



**HEDGE FUND INSTITUTIONAL FORUM
INSTITUTIONAL INVESTOR INSTITUTE**

PUBLIC FUNDS ROUNDTABLE

Rancho Bernardo Inn ♦ San Diego, CA

April 22-24, 2009

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HEDGE FUND INSTITUTIONAL FORUM

THE TRANSFORMATION OF THE HEDGE FUND INDUSTRY

As investors redeemed more than \$30 billion from U.S. hedge funds in the third quarter of 2008, U.S. Treasury advisor Nouriel Roubini warned that up to 500 hedge funds would collapse in the coming months. What are the implications of this hedge fund crisis for investors? What changes will hedge funds make – or be forced to make – in investment strategies and management as they seek to shore up investor confidence? How will hedge fund travail affect financial markets?

This year's Forum will address these issues and others through a series of workshops, discussion groups and plenary sessions. The day will conclude with an informal dinner allowing participants to continue to share thoughts with peers.

WEDNESDAY, APRIL 22ND

7:00 - **CONTINENTAL BREAKFAST AND REGISTRATION**

8:00 AM *Aragon Foyer & Terrace*

8:00 - **WELCOME AND INTRODUCTORY REMARKS**

8:15 AM *Aragon Ballroom (II)*

Barbara Munder

Executive Director

Institutional Investor Memberships

New York, NY

Thomas Britton Harris, IV

Chief Investment Officer

Teacher Retirement System of Texas

Austin, TX

8:15 **FEARLESS FORECASTS: THE OUTLOOK FOR HEDGE FUNDS IN 2009 AND BEYOND**

9:30 AM *Aragon Ballroom (II)*

The crisis in the credit markets, combined with market volatility, and poor returns from many hedge funds has resulted in mounting concerns about the hedge fund sector. Will more hedge funds collapse in 2009? Has the industry's rapid growth sown the seeds of its own destruction through excessive risk-taking? What do the current problems mean for hedge fund returns and fees? How will investors respond to the well-publicized problems of hedge funds?

Harvey Shapiro *Moderator*

Senior Advisor

Euromoney Institutional Investor PLC

New York, NY

Timothy Barrett, CFA

Executive Director, Chief Investment Officer

San Bernardino CERA

San Bernardino, CA

Jamie Dinan

Chief Executive Officer & Founder

York Capital Management

New York, NY

Deepak Gurnani

Managing Director and Chief Investment Officer

Investcorp Investment Advisors LLC

New York, NY

Thomas Britton Harris, IV
Chief Investment Officer
Teacher Retirement System of Texas
Austin, TX

9:30 - **TAKING ANOTHER LOOK AT HEDGE FUND DUE DILIGENCE**

10:15 ^{AM} *Aragon Ballroom (II)*

As the financial crisis has threatened the existence of substantial numbers of hedge funds, investors and consultants are taking a second look at the due diligence processes they have been using to select hedge fund investments. What did they miss in scrutinizing hedge fund strategies and practices? What are the lessons of the current hedge fund shakeout? What new attributes and variables need to be factored into the due diligence process?

Anne Casscells
Managing Director
Aetos Capital, LLC
Menlo Park, CA

10:15 - **COFFEE BREAK**

10:45 ^{AM} *Aragon Terrace & Lawn*

10:45 - **DISCUSSION GROUPS: HOW DO YOU RESOURCE AND STRUCTURE ALTERNATIVE INVESTMENT PORTFOLIOS?**

12:00 ^{PM}

In recent years public funds have steadily increased allocations to alternative investments. How are these portfolios being structured for maximum return? How are investors determining the right time to rebalance? What resources are plan sponsors employing or turning to for support? Each of these discussion groups will be co-led by a plan sponsor and an asset manager.

Aragon Ballroom (IA):

Craig Slaughter
Executive Director
West Virginia Investment Management Board
Charleston, WV

Scott M. Crossley
Director of Public Fund Relations
Corbin Capital Partners
New York, NY

Aragon Ballroom (IB):

Daniel MacDonald
Portfolio Manager, Alternative Investments
Ontario Teachers' Pension Plan Board
Toronto, Ontario, Canada

Joe Gieger
Managing Director
GAM
New York, NY

Aragon Ballroom (IC):

Mansco Perry III, CFA
Chief Investment Officer
Maryland State Retirement & Pension System
Baltimore, MD

John W. Gastler
Senior Vice President
Acadian Asset Management
Boston, MA

12:00 - **LUNCHEON AND FEATURED SPEAKER**

2:00 ^{PM} *Aragon Ballroom (III)*

“How to Compete in the Global Economy”

In these uncertain economic times, Todd Buchholz will offer his insights into the world economy and his perspective on the trends and ideas that are molding our future. Author of *“Market Shock: 9 Economic and Social Upheavals that Will Shake our Financial Future,”* Buchholz will provide a guide for navigating the evolving financial landscape that will define the investment environment.

