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Global Real Assets Investment Forum

*Exploring Opportunities
in Real Asset Classes and
Strategies*

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**Institutional
Investor**

March 2-3, 2010
Union League Club
New York City

Global Real Assets Investment Forum
Exploring Opportunities in Real Asset Classes and Strategies

Many observers believe that growing U.S. government budget deficits and the rapidly increasing money supply will inevitably bring rising inflation and a declining dollar. While this outlook raises questions about the prospects for investments in stocks and bonds, it offers substantial support to investment themes related to “hard” asset classes, such as commodities, infrastructure and real estate.

As the U.S. emerges from “Great Recession” and global economic growth resumes, emerging markets in Asia, particularly China, are once again likely to generate high demand for an assortment of raw materials to fuel their growth. Infrastructure projects are also likely to play an important role in this economic picture. Stimulus packages launched in a variety of nations are utilizing infrastructure spending as a way to revive economic activity. And as the economic revival unfolds, emerging markets will be expanding their infrastructure. China’s aggressive infrastructure development program will also mean that other nations will need to respond in order to compete. Meanwhile, the U.S. and the rest of the industrialized world has a growing need to repair or replace existing infrastructure with new roads, bridges, tunnels, sewage treatment plants, and other vital facilities. Private sector investment will play a critical role in financing the expected infrastructure boom.

This trend, in turn, will increase demand for raw materials, putting a premium on many commodities necessary for the development of infrastructure. In addition, of course, the general increase in demand expected from the economic recovery, coupled with concerns about inflation and limited supply, will also influence commodity prices.

In addition, the battered real estate sector will receive a boost, over time, as opportunistic investors seek bargains and as the recovery gains steam.

Indeed, given the economic scenarios that are already beginning to unfold, real assets and infrastructure appear to offer attractive opportunities. These asset classes have the potential to generate superior returns while also offering additional portfolio diversification at a moment in time when economic dislocations have decreased values, in many cases perhaps below where they should be.

Institutional Investor’s Global Real Assets Investment Forum will examine these themes in order to help investors determine what level of exposure they should seek in these asset classes and what kinds of investment vehicles and instruments are best suited to provide this exposure. Over the course of two days, the Forum will scrutinize an assortment of specific investment opportunities while also examining broad portfolio strategy issues. The Forum’s panel discussions and presentations will not only offer insights into the best ways to invest in these sectors, it will also lay out the key risks investors must weigh in assessing the allocation they might want to make to these asset classes.

Sponsoring Organizations

Cohen & Steers Capital Management, Inc.
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Bunge Global Agribusiness
CME Group
Hancock Timber Resource Group
Meridiam Infrastructure
Tudor Investment Corporation

Tuesday, March 2

7:45-8:30 am Registration and Continental Breakfast
Library

8:30-8:45 am Welcome and Introductions:
Lincoln Hall

Forum Chairman:
Harvey D. Shapiro
Senior Advisor
Institutional Investor

8:45-9:30 am Special Presentation: The Great Recession and Its Meaning for the
Global Economy: Structural or Cyclical Shift?
Lincoln Hall

Presented by:
Zachary Karabell
President
River Twice Research

The estimate of total wealth lost globally as a result of the "Great Recession" is staggering. Job losses and continuing high unemployment is expected to linger as consumers pay off debt and increase their savings. Corporate profits, meanwhile, are recovering due to cost cutting, higher productivity and a steady, but slower increase in

sales. At the same time, government debt levels, particularly in the U.S. and a number of industrialized countries is exploding. And demographic trends are not encouraging. A variety of analysts and observers have suggested that the events that led to the economic upheaval, combined with these resulting trends, has created a structural shift that could last for years. Others, however, contend that we have experienced an extreme downside cyclical move that will recede in importance as we enter an upside cycle. Whatever outlook turns out to be more accurate it will likely shape the investment landscape for some time to come and influence inflation trends, monetary and fiscal policy, currency and asset values, growth forecasts and a slew of other factors that must be considered in making long-term investment decisions. The speaker in this special presentation will review these competing viewpoints to help determine which is more likely and how investors may want to respond.

