlying the healthy audience appetite for such events, even though it was a virtual forum. The industry – that is managers, investors, and service providers – has adapted very quickly to the remote working environment having successfully navigated the series of challenges that 2020 has brought so far.

This sentiment was backed up in his pre-forum conversation with industry leader **Luke Ellis, CEO of Man Group** who revealed that despite his employees having to work remotely, that the pandemic did not negatively affect the culture at his firm or at most hedge fund managers.

Rather, the reverse has happened: the challenges posed by COVID-19 having strengthened the relationships among team members, resulting in an industry with a stronger culture of teamwork and inclusivity.

Furthermore, the discussion highlighted that allocators are showing continued, and in some cases increased, interest in alternative

investments, recognising the valuable and diverse roles that they bring to their portfolios.

Click [here](#) for the full interview.

During the keynote speech and fireside chat, held at the beginning of the first day of the forum, **Paul Chadwick** and **Jean M. Hynes** touched on the importance of further increasing the industry's efforts regarding diversity and inclusion. Both agreed that progress has been made, but a lot of work still needs to be done.

In particular, it was discussed why talent is key for the future of the hedge fund industry and how recruiting, mentoring and supporting skilled professionals to further develop should continue to be at the forefront for the industry.



Jack Inglis, CEO, AIMA

Luke Ellis, CEO, Man Group

## HOW DID HEDGE FUND MANAGERS MANAGE 2020?

Andrew Lockhart, Managing Director at Metrics Credit Partners, and Nick Griffin, CIO at Munro Partners debated with David Adams, CIO at Reminiscent Capital, and Jun Bei Liu, Portfolio Manager at Tribeca Investment Partners about how the industry has weathered the challenges posed by the unexpected events of 2020.

Amidst uncertainty in the macroeconomic environment the discussion started by addressing some of the key policy measures taken by governments and central banks across the world, pointing out that there are various unknowns that could weigh on asset prices. However, opportunities exist for those willing to look at each asset individually and try to anchor its price to its potential value.

The conversation ended with practical advice for managers who are looking to take advantage of the structural changes that the pandemic has brought.

**Speakers:**

- David Adams - CIO, Reminiscent Capital
- Nick Griffin - Founding Partner, CIO, Munro Partners
- Jun Bei Liu - Portfolio Manager, Tribeca Investment Partners
- Andrew Lockhart - Managing Director, Metrics Credit Partners



## ALLOCATING TO ALTERNATIVES: THE ASSET CONSULTANTS' PERSPECTIVE



Another topic which has been on the minds of every hedge fund manager is "what are investors needing from alternatives going forward?".

In an insightful discussion between Travis Schoenleber, Managing Director at Cambridge Associates, Michael Sommers, Principal Consultant, Head of Alternatives and Derivatives and Frontier Advisors, Rebecca Jacques, Principal, Senior Consultant at Mercer, and Felicity Walsh, Head of Institutional and Alternatives (Australia and New Zealand) at Franklin Templeton and K2 Advisors, provided an in-depth perspective into the behaviour of those investors who allocate to alternatives.

In a nutshell, investors have increased their focus on risk management and began reviewing how their portfolios have been positioned so far. This was to be expected given the massive shocks that the pandemic imposed upon the financial markets. A positive surprise however has been the continued strong appetite for allocating to alternative assets.

The panellists pointed out that investors remain aware of the flexibility of alternative asset managers in being able to navigate volatile markets, as well as of the diversity of roles that

alternative assets can play within their portfolios. Indeed, it was highlighted that different strategies pursued by alternative asset managers behaved differently during the recent months of market turmoil – a statement to the depth of the industry.

The panellists also discussed the continued influence of responsible investing, which is poised to become a much bigger investment theme in the future, especially over the next twelve months. Investors are becoming increasingly convinced that companies which uphold high ESG standards make not just good businesses, but also good investments.

**Speakers:**

- Travis Schoenleber - Managing Director, Cambridge Associates
- Felicity Wals - Head of Institutional and Alternatives, Australia and NZ, Franklin Templeton Investments and K2 Advisors
- Rebecca Jacques - Principal, Senior Investment Consultant, Mercer
- Keri Pratt - Head of Strategic Partnership, NSW State Super
- Michael Sommers - Principal Consultant, Head of Alternatives and Derivatives, Frontier Advisors



## LEADING ALLOCATORS REFLECT ON 2020 AND LOOK FORWARD TO THE FUTURE



### Speakers:

**Craig Stanford** - Director, Investor Relations, CFM

**Ben Samild** - Head of Alternatives, Future Fund

**Michael Block** - CIO, Australian Catholic Superannuation & Retirement Fund

**James Murray** - Senior Portfolio Manager, NSW Treasury Corporation

**Deborah Alliston** - BBus (Finance), CFA, Chief Investment Officer, Multi-Asset Group, AMP Capital

In an excellent panel discussion, Michael Block, CIO at the Australian Catholic Superannuation & Retirement Fund, Ben Samild, Head of Alternatives at Future Fund, James Murray, Senior Portfolio Manager at NSW Treasury Corporation, and Debbie Alliston, CIO of Multi-Asset Group at AMP Capital, looked back at the challenges they faced during the pandemic, as allocators to alternative investments.