Todd Buchholz
Former Director of Economic Policy, The White House, Washington, DC
Former Managing Director, Tiger, New York, NY
Former Professor of Economics, Harvard University, Cambridge, MA

2:00 **TRANSFORMING A PUBLIC PENSION PLAN**

2:45 PM *Aragon Ballroom (II)*

In 2006, VFMC, an Australian public sector pension fund, brought in former Ontario Teachers' Pension Plan's SVP and risk-management expert, Leo de Bever, to help the fund learn to act like a private investment fund. This included how best to beef up its internal professional investment team, as well as how to transition its investment portfolio from long-only to a diversified global asset mix with investments in hedge funds, private equity and infrastructure. Leo de Bever will outline the steps undertaken at VFMC, as well as structural and investment initiatives he is pursuing at Alberta Investment Management Corp.

Trey Beck *Moderator*

Managing Director

D.E. Shaw Investment Management, L.L.C.

New York, NY

Leo de Bever, Ph.D.

Chief Executive Officer

Alberta Investment Management Corp.

Edmonton, Alberta, Canada

2:45 - **INVESTMENT WORKSHOPS:**

3:45 PM

INVESTMENT WORKSHOP I: WHERE ARE THE OPPORTUNITIES IN THE CREDIT MARKETS?

Aragon Ballroom (IAB)

Every cloud is supposed to have a silver lining. The credit market crisis is surely creating a variety of investment opportunities. A panel of experienced market participants will analyze the opportunities that have been created in the credit markets. They will examine the distressed debt cycle, highlighting key structural developments, including issues associated with capital structures, bankruptcy laws and investor make-up.

Jake Walthour *Moderator*

Head of Advisory Services

Aksia

New York, NY

Brian Higgins

Managing Member

King Street Capital Management, L.P.

New York, NY

James Wong

Managing Director

Paulson & Co.

New York, NY

INVESTMENT WORKSHOP II: REAL ESTATE OPPORTUNITIES

Aragon Ballroom (IC)

Commercial real estate has been bearing a particularly heavy burden following the credit market collapse and subsequent deleveraging of financial institutions. But some real estate managers believe this downturn is creating important investment opportunities as falling real estate markets overshoot. In early 2009 when short term debt comes due and owners can't refinance, there will be distressed sales. How will real estate transactions be altered by current market conditions? Will the ranks of real estate managers be thinned as prices fall? Where are the best opportunities for capitalizing on the difficulties in this market?

James-Keith Brown *Moderator*

Executive Managing Director and Head of Global Investor Relations
Och-Ziff Capital Management Group
New York, NY

Bruce A. Eidelson

Director, Real Estate Securities
Russell Investments
San Diego, CA

Todd Voigt

SVP and Portfolio Manager
Cohen & Steers Capital Management, Inc.
New York, NY

Anne M. Wagner

Chief Executive Officer
Michigan Municipal Employees Retirement System
Lansing, MI

3:45 - **COFFEE BREAK**

4:15 ^{PM} *Aragon Terrace & Lawn*

4:15 - **WORKSHOPS:**

5:15 ^{PM}

WORKSHOP I: THE COMING BOOM IN INFRASTRUCTURE INVESTMENTS

Aragon Ballroom (IAB)

As state and local governments across the country cope with stagnant tax revenues amid crumbling infrastructures, they likely to seek new ways to pay for the improvement and expansion of their infrastructure. This is creating enormous opportunities for investors, and a vast array of infrastructure deals has been completed, enabling investors to acquire everything from toll roads to bridges and airport terminals. Properly designed infrastructure deals are supposed to generate the revenues to repay their debts, but how certain are the projections regarding costs and revenues. Is the growing popularity of this sector inevitably going to lead to too much money chasing too few deals?

Barbara Munder *Moderator*

James E. Meketa

Managing Principal/Chief Executive Officer
Meketa Investment Group
Carlsbad, CA

Adebayo Ogunlesi

Chairman and Managing Partner
Global Infrastructure Partners
New York, NY

Ronald Schmitz

Chief Investment Officer
Oregon Public Employees Retirement Fund
Salem, OR

WORKSHOP II: GASB'S POSTEMPLOYMENT BENEFIT ACCOUNTING AND FINANCIAL REPORTING RULE CHANGE REVIEW: WHAT CAN BE EXPECTED?