Zachary Karabell is the President of River Twice Research, where he analyzes economic and political trends and challenges common assumptions ranging from global economics to environmental sustainability. With a prolific, award-winning writing career, an illustrious background on Wall Street and a Ph.D. from Harvard, Mr. Karabell brings a unique perspective to the discussion of globalization, the domestic and world economy, the greening of business and the shape of things to come. Mr. Karabell developed his keen economic insight as the Executive Vice President, Head of Marketing and Chief Economist at Fred Alger Management, a New York based investment firm where he quickly rose to become President and was also the Portfolio Manager of the China-US Growth Fund. He sits on the board of the World Policy Institute and the New America Foundation and is frequent guest commentator on television as well as a contributing writer to a variety of nationally known publications. He has written numerous books, including *A Visionary Nation: Four Centuries of American Dreams and What Lies Ahead*; *The Last Campaign: How Harry Truman Won the 1948 Election*, which won the Chicago Tribune Heartland Award for best non-fiction book of the year and *Peace Be Upon You: The Story of Muslim, Christian and Jewish Coexistence* (Knopf, 2007), a book which examined the forgotten legacy of peace among the three faiths that *The New York Times* called "enlightened and enlightening."

9:30-10:15 am Panel Session: The Case for Real Assets: Putting it All Together
Lincoln Hall

Moderator:

Robert Cultraro, CFA, CAIA, CIM
Acting Vice President, Pension Fund
Hydro One Inc.

Panelists:

Eric Melis
Vice President
Borealis Infrastructure

Jay Pluimer
Director Consultant Relations
FAF Advisors

Christian Busken
Vice President, Real Assets
Fund Evaluation Group

The growing chorus of experts concerned about inflation strongly recommends that investors investigate ways to protect their portfolios from its ravages. That need is perhaps more urgent today considering the battering portfolios have taken and the long way they have to go to recover. Moreover, while the focus has been on inflation rising as a result of the Fed's possible difficulties in removing excess liquidity from the market in a timely manner, higher than expected global growth as markets improve could increase fundamental demand and push inflation higher. Panelists in this session will discuss the historical ability of real asset classes to provide defenses against inflation and review several ways they can be incorporated in the investment mix to suit individual needs and objectives.

10:15-10:45 am Coffee Break
Library

10:45-11:30 pm Panel Session: **Infrastructure Investing Interests and Issues:
Perspectives On Meeting Expectations**
Lincoln Hall

Moderator:
Dr. Barbara Weber
Founding Partner
Bibs Capital AG

Panelists:
Max Wolff
Senior Analyst
The Beryl Consulting Group LLC

Vincent Benedetti
Head of Infrastructure
State of New Jersey Division of Investments

Thierry Déau
President
Meridiam Infrastructure

Investors have expressed an interest in infrastructure as an asset class for the potential benefits of diversification and non-correlated returns, aiming to obtain similar advantages associated with commodities and real estate investments. More importantly, however, is locking in durable and steady cash flow that can be relied upon both to provide an income stream to meet liabilities and offset losses elsewhere when they occur. But what exactly are U.S. plan sponsors looking for when it comes to various infrastructure investment options? What are the sectors, regions and structures that most interest them? What are their concerns and biggest hurdles they face in making allocations to infrastructure? What should managers be considering to meet

their needs and demands? While one size will never fit all, this panel will feature plan speakers who will outline the primary issues investors must grapple with as they consider the best way to obtain exposure to the sector and the solutions available to meet their goals.

11:30-12:30 pm Panel Session: Agriculture: How to Benefit from the Long-Term Demand Trends for Food
Lincoln Hall

Moderator:
Hunt Stookey
Managing Director
Highquest Partners

Panelists:
Mark Moore
Manager
Bunge Financial Services Group

Rodney Lake
Investment Analyst, Office of the Chief Investment Officer
George Washington University

Tim Hornibrook
Division Director
Macquarie Agricultural Funds Management

Howard M. Kaplan, CFA
President
ORG Portfolio Management, Natural Resources

The demand for agricultural products, from fresh fruits and vegetables, to grains and meats, seemed almost insatiable until the recent market downturn. Now prices have begun to stabilize as supply has exceeded demand. But since the number of consumers around the world who are able to afford better diets will continue to grow, albeit perhaps at a slower pace, experts believe prices that reached such lofty heights just months ago can be expected to demonstrate a long-term upward trend. The added demand for corn and sugar crops to turn into biofuels makes this view more viable because it effectively reduces the amount of arable land available to produce food crops. Political instability in some regions of the world and a lack of capital and materials are also likely to put limits supply. Knowledgeable speakers in this session will evaluate these ongoing developments and discuss the various ways investors may want to consider obtaining exposure to agriculture, from actively managed funds, indexes, or leasing or purchasing farmland, as well as the risks related to these choices.

