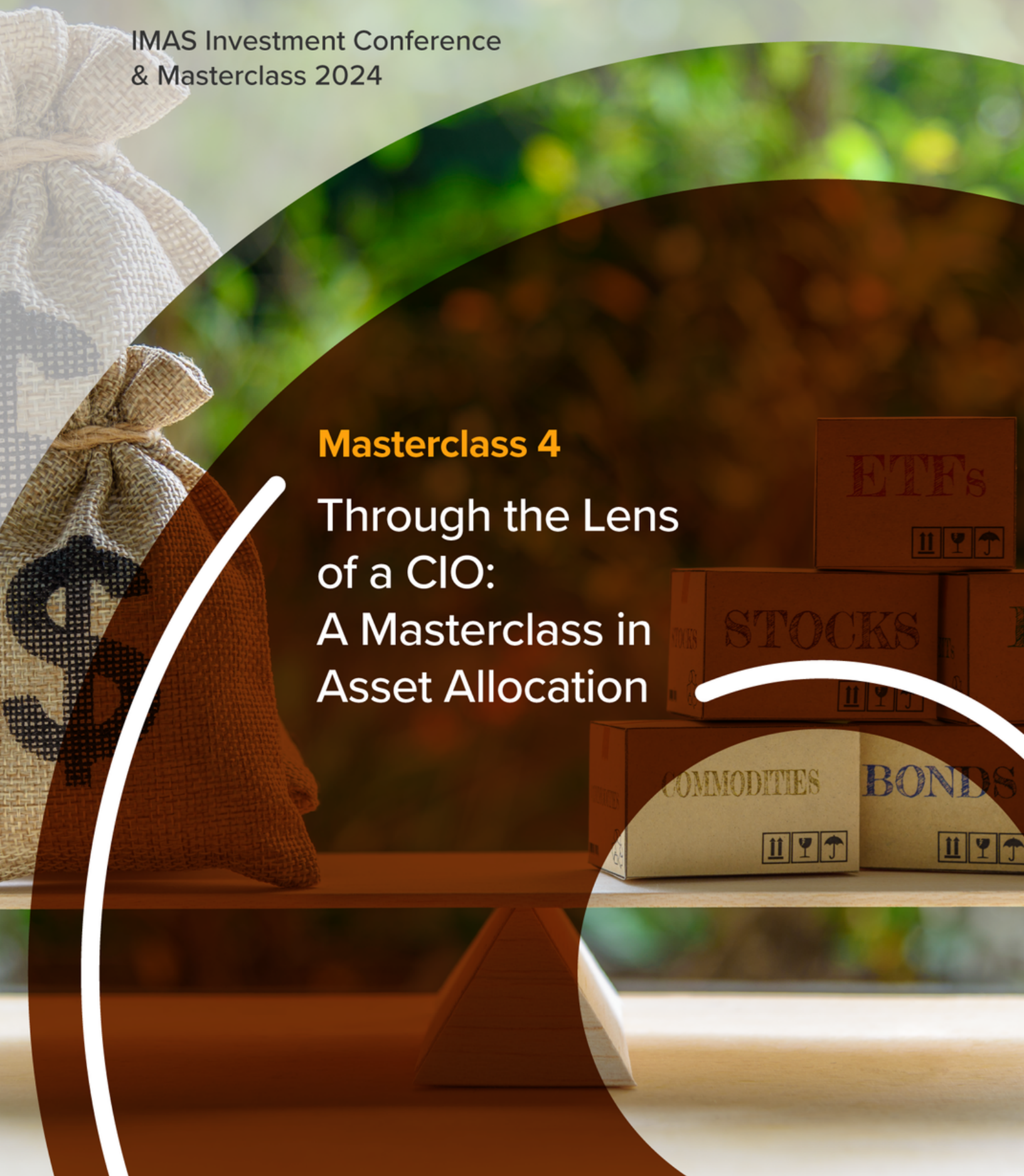


## IMAS Investment Conference & Masterclass 2024

### Masterclass 4

# Through the Lens of a CIO: A Masterclass in Asset Allocation





## **IMAS Investment Masterclass 2024**

### **Lesson Plan**

## **Asset Allocation Masterclass: Through the Lens of a CIO**

### **Trainers:**

Dr Chiam Swee Chiang - Head of Total Portfolio Policy & Allocation, GIC

Dr Salman Ahmed - Global Head of Macro and Strategic Asset Allocation, Fidelity International

### **Synopsis**

It is an exciting time to be in asset allocation. Traditional financial theory has found that a vast part of portfolio returns can be attributed to asset allocation, but the environment in which we operate and invest in today is evolving at a rapid and unprecedented pace. Structural changes driven by developments like climate change, geopolitical-led policies, the evolving correlation between traditional asset classes, and technological advancements are amongst the many important factors that are impacting asset allocation decisions and driving long-term returns.

Be a part of an engaging and interactive session that will go beyond basic theory to simulate the complex decision-making reality of asset allocation investors. Hear from highly experienced professionals who will share their knowledge on asset allocation concepts and techniques, and guide you through difficult real-world scenarios. Through this process, participants will gain a deeper understanding on what it takes to build robust investment portfolios across a variety of economic environments.