Aragon Ballroom (IC)

GASB is currently looking into possible improvements to the existing standards of accounting and financial reporting for postemployment benefits. Will it follow FASB's lead and introduce mark to market accounting standards and, if so, what is the impact on asset valuation?

Harvey Shapiro *Moderator*

David L. Driscoll, F.S.A.
Principal, Consulting Actuary
Buck Consultants
Boston, MA

Lynn E. Turner
Trustee
Colorado PERA
Denver, CO

6:00 - **RECEPTION & DINNER**

9:00 ^{PM} *The Spa Pool at Rancho Bernardo Inn*

ALTERNATIVES ROUNDTABLE CONCLUDES

INSTITUTIONAL INVESTOR INSTITUTE

PUBLIC PLANS UNDER THE GUN

The nation's economic slowdown is creating a perfect storm for public employee retirement plans. Investment returns plunged, and they seem destined to remain at low levels creating larger funding gaps just as state and local governments find tax revenues in decline, making local government officials loathe to make larger pension fund contributions. Meanwhile, there is growing concern that demographic changes mean that public funds will face substantially greater liabilities than many have acknowledged. How can public funds use the investment markets to help square the circle and meet the needs of both plan sponsors and plan participants?

The 2009 Public Funds Roundtable will focus on these and other critical issues facing public plans, as plan sponsors, consultants, and asset managers share their perspectives.

THURSDAY, APRIL 23RD

7:00 - **REGISTRATION & CONTINENTAL BREAKFAST**

8:00 ^{AM} *Aragon Foyer & Terrace*

8:00 - **WELCOME AND INTRODUCTORY REMARKS**

8:15 ^{AM} *Aragon Ballroom (II)*

Barbara Munder
Executive Director
Institutional Investor Memberships
New York, NY

Thomas Britton Harris, IV
Chief Investment Officer
Teacher Retirement System of Texas
Austin, TX

8:15 - **THE DEFINED BENEFIT VS. DEFINED CONTRIBUTION CONUNDRUM**

9:00 ^{AM} *Aragon Ballroom (II)*

The growing level of unfunded liabilities continues to energize critics of public sector defined benefit plans. What are the prospects for movement away from traditional defined benefit plans in favor of defined contribution approaches? What are the economic – and political – issues

associated with DB and DC? Is there a middle way between pure DB and DC? Where and when are changes likely to occur?

Christian Weller

Associate Professor/Senior Fellow
University of Massachusetts Boston
Boston, MA

9:00 - **RISK MANAGEMENT: PENSION PLAN PRIORITY #1**

10:00 ^{AM} *Aragon Ballroom (II)*

The global financial crisis has focused investor attention on risk management. Pension plans are not only beefing up their attention to this issue, they're also trying to determine what worked, and what didn't work, with existing risk management approaches. What processes, procedures and technology solutions can plans turn to in order to manage risk more effectively?

John Akkerman *Moderator*

Senior Managing Director, Head of North American Institutions
AllianceBernstein Institutional Investment Management
New York, NY

Bruce H. Cundick

Chief Investment Officer
Utah Retirement System
Salt Lake City, UT

Valter Viola

President
Holland Park Risk Management
Toronto, Ontario

10:00 - **COFFEE BREAK**

10:20 ^{AM} *Aragon Terrace & Lawn*

10:20 - **SIMULTANEOUS SESSIONS:**

11:00 ^{AM}

PRIVATE EQUITY ON THE EDGE

Aragon Ballroom (IAB)

Private equity firms which had hoped to take advantage of opportunities that emerge as a result of the global economic turmoil are now under the gun. Cash strapped investors are turning their backs on private equity investments; some are exploring the sale of private equity partnerships in the secondary market. How they will be reshaped as firms is also open for discussion. Will the basic private equity model, which uses a lot of leverage, survive? How will the terms and ownership structures of private equity partnerships change? Will firms forge closer ties with sovereign wealth fund and what are the implications for U.S. investors? Matthew Barger, a founding partner of Hellman & Friedman, which recently agreed to acquire with Bain Capital Partners Newberger Berman, the asset management firm previously owned by Lehman Brothers, will share his thoughts.

Yariv Itah *Moderator*

Partner
Casey, Quirk & Associates
Darien, CT

Matthew Barger

Senior Advisor
Hellman & Friedman LLC
San Francisco, CA

STRATEGIC PARTNERSHIPS

Aragon Ballroom (II)

Some public plans have sought collaborative partnerships with investment managers that give the plans greater access to a firm's global investment expertise and analytical tools, as well as the ability to more rapidly participate in investment opportunities when they arise. How does this work? Is it only possible for the largest of pension plans?