12:30-1:00 pm Presentation: Finding an Edge in Commodities: Examining a Long-Biased, Actively Managed Approach
Lincoln Hall

Presented by:
Christopher Nygaard
*Managing Partner, Co-Founder -
Head of Agricultural Commodities*
Vermillion Asset Management LLC

David Jelinek, Ph.D.
Partner - Head of Quantitative Research
Vermillion Asset Management LLC

Many institutional investors have continued to opt for passive index products or, more recently, ETFs, when investing in the broader commodities market. Both these approaches, though, have been found to have drawbacks that have frequently led to disappointments. For those who have selected other routes the choices have typically been between quantitative commodity hedge funds or funds that rely on momentum pricing trends. Is there a better way? In this session the speaker will discuss a long-biased strategy that seeks to blend the best of these various approaches in order to provide an inflation hedge and produce exotic beta. The speaker will examine both how this strategy works as well as how it may be seen as a superior way to obtain the benefits associated with strategies more commonly known and used by investors.

1:00-2:15 pm Lunch
Mary Murray Room

2:15-2:45 pm Presentation: Collateralized Commodity Futures: Pursuing Better Results with Active Management
Lincoln Hall

Presented by:
Kevin Dacheille
Investment Director
OFI Institutional Asset Management

Some of the best known investable commodity indices that investors are most familiar with are essentially collateralized commodity futures products that through their weightings and other factors are inherently limited a mostly fixed exposure to over exposure to certain sectors of the market. In this session the speaker will review how an actively managed approach can provide the type of discretion and flexibility to obtain better results while still offering the associated benefits of diversification, inflation protection and competitive return generation.

2:45-3:15 pm Presentation: Infrastructure Investment Options: Matching Strategies to Objectives
Lincoln Hall

Presented by:
James Clark
Senior Product Manager
FAF Advisors

There are multiple ways to invest in infrastructure that, like all investment decisions, have their individual benefits and drawbacks. The various choices have as much to do with the level of sophistication, resources and goals of a specific institution, but determining the optimum way to invest can pose a number of challenges. Direct investing can make allocators partners in a project that may offer better dividends, but managed funds offer the advantage of a more dynamic approach that can give more focus to finding new opportunities as well as provide a quicker exit strategy. Listed funds ensure that liquidity will be consistently available, but unlisted funds may obtain access to prospective interesting investment possibilities not readily available elsewhere. This presentation will evaluate the main options available to investors and discuss how they can assess them in relation to their objectives and resources.

3:15-3:45 pm Coffee Break
Library

3:45-4:15 pm Presentation: Publicly Traded Infrastructure: Defining the Universe
Lincoln Hall

Presented by:
Ben Morton
Portfolio Manager, Global Listed Infrastructure
Cohen & Steers Capital Management, Inc.

With its attractive total return potential, income characteristics, liquidity, transparency and diversification opportunities, listed infrastructure can serve as either a stand-alone investment or as part of a broader infrastructure portfolio that includes direct investments. There are a variety of approaches to investing in publicly listed infrastructure companies, and different opinions of which listed infrastructure subsectors and companies capture the characteristics of typical infrastructure investments. In this session, the speaker will address the important issues that investors should consider in defining the listed infrastructure universe. He will also compare several listed infrastructure benchmarks and discuss the pro's, con's and risks associated with the various indices.

4:15-5:00 pm Panel Session: Into the Woods: Past, Present and Future for Timber Investments
Lincoln Hall

Panelists:
Tim Cayen
Director
Hancock Timber Resource Group

Bret Vicary, Ph.D., MAI
Vice President, Forestry & Natural Resources Consulting
James W. Sewall Company

Jeb Burns
Chief Investment Officer
Michigan Municipal Employees Retirement

Dr. Mike Clutter
Dean, Warnell School of Forestry and Natural Resources
University of Georgia

Timber has traditionally been an historically attractive real asset for long-term investors. But while institutional investors in timberlands now mostly appear poised to hold the positions they have, published reports have indicated that they are reluctant to make additional capital allocations at this time. A desire to own assets that are more liquid is apparently one of the primary reasons. The other is related to questions about whether comparative returns from other alternative asset classes might be more attractive. The speaker in this session will analyze these concerns and discuss other trends in the timber market, both domestically and globally, to provide guidance to investors on the most current and forward looking opportunities and risks for the sector.

5:00-5:30 pm Presentation: Emerging Market Infrastructure: China's Approach and the Possibilities it Represents
Lincoln Hall

Panelists:
David Russell
Executive Director
Macquarie Capital Funds (Hong Kong)

Rapid growth and increasing urbanization are already putting enormous strain on the infrastructure in many emerging market nations where future expansion is expected to both remain robust as well as accelerate. This has led a number of experts to predict that emerging market regions will be where some the best opportunities exist for many years to come. The risks, however, are not insubstantial, ranging from the abilities of contractors, government red tape, the skills and availability of human capital resources, as well as machinery and materials limitations that must be considered when trying to determine real potential future returns. Speakers in this session will focus on what China, ostensibly the most advanced emerging market nations to invest in its infrastructure, to illustrate the possibilities in other countries as well as to compare current initiatives and the future potential elsewhere. Insights on the countries and sectors likely to provide the best immediate opportunities will be provided in addition to a review of the greatest risks investors must acknowledge and monitor.