One of the biggest challenges mentioned was the drought of liquidity that hit the markets as a result of the panic that gripped financial markets earlier in the year. This made it difficult for allocators to rebalance their portfolios. Against this background, alternative investment strategies behaved widely different, with some doing very well while others performed poorly. This highlighted the importance of manager selection to help navigate volatility in times of increased uncertainty.

Diversification was brought up as an important risk management tool. The panel agreed that investors should look carefully at alternative investments to understand how they can improve their portfolios' returns while mitigating risks by optimising the exposure to other asset classes. In order to do so, investors should develop a framework aimed at explaining how alternatives fit within their portfolio on an ongoing basis, rather than just in a static moment in time.

Looking forward, given that the expected returns from the more traditional asset classes like equities and fixed income are so low, alternatives have an important role to play in investors' portfolios. In particular, the panel touched on how certain alternative assets, such as infrastructure for example, could help allocators achieve their real return targets.

## 2020 KPMG/AIMA GLOBAL HEDGE FUND SURVEY - COVID-19 SPECIAL EDITION

The second day of the conference started with an introduction to the special edition report - Global Hedge Fund Survey for 2020, published by KPMG in collaboration with AIMA. Stephen Allen, Senior Advisor at KPMG Australia, and Michael Gallagher, Director and Head of Australia at AIMA Australia discussed the report's main findings.

Among the key highlights include: hedge funds have continued to make strategic hires with almost 60% of the industry actively seeking new talent, culture and collaboration have become key focus areas for hedge fund managers, More than 80% of respondents are investing in their digital infrastructure and IT capabilities, the success of outsourcing is enabling firms to increase outsourcing digital and technological solutions to improve efficiencies, Firms see this as a time to redefine their business models.

The report can be found in full [here](#).





The panel discussing the shape of the alternative investment industry were four excellent speakers: Chris Addy, Founder and CEO of Castle Hall Diligence, Jay B. Peller, Managing Director at Citco, Christopher Fix, Head of APAC at CME Group, and Damien Jasczyk, Director and Head of Global Prime Services at Deutsche Bank AG, Australia.

One of the main things that the industry has learnt from the recent crisis was the importance of having robust business continuity plans – it is not enough to have a clear policy around this issue but to also back-test the strategy so that when uncertainty strikes, the business continues to perform well for the clients.

From the perspective of service providers, working closer with their clients was necessary in order to ensure that their operational needs were met. This resulted in stronger collaborations and a better understanding of what the alternative investment management industry requires from service providers. Interestingly, the importance of face-to-face client interaction was praised as being key to understanding customer needs and the panellists highlighted that although digital tools help to maintain the contacts, they do not replace in-person meetings.

Finally, the discussion pointed out that regardless of how the future of the industry looks, in terms of the split of working remotely or in the office, the COVID-19 pandemic represents a permanent shift in how alternative asset managers manage their staff.

## THE SHAPE OF THE INDUSTRY ON THE FUTURE: A VIEW FROM LEADING GLOBAL FIRMS

### Speakers:

- Jay B. Peller - Managing Director, Citco
- Chris Addy - Founder, CEO, Castle Hall Diligence
- Christopher Fix - Head of APAC, CME Group
- Damien Jasczyk - Director, Head of Global Prime Services, Deutsche Bank AG, Australia



## CULTURE WITHIN MANAGEMENT COMPANIES

Jeff Dunn, Principal and Head of APAC at AQR Capital Management, Delia Burrage, Funds Lawyer, Liza McDonald, Head of Responsible Investment at First State Super, and Geraldine Barlow-Bolt, Executive General Manager at Australian Unity, discussed the importance of fostering good culture at the firm level.

Culture is how it feels like to work at an organisation. It is a combination of values, behaviours, and interactions between people. As one of the panellists put it: “the culture can make or break the firm”. In order to ensure that the culture is a positive one, especially during these times of increased pressure and unprecedented change, extra attention and care needs to be directed towards maintaining a firm’s core values.

Succession planning and creating a diverse workforce were the core messages from the discussion. The first one referred to the need for asset managers to think well into the future about how they will go about recruiting, developing, and retraining talent in a world that is becoming hungrier for bright people. Meanwhile, ensuring the diversity of the workforce is paramount if asset managers want to maintain their competitive edge going forward.