Thomas Britton Harris, IV

Chief Investment Officer

Teacher Retirement System of Texas

Austin, TX

11:00 - **INVESTMENT WORKSHOPS:**

12:00 PM

INVESTMENT WORKSHOP I: STRATEGIC FIXED INCOME OPPORTUNITIES

Aragon Ballroom (IAB)

Fixed income strategies are garnering increased investor attention not only because expectations for equity returns are low, but deleveraging is pushing fixed income prices down and risk profiles are easier to measure. Some experts predict strong asset flows into top-rated bank loans, distressed debt, and high yield bonds in the next year. When will the best buys occur and what will they be? What will investors sell in order to take advantage of buying opportunities?

Harvey Shapiro *Moderator*

Senior Advisor

Euromoney Institutional Investor PLC

New York, NY

Jennifer Drake

Investment Manager

GAM London

London, UK

Joseph Haslip

Assistant Comptroller for Pensions

Office of the New York City Comptroller, Bureau of Asset Management

New York City Employees Retirement System

New York, NY

Arthur MacBride

Managing Director, Senior Investment Officer - Institutional

Prudential Financial

Newark, NJ

INVESTMENT WORKSHOP II: SECURITIES LENDING: IS THERE A FREE LUNCH OR NOT?

Aragon Ballroom (IIIBC)

Securities lending, in which investors receive fees for lending out securities in their portfolios to short sellers, once seemed like a risk-free source of incremental revenues. But in recent months, a number of pension plans have encountered an array of unexpected counterparty risks in their securities lending programs: Their custodians incurred losses in the cash collateral pools and investors were unable to gain access to their own funds. What lessons should be drawn from these experiences? Should investors end their securities lending programs, or is there a way to structure them to mitigate risk? What changes in compensation, counterparty risk, and investment guidelines can institutions pursue?

Yariv Itah *Moderator*

Partner

Casey, Quirk & Associates

Darien, CT

Virgilio (Bo) Abesamis III

Senior Vice President & Manager

Callan Associates Inc.

San Francisco, CA

Peter J. Bassler

Managing Director

eSecLending

Boston, MA

Paul F. Lynch, CFA

Senior Managing Director and Head of Global Trading

State Street Securities Finance

Boston, MA

Alan Van Noord, CFA

Chief Investment Officer

Pennsylvania Public School Employees' Retirement System

Harrisburg, PA

12:00 - **BOX LUNCH PICK UP AND DEPARTURE FOR AFTERNOON ACTIVITIES**

12:30 ^{PM} *Aragon Foyer & Terrace*

12:30 - **INFORMAL NETWORKING**

5:00 ^{PM}

Time has been set aside for informal networking among the delegates.

6:00 - **FEATURED SPEAKER**

6:45 ^{PM} *Santiago Ballroom*

“New Approaches to Stagnant Systems”

Paul DePodesta, Executive Vice President of the San Diego Padres, has made a career of evaluating, measuring and assigning value to talent. Assistant General Manager of the Los Angeles Dodgers during the 2004-05 seasons, DePodesta, assigned the task of turning around a team that had not won a postseason game since 1988, guided Los Angeles to a playoff berth in his first season at the helm. In rethinking how the system works by asking what DePodesta calls the naïve question, “If we weren’t already doing it this way, is this the way we would start?”, he and GM Billy Bean revolutionized the way baseball teams are built. At the podium, DePodesta will discuss the innovative strategies he used to create a winning team, as well as the application of these strategies in the corporate world.

Paul DePodesta

Executive Vice President

San Diego Padres

San Diego, CA

6:45 - **DINNER & ACTIVITIES “TAKE ME OUT TO THE BALLGAME”**

8:30 ^{PM} *Resort Course Driving Range*

FRIDAY, APRIL 24TH

7:00 - **CONTINENTAL BREAKFAST AND PRIVATE CONVERSATION FOR PUBLIC PLAN SPONSORS**

8:00 AM *Aragon Ballroom (IIIC)*

As in previous Roundtables, time will be set aside for pension plans to discuss issues of mutual importance. The issues to be addressed will include funding levels, opportunities for partnership among public plans, and ways to evaluate asset managers more accurately. This private conversation will be led by a public plan sponsor.