5:30-6:30 pm Cocktail Reception
Library

6:30 pm Evening free for private functions

Wednesday, March 3

7:45-8:45 am Breakfast and Registration
Library

8:45-9:00 am Welcome and Introductions
Lincoln Hall

Harvey D. Shapiro
Senior Advisor
Institutional Investor

9:00-9:30 am Presentation: **Beating the Index in Commodities**
Lincoln Hall

Presented by:
David Mooney
Co-Head of Investment
Schroder Investment Management North America

Investors have come to recognize the weaknesses in commodities indices, but how can they do better? This session will outline how to out-perform a commodities index using active management. The discussion will examine how active managers beat the indices, the risks they take to do so, how those risks are managed and how investors can take advantage of active management. In addition, the top tier commodities managers will be identified in order to examine potential returns from employing talented and experienced managers with the ability to navigate in what can frequently be a volatile and treacherous area of the markets.

9:30-10:15 am Panel Session: **Should Managed Futures be Included in Every Portfolio?**
Lincoln Hall

Moderator:
Randy Warsager
Director, Products and Services
CME Group

Panelists:
Jonathan R. Lavy
Portfolio Manager, Absolute Return Strategies
Promark Global Advisors

Steve Evans
Managing Director and Head of Systems Group
Tudor Investment Corporation

George A. Martin,
Associate Director, Center for International Securities and Derivatives Markets (CISDM)
Isenberg School of Management, University of Massachusetts at Amherst

Managed futures strategies fell out of favor for many years among a large group of institutional investors who would have found additional protection in their portfolios during the particularly volatile economic period we have struggled through, through which a majority of managed futures programs produced positive returns. While managed futures strategies may not be considered to provide direct exposure to the

commodity asset class, they have historically provided both non-correlated returns as well as an inflation hedge. Panelists in this session will review recent and historical returns for both common trend following managed futures programs as well as those that take a different approach, and will discuss the evidence indicating that institutions may be able to add risk protection and achieve better results in their portfolios by including an allocation to managed futures.

10:15-10:45 am Coffee Break
Library

10:45-11:30 am Panel Session: The Commercial Real Estate Landscape: Where Are We? What's Next?
Lincoln Hall

Panelists:

Steve Coyle
CIO, Global Realty Partners
Cohen & Steers Capital Management, Inc.

Michael H. Dean
Senior Associate
Meketa Investment Group

Allison T. Yager, CPA
Principal, Global Business & Investment Leader—Real Estate Boutique
Mercer

Commercial real estate has been battered as the credit market squeeze has been joined by a general economic slump, leading to higher development costs, if credit can be obtained, lower net operating incomes and depressed prices. But while the effects of the economic turmoil are still being felt, and commercial real estate may continue to suffer for some time to come from lower valuations and vanished liquidity, intuitional investors interested in future investment opportunities need to prepare themselves for taking advantage of them, even as they may be struggling to cope with the current environment. This session will explore some of the ways experienced commercial real estate investors are managing their portfolios today and what they expect on the horizon. They will examine the differences and similarities among various sectors and strategies and discuss how risks can be mitigated in the interim before a full recovery begins.

11:30-12:00 am Presentation: Evaluating the Evolution of the Institutional Market and the Reasons for Investing in Commodities

Lincoln Hall

Presentation:

Jason Lejonvarn
Strategist, Commodities
Hermes Investment Management

Major institutional investors have substantially increased their allocations to commodities in recent years as supply and demand dynamics, along with other factors, have contributed to relatively sustained bull market for energy, metals and agricultural products. As they have gained exposure and experience investors have also begun to allocate to more sophisticated strategies and programs in pursuit of both better, more consistent returns and greater downside risk protection. Still, because institutions have only recently invested in commodities in such a large way, questions about why a significant investment in commodities makes sense continue to be raised in order to determine whether and to what extent they are effective at delivering on expectations over the long-term. In this session the speaker will examine both the evolutionary trends among institutions that have invested in commodities, as well as investigate the underlying basis for doing so. In addition, he will review whether and to what degree the fundamental supply and demand forces seen as responsible for much of the recent appreciation in commodities prices really matter and discuss what it means for investors interested in commodities as an asset class.

