

SMART BETA: THE 360° OVERVIEW

THE SPEAKERS AND TOPICS

SARA SHORES, CFA, Managing Director, Head Investment Strategy for BlackRock's Factor-based Strategies Group and the Global Head of Smart Beta



Sara Shores, Managing Director, is the Head Investment Strategy for BlackRock's Factor-based Strategies Group and the Global Head of Smart Beta, driving the strategy innovation and thought leadership for Smart Beta and all factor-based strategies for institutional, retail and iShares clients. Sara has over 20 years of investment experience and is recognized throughout the industry as an expert on Smart Beta.

Prior to assuming her current responsibilities in 2014, Ms. Shores was the head of North American Index Strategy within the Beta Strategies group. She began her career at Barra, developing the detailed understanding of equity risk modeling and quantitative analysis that is the foundation for her current work. Sara joined BlackRock via Barclays Global Investors in 2005 in the Global Client Group, further honing her expertise in the

dynamics of the institutional investment community before joining the Beta Strategies team in 2010.

Ms. Shores earned a BA in Economics from U.C. Santa Barbara in 1994 and an MBA from U.C. Berkeley in 2001. Sara has been a CFA Charterholder since 1998.

The Art and Science of Smart Beta Investing

The rise of data and technology is transforming the investment industry, just as it is transforming our every day lives. The future of smart beta will be determined by how we blend art and science to deliver targeted investment outcomes: while the framework of factor-based investing provides the science that is the foundation of smart beta strategies, there remains a large amount of "art" in the many design choices made in portfolio construction and implementation. The presentation will include a discussion of:

- » A factor-based framework for describing risk and return across asset classes
- » The importance of portfolio construction and implementation to the success of smart beta strategies
- » How investors can apply this way of thinking to strategy formulation, manager evaluation and asset allocation

Dr. ANDREAS SAUER, CFA, Founder and Owner of Ansa Capital Management



In 1999, he was one of the co-founders and partners of what is today Quoniam Asset Management, and as CEO and CIO he turned it into the most successful investment boutique in Germany in the space of 13 years.

With ansa capital management, Andreas is taking his experience, insights and knowledge – with all their related successes and challenges – into new territory.

It was the economic development of the past few years that first drew his attention to the interaction between macroeconomic factors and the capital markets.

For 25 years, he has dedicated himself to researching and developing quantitative asset management methods and putting them into practice for the benefit of institutional investors.

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Is smart beta really that smart, inexpensive and good for investors?

- » The source of beta and is there really „dumb" beta?
- » The origins and evolvement of smart beta
- » The role of risk premia in smart beta
- » Benefits for investors
- » Smart beta as blend of active and passive investing

YVES CHOUEIFATY, President at TOBAM



Mr. Choueifaty built TOBAM in 2005, as Managing Director, Head of the Quantitative Asset Management business in Europe, and Head of Lehman Brothers Asset Management France.

Prior to joining Lehman Brothers, Mr. Choueifaty was CEO of Credit Lyonnais Asset Management ("CLAM"). He was CIO of CLAM from 2000 with direct responsibility for all aspects of the Investment Management process as well as Marketing and Sales. From 1998 to 2000 Mr. Choueifaty was Head of Financial Engineering and Quantitative Investment Management, having developed the structured products and financial engineering business units since 1992.

Mr. Choueifaty graduated in 1992 from ENSAE in Statistics, Actuarial studies, Finance, and Artificial Intelligence.

"Passive Management", the perfect oxymoron?

Investors often tend to assume that investing passively results in a portfolio that is both efficient and neutral from a risk allocation perspective. This is one of the largest misunderstandings about passive investing. The most common way for investors to obtain 'beta' exposure is through a market cap-weighted strategy. Academic and practitioner research shows that some strategies aiming to gain a different 'beta' exposure regularly outperform the market cap weighted strategies, exposing its inefficiencies. TOBAM believes that these inefficiencies arise from insufficient diversification in the implicit strategy of passive portfolios that track market cap-weighted indices.

The presentation is aiming at demonstrating the inefficiencies of market cap-weighted benchmarks and introduces a diversification measurement allowing for an efficient, unique and cost-effective alternative.

- » Why is passive not the solution?
- » Why invest in Equities?
- » Measuring Diversification
- » The neutral risk allocator
- » Empirical Findings

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ANDREW LAPTHORNE, Head Quantitative Equity Research at Société General

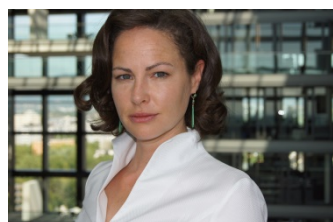


Andrew Lapthorne joined Société Générale in London in November 2007 and heads up the Quantitative Analysis team. Andrew spent 11 years at Dresdner Kleinwort, beginning as quant analyst in 1996. Prior to moving to Société Générale, he was Global Head of Quantitative Research. The team has created and runs a variety of systematic quantitative strategies, the most popular of being the Global and European Quality Income Strategies. He has been ranked #1 as individual analyst in the Extel Survey for the last eight years.

Smart beta investing – from academic theory to actual implementation.

Potential pitfalls as smart beta moves from backtested to real returns.