### **The objectives and learning outcomes:**

- (a) Recognise the various top-down scenarios that can structurally impact long-term portfolio outcomes and how portfolio strategy can be analysed across multiple time horizons
- (b) Understand the fundamentals of Strategic Asset Allocation (SAA)
- (c) Evaluate how top-down scenarios can be implemented into SAA decisions and form an appreciation as to how different assumptions used can impact portfolio outcomes





### **Session Outline**





1. Analysis of Macro-economic landscape
2. GIC's multi horizon asset allocation approach
3. Fundamentals of Strategic Asset Allocation with Case Studies
4. Q&A
5. Break out discussions
6. Case Studies



7. Group Sharing
8. Closing
9. End

No.	Details	Time Allocation
1	<p>A deep dive into GIC's analysis of the macroneconomic landscape and their multi horizon asset allocation approach.</p> <p>Speaker: Dr Chiam Swee Chiang</p>	35 mins
2	<p>Understand the fundamentals of Strategic Asset Allocation (SAA). Using real-life case studies, we will evaluate how top-down scenarios can be incorporated into long-term capital market assumptions and the potential portfolio outcomes.</p> <p>Speaker: Dr Salman Ahmed</p>	35 mins
3	<p>Q&amp;A</p> <p>Participants will be invited to clarify any questions they have with the trainers on the segments covered.</p> <p>Speaker: Dr Chiam Swee Chiang, Dr Salman Ahmed</p>	15 mins
4	<p>Breakout and introduction to the interactive session:</p> <p><i>Poll</i>  <i>What are the top 3 structural trends that are driving portfolio in the next 10 years?</i></p> <p><i>What are the top 3 events that are driving portfolio in the next 1 year?</i></p> <p><u>Presentation topics</u></p> <ul style="list-style-type: none"> <li>(a) How to develop various scenarios</li> <li>(b) Understand the process behind portfolio optimisation</li> <li>(c) Techniques to adjust for various top-down assumptions</li> <li>(d) Decision process behind final allocation decisions</li> </ul> <p><i>Participants will go into breakout groups where they will be guided on how top-down scenarios can be implemented into Strategic Asset Allocation (SAA) decisions. They will learn the techniques to adjust assumptions and gain an understanding of how different assumptions used can impact portfolio outcomes.</i></p>	20 mins

  IMAS Investment Conference & Masterclass 2024 <b>RESHAPING TOMORROW</b>  		
	Speaker: Dr Chiam Swee Chiang, Dr Salman Ahmed	
5	<p>CIO for the day</p> <p><b>Case Study Introduction</b> Present the case studies 1) &amp; 2) for participants to analyze and discuss.</p> <p><b>Parameters of discussion questions:</b></p> <ul style="list-style-type: none"> <li>• In a hypothetical scenario, as CIO of an investment fund, what would be the appropriate asset allocation plan?</li> <li>• How to balance long-term portfolio objectives and short-term risk factors?</li> <li>• What would be the recommended day-one portfolio?</li> <li>• Assess how different scenario assumptions can impact portfolio outcomes.</li> </ul> <p><b>Information for the Case Studies</b></p> <p>Portfolio</p> <ul style="list-style-type: none"> <li>• Hypothetical investment objectives and risk tolerance</li> <li>• Nominal return target of 8% over 10 years</li> <li>• Risk tolerance as defined by 60/40 portfolio</li> </ul> <p>Existing Policy Plan</p> <ul style="list-style-type: none"> <li>• 30% DM EQ</li> <li>• 10% EM EQ</li> <li>• 10% PE</li> <li>• 30% NB</li> <li>• 20% Real Asset – RE &amp; Infra</li> </ul> <p>Existing Portfolio</p> <ul style="list-style-type: none"> <li>• 30% DM EQ</li> <li>• 10% EM EQ</li> <li>• 30% NB</li> <li>• X% PE</li> <li>• Y% Real Asset – RE &amp; Infra</li> </ul> <p>X/Y to be decided upon, could vary across different groups.</p> <p>Capital Market Assumption</p> <ul style="list-style-type: none"> <li>• 10Y expected returns/risk across different capital markets.</li> <li>• Scenario assumption</li> </ul>	40 mins

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	<p>Additional Portfolio Considerations</p> <ul style="list-style-type: none"> <li>• Specific climate objective e.g. net zero target</li> <li>• Others</li> </ul> <p><u>Scenario analysis</u></p> <p><b>Case Study 1</b> - Implement various climate change assumptions into a portfolio and form an appreciation as to how different assumptions used can impact portfolio outcomes.</p> <p><b>Case Study 2</b> - Include additional assumptions into the allocation model like change in intra-asset correlation and change in policies led by geopolitics etc. and how they can impact portfolio outcomes.</p> <p><i>Participants will be engaged by the trainers to simulate being a Chief Investment Officer (CIO) for the day and analyse 2 case studies. This will be an immersive hands-on session where participants will model various scenarios into a portfolio and learn how they affect allocation decisions and outcomes</i></p> <p>Facilitated by all Trainers and Delegates</p>	
6	<p><i>Group sharing (CIO for the Day).</i></p> <p><i>Participants will share their analysis of the case studies, with the trainers facilitating the discussions and sharing their insights.</i></p>	20 mins
7	<p>Closing</p> <p>Speaker: Dr Chiam Swee Chiang, Dr Salman Ahmed</p>	15 mins