### Speakers:

- Nicole Alexander - Client Service, Market Advocacy and Development Manager, HSBC
- Jeff Dunn - Principal, Head of APAC, AQR Capital Management
- Geraldine Barlow-Bolt - Executive General Manager, Investments, Australian Unity
- Liza McDonald - Head of Responsible Investment, First State Super
- Delia Burrage - Funds Lawyer

## CHANGES AS A RESULT OF THE PANDEMIC... WHAT'S HERE TO SAY?



**M**ichelle East, Director at Certainty Compliance Pty Ltd, Harvey Kalman, Managing Director (UK and Europe) and Global Head of Business Development at Equity Trustees, Nicole Hammond, Head of Client Experience at Bennelong Funds, and Megan Jenner, Managing Director at Pinnacle Investment Management discussed a topic which was on the minds of most attendees: what long-lasting changes has the pandemic brought to the industry?

Operational due diligence (ODD) was at the forefront of the discussion, underlining the importance of managers conducting thorough due diligence on their service providers. Third parties can be helpful in assisting with ODD, but industry participants are reluctant to outsource all of this process and continue to conduct it either completely in house or in collaboration with third parties. Going forward, ODD will be even more important as the industry continues to navigate a very uncertain climate and the focus on cost management will remain a strong one.

Also, it was discussed how the process of raising capital has changed throughout 2020. As one would expect, raising capital from offshore has become a more difficult endeavour. Managers continue to leverage their existing connections to attract new capital. Building bridges with new clients is however a difficult task in a digitalised environment. This will likely remain the case until the healthcare risks diminish.

### Speakers:

- Nicole Hammond** - Head of Client Experience, Bennelong Funds Management, Bennelong Funds
- Harvey Kalman** - Managing Director (UK and Europe) and Global Head of Business Development, Fund Services, Equity Trustees
- Lauri Haas** - Principal, PRISM LLC
- Megan Jenner** - Managing Director, APAC Distribution, Pinnacle Investment Management
- Michelle East** - Director, Certainty Compliance

## REGULATORY UPDATE FROM AROUND THE GLOBE

**T**he final panel provided an update on key regulatory updates from around the world that impact the alternative investment management industry. The speakers included Nikki Bentley, Partner, Financial Services Law at EY, Johan Terblanche, Managing Partner at Maples Group, Andrew Stone, Senior Associate at MinterEllison, and Laura Rogers, Partner at Walkers.

Despite the differences in regulations, a common theme across the world was the willingness and ability of policymakers to provide the much needed flexibility for the industry to adapt to the "new normal".

Some of the regulatory challenges during the pandemic included investor identification under AML (Anti Money Laundering) laws, cyber security, data protection and client reporting. Additionally, for managers that are thinking to launch new funds, the panellists recommended that they apply as early as possible for licences as 2021 is bound to be a very busy year for regulators.

### Speakers:

- Laura Rogers** - Partner, Walkers
- Andrew Stone** - Senior Associate, MinterEllison
- Nikki Bentley** - Partner, Financial Services Law, EY
- Anthony Tse** - Fund Director, Solas Fiduciary Services
- Johan Terblanche** - Managing Partner, Luxembourg, Maples Group



## CONCLUDING REMARKS

The AIMA Australia Annual forum which has grown into the preeminent alternative funds management forum in Australia has delivered yet again, albeit this year with the back drop of having to meet in a virtual environment while most of us remain working from home.

Despite the break in the usual in-person format, the forum still delivered the highest calibre key note speakers to add to the world class roll call of previous key notes. A veritable who's who of our industry. The forum also would not be the same without showcasing some of Australia's best and brightest asset managers and having Australia's most influential asset consultants and allocators who contributed to the ongoing discourse on alternatives and their place in investment portfolios.

Maintaining some of the important features of the in-person forum was foremost in our planning, hence the decent breaks between sessions and spreading the forum over two and a half days to make sure we covered all the current topics in our industry.

Our "by the industry for the industry" motto couldn't have been better showcased by the first panel on day 2 "A view from leading global firms" of which any of the esteemed panellists could have been key notes in their own right. We discussed

throughout the day culture, work from home, what's here to stay as a result of 2020's madness and looked at the global regulatory environment to round the forum out.

It goes without saying that without the generosity of our sponsors this year, more than any year, the forum simply wouldn't have happened -Thank you! A huge thank you to all our speakers, moderators and volunteers from across AIMA Australia's committees.

Last but not least, thanks to you, our members and guests who tuned in at home, in quiet and somewhat emptier than usual offices, from Australia and from all around the world. Your ongoing support of AIMA, all our events and activities and our great industry, is much appreciated.

Finally, put September 15th, 2021 at the Sofitel Wentworth Sydney in your diary as we look forward to welcoming you all back in person to AIMA Australia's 20th anniversary year Annual Forum.



Michael Gallagher  
Head of AIMA Australia



Alistair Rew  
Chair AIMA Australia

# Thank you to our 2020 sponsors!



Deutsche Bank AG (DB) and BNP Paribas S.A. (BNPP) have entered into an agreement to transfer DB's Global Prime Finance and Electronic Equities businesses to BNPP by 1st January 2022. The branding demonstrates DB's continuity of service to its clients in the intervening period.