JOHANNA TREECK, Senior European Central Bank Correspondent at MNI



She covers the key policy makers and economic developments on the European continent. In her regular ECB Update and State of Play stories, Johanna offers in-depth analysis of the latest developments and what they might mean for ECB policy going forward. Before joining MNI in Frankfurt, Johanna worked as a legal and financial journalist in London and Zurich. Before turning to financial news-wires in 2006 as a Senior Correspondent for Thomson Financial, she worked for a series of leading British and German publications.

Light at the end of the tunnel?

Outlook on the recovery and monetary policy

SATOSHI SAKAMAKI, Deputy General Manager at MUFG



Satoshi Sakamaki is the deputy general manager in asset management division of Mitsubishi UFJ Trust and Banking Corporation, and is one of the largest asset manager in Japan. He is responsible for index investment strategies, product development and research initiatives. He also serves on the Board of Directors of the Nippon Finance Association.

He holds a bachelor's degree in mechanical engineering from Sophia University, and a MBA in finance from Aoyama Gakuin University, and a Ph.D. in economics from Yokohama National University.

Chartered Member of the Securities Analysts Association of Japan (SAAJ).

His paper "Premium for Upside Risk and Downside Risk: decomposition of volatility effect" got an award from SAAJ Journal in 2011, and his related research papers are "Risk and Return Characteristics of Global Minimum Variance Portfolio " Journal of Behavioral Economics and Finance (2009, Association of Behavioral Economics and Finance),

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"The Securities-Correlation Risks and the Volatility Effects in the Japanese Stock Market" Public Policy Review(2013, Policy Research Institute, Ministry of Finance Japan).

Corporate governance reform and Japan's equity market

ANGELIKA BOLLIGER, CFA, Director, Head of Market Development at STOXX Ltd.

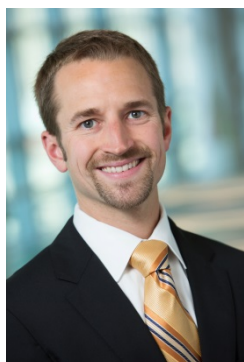


In her role Angelika is responsible for the development of innovative index strategy products and solutions for asset owners globally, as well as for the provision of related specialist sales support. Angelika joined STOXX Ltd. in 2013 from Partners Group AG, a global markets investment management firm where she had worked in different roles: From 2004 until 2008 she was portfolio manager, researcher and investment committee member with the firm's quantitative multi-strategy hedge fund. Later, she led the research and asset allocation process for the real estate department.

Angelika holds a master's degree in economic engineering from the Karlsruhe Institute of Technology in Germany, and she is a CFA charterholder.

and

TODD MATHIAS, CFA, Vice President, Global Product Strategist at iShares EMEA



His current responsibilities include providing technical product expertise for iShares offerings as well as supporting European clients using or evaluating US domiciled ETFs.

Mr. Mathias' service with the firm dates back to 2010. He was part of iShares Institutional Product Management & Consulting team in San Francisco, focusing on in-depth product support and analysis for key institutional clients. Prior to joining Blackrock, he worked as an analyst for Callan Associates, where he worked in Global Manager Research performing due diligence on various active managers across asset classes. Prior to that, he worked as a Sales Analyst for the Vanguard Group.

Mr. Mathias earned a BS in business administration from the University of Colorado at Boulder in 2006. He has earned the right to use the Chartered Financial Analyst designation and is a member of the CFA Society of the United Kingdom.

Workshop - How is a smart beta index created?

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EROL STEINER, Managing Director and Co-Founder of Crossflow Financial Advisors GmbH



Before co-founding Crossflow Financial Advisors GmbH, Erol Steiner was one of the key contributors to the ETF salestrading team at DekaBank Corporate & Markets. Until 2008 Erol worked at the ETF Advisory & Trading team at HVB/UniCredit and previously covered hedge funds and outright accounts at HVB's London convertible bonds desk. Erol earned a degree in business administration from the Munich University of Applied Sciences focussing on taxation/auditing and finance and investment management.

Differences among regular trading, ETF trading, smart beta trading

KONRAD SIPPEL, Senior Managing Director, Global Head of Business Development at STOXX Ltd.



In this role Konrad is responsible for the development of innovative new index concepts across all asset classes as well as the index business of the existing indices of STOXX Ltd., Deutsche Börse AG and SIX Swiss Exchange AG.

Konrad has spent well over ten years in the index business, primarily in index development at Deutsche Börse AG and STOXX. During his career he was involved in the creation and design of thousands of indices and innovative index methodologies.

Konrad Sippel graduated in Mathematics from Queen Mary College in London and also holds an MBA from Duke University in Durham, North Carolina/USA.

Discussion: Quant alpha vs. smart beta

PAUL AMERY, Financial Journalist



Paul Amery is a freelance journalist, focused on finance and investment. He has written for the Financial Times (FT.com, FTM and FT Alphaville), Global Custodian, IndexUniverse, the Journal of Indexes, ETF.com, Money Sense, Money Week, The Week, Investment Week, Professional Advisor, Campden FB, Private Investor and Thomson Reuters.

Paul was voted investment journalist of the year at the 2012 State Street Institutional Press Awards and was shortlisted in several awards categories in 2011, 2013 and 2014.

Before becoming a journalist, Paul worked in finance for twenty years as a fund

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manager, trader and private investor, primarily in the fixed income markets. He spent two years in the 1990s advising the government of Ukraine on creating a local currency bond market. He has a first-class degree in Russian and French from Cambridge University and professional qualifications in investment analysis and fund management.