12:00-1:45 pm Lunch with Guest Speaker: The Secret History of Risk: Understanding the Financial Crisis

Mary Murray Room

Presented by:

Joseph Heath

Author and Professor of Philosophy

University of Toronto

What should investors know about the financial crisis that they won't find out from either the general or specialized media? Banks, we are told, started lending money to people with no jobs, no skills, and no prospects. What happened? Did bankers around the world go crazy? Of course not. They had a theory about what they were doing—a theory, of course, that turned out to be mistaken. It was based upon a particular understanding of risk. In order to figure out what went wrong, and in order to avoid repeating past mistakes, we need a better understanding. We need to figure out the role that risk plays in our society, and how other societies, throughout human history, have dealt with the most basic problem of dealing with uncertainty.

Joseph Heath, Professor of Philosophy at the University of Toronto, where he also teaches at the School of Public Policy and Governance, brings a unique and uncommon perspective to examining economic issues. From countercultural rebellion to financial derivatives, Professor Heath is an expert on what makes the market tick. He preaches the science of economics, but without the graphs and equations. As a philosopher, he revels in the surprising and the unexpected. He enjoys nothing more than finding out that things he once thought true are in fact false. Always opinionated, invariably controversial, he would be more than happy to tell you why everything you think you know about the economy is wrong.

Professor Heath is the author of three bestselling books: *The Efficient Society: Why Canada is As Close to Utopia as it Gets*, with Andrew Potter, *The Rebel Sell: Why the*

Culture Can't be Jammed, and now his most recent book, *Filthy Lucre: Economics for People Who Hate Capitalism*.

1:45-2:45 pm Panel Session: **Implementing a Commodities Program in Institutional Portfolios**
Lincoln Hall

Moderator:
Cam Richards
Head of Real Assets
Albourne Partners

Panelists:
Jason Lejonvarn
Strategist, Commodities
Hermes Investment Management

Eric Nelson
US Alternatives Director
Schroder Investment Management North America

Mark Brockett
Partner, Managing Director & Portfolio Manager - Energy
Vermillion Asset Management LLC

Mark L. Paris, CFA
Senior Research Analyst
Russell Investments

The benefits of commodities as a diversifier and inflation hedge appear to be well recognized and accepted, but a variety of factors present challenges to institutional investors seeking to implement a commodities investment program. Should investors choose an active or a passive approach, or some combination of the two? Does a long/short strategy represent any real advantage over long-only strategies? Is the benchmark a manager uses to measure his returns really a valid way to compare them to other managers? With a relatively small universe of commodity managers with decently long track records what differentiates one over another when it comes to the specific needs and objectives of an investor? What constitutes an institutional quality commodities manager and what are the unique distinguishing factors that must go into evaluating them? These are some of the major questions this panel will address in examining the steps investors should take in implementing a commodities investment program.

2:45-3:15 pm Presentation: **The MLP Option for Infrastructure Investing: What Institutions Should Know**
Lincoln Hall

Presented by:
Quinn Kiley
Senior Vice President and Senior Portfolio Manager

FAMCO

Master Limited Partnerships (MLPs) typically own real assets, either infrastructure or energy reserves, have low correlation to other asset classes, pay a high yield, and in many cases have strategic importance to the economy on a regional and national scale. These attributes are shared by several alternative investments more commonly used in broad portfolios; however MLPs offer a level of liquidity and transparency not shared by some of these alternatives. While typically held by high-net-worth investors due their tax advantages, institutions have become increasingly large investors in MLPs. In this presentation the speaker will discuss why this is so, what advantages and drawbacks institutional investors may need to consider, and the various issues they should examine before investing in MLPs, from the management team and structure to how revenue is distributed and is vulnerable to changes in demand, regulations and competitive forces, among other things.

3:15-4:00 pm Panel Session: The Outlook for Investors on Infrastructure Investing
Lincoln Hall

Moderator:

Ernest Liébré, AIFA
Managing Director and Registered Representative
Cambridge Financial Services Group, Inc.

Panelists:

Vidak Radonjic
Managing Partner
The Beryl Consulting Group LLC

Quinn Kiley
Senior Vice President and Senior Portfolio Manager
FAMCO

Frank E. Benham
Managing Principal
Meketa Investment Group

What are the primary reasons investors are interested in allocating assets to infrastructure? What are their biggest challenges and what opportunities do they perceive these assets will provide? What are the essential qualities they are seeking in reviewing particular managers, sponsors, and projects? Investors and consultants in this session will offer their candid views on their expectations for infrastructure in their portfolios and the host of issues they must consider before allocating to the sector or increasing the allocations they have already made to it.

4:00-5:15 pm Cocktail Reception
Library

5:15 pm Evening free for private functions