Anne M. Wagner *Conversation Leader*
Chief Executive Officer
Michigan Municipal Employees Retirement System
Lansing, MI

7:00 - **CONTINENTAL BREAKFAST FOR ASSET MANAGERS**

8:00 AM *Aragon Terrace & Lawn*

8:00 - **INVESTORS ACTIVISM: WHY DO SOME JUST DO IT AND OTHERS JUST SAY NO?**

8:45 AM *Aragon Ballroom (II)*

Activist investors are a burgeoning breed. Proxy voting, proxy resolutions, direct engagement, shareholder litigation and other forms of agitation for change have recently received more attention during these turbulent financial times. Having said this, however, they are not like the so-called corporate raiders of the past who often wanted to break up a business or simply be paid off to go away. Today some of the most prominent and well respected investors in the world are taking actions that could be considered activist. What are they up to and is it working in the current environment? Why are some funds consistently active, while others choose to sit on the sidelines?

Darren J. Check
Partner and Director of Institutional Relations
Barroway Topaz Kessler Meltzer & Check, LLP
Radnor, PA

Robert Gaumer, Esq.
Chief Counsel
Alameda County Employees' Retirement Association
Oakland, CA

John A. Kehoe
Partner
Barroway Topaz Kessler Meltzer & Check, LLP
Radnor, PA

Andrew Sawyer
Chief Investment Officer
Maine Public Employees Retirement System
Augusta, ME

8:45 - **PIMCO'S MOHAMED EL-ERIAN SPEAKS OUT**

9:45 AM *Aragon Ballroom (II)*

Co-CIO and Co-CEO of PIMCO, former CEO of Harvard University's endowment, and author of the recently published book, "When Markets Collide," Mohamed El-Erian will provide advice to plan sponsors on asset allocation strategies for today's market conditions and suggest steps asset management firms will take to survive market turmoil and how those might impact investors.

Mohamed El-Erian
Co-CIO and Co-CEO
PIMCO
Newport Beach, CA

9:45 - **DISCUSSION GROUPS: ASSET ALLOCATION**

10:45 ^{AM}

Plans sponsors and asset managers will convene in small discussion groups to analyze Mohamed El-Erian's suggested action plan for coping with today's turbulent markets. Each discussion group will be co-led by a plan sponsor and an asset manager.

Aragon Ballroom (IA):

Andrew Sawyer

Chief Investment Officer

Maine Public Employees Retirement System

Augusta, ME

Joel P. Whidden

Senior Relationship Manager

Bridgewater Associates

Westport, CT

Aragon Ballroom (IB):

Keith S. Bozarth

Executive Director

Wisconsin State Investment Board

Madison, WI

Tracey B. Monroe

Senior Vice President

Trust Company of the West

Los Angeles, CA

Aragon Ballroom (IC):

Howard J. Bicker

Executive Director

Minnesota State Board of Investment (MSBI)

St. Paul, MN

Thomas Neukranz

Senior Vice President, Institutional

Sales & Client Management

ING Investment Management

New York, NY

10:45 - **COFFEE BREAK**

11:00 ^{AM} *Aragon Terrace & Lawn*

11:00 - **ABP'S INVESTMENT IN INNOVATION: A CASE STUDY**

11:45 ^{PM} *Aragon Ballroom (II)*

ABP, the Dutch government employee's pension fund, is one of the largest pension funds in the world. During the last two decades, it has shifted its rapidly growing investment portfolio from a focus on Dutch government bonds to a truly diversified global asset mix. Now, the ABP has decided to further increase its focus on innovative diversification by reserving two percent of the portfolio for innovative assets and strategies. An innovation committee has been created to support ABP investment professionals in bringing their ideas for innovative investment to fruition.

Tarek Saber

Head of Corporate Opportunities Strategies

ABP Investments

Heerlen, Netherlands

11:45 - **LIVING THROUGH A PROTRACTED BEAR MARKET**

12:45 ^{PM} *Aragon Ballroom (II)*

The nation is in a recession. And many market commentators foresee an extended period of limited returns in the equities market. How can an investor respond to an era of dismal expectations? What strategies should investors pursue in a period of low or negative returns? Is this a time for taking risks – or avoiding them? How do investors work with their consultants in this critical decision-making process? How should institutions communicate the message of modest return expectations to key internal and external stakeholders?

Harvey Shapiro *Moderator*

Senior Advisor

Euromoney Institutional Investor PLC

New York, NY

Roger G. Clarke

Chairman

Analytic Investors, LLC

Los Angeles, CA

Robert M. Maynard

Chief Investment Officer

Public Employee Retirement System of Idaho

Boise, ID

David Villa

Chief Investment Officer

State of Wisconsin Investment Board

Madison, WI

Jake Walthour

Head of Advisory Services

Aksia

New York, NY

12:45 - **BUFFET LUNCHEON**

1:45 PM *Aragon Terrace & Lawn*

CONCLUSION OF ROUNDTABLE