

SBai

Standards Board for Alternative Investments

Annual Report 2020

Established in 2008, the Standards Board for Alternative Investments (SBAI) is an active alliance of alternative investment managers and investors dedicated to advancing responsible practice, partnership and knowledge. We ensure the quality and efficacy of the alternative investment arena, through responsible standards and the exchange of ideas.

At our core, the SBAI is an active community committed to knowledge sharing, informed dialogue, and innovation. Together, our network of allocators and managers create real world solutions to tomorrow's industry challenges. We set clear standards and actively promote responsible practice to normalise quality and fairness.

Our mission is to advance understanding and connectivity between our members and to improve industry outcomes by promoting responsible practice and normalising quality and fairness.

The SBAI is a non-profit organisation governed by a Board of Trustees comprising of leading managers and investors. As a neutral alliance, we do not act to advocate on behalf of either managers or allocators, but together work to advocate for and protect the integrity of the alternative investment community.

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1 Message from the Chair of the Board – Mario Therrien



It has been 12 months since the Board of Trustees of the Standards Board for Alternative Investments (SBAI) appointed me as Chair and Luke Ellis, CEO, Man Group PLC as Deputy Chair of the SBAI.

I am incredibly honoured to lead this important organisation and support its mission to advance understanding and connectivity, improve industry outcomes, and create real world solutions to tomorrow’s industry challenges.

In the last 12 months when the world was gripped with the pandemic, many organisations had to readjust and change how they operate. The SBAI is no exception. However, this small team rose to the challenge and successfully transitioned to the virtual world and continued breaking new grounds making progress in North American, Europe and APAC regions; published significant content, signed up new stakeholders as Signatories to the Standards and Investor Chapter Members.

To implement its objectives, the SBAI has expanded its team. In August 2020, Maria Long joined the team as a Research and Content Director to co-ordinate content development. In March 2021, the team was joined by Isabelle Mather as Events and Marketing Director. Earlier in 2020, we also expanded our efforts in the APAC

region by hiring two team-members, Becky Xu and Annie Yang to spearhead our Asian initiatives.

Following the success of our APAC and North American Committees, in June we added our third regional committee – EMEA Committee that has since focused on our efforts in this region. Elena Manola-Bonthond, CIO of CERN Pension Fund was appointed Chair of the EMEA Committee.

We would like to take this opportunity to thank our Signatories, Investor Chapter Members, Core Supporters and Founders for their ongoing support and commitment to the Standards and efforts to improve practices in the industry.

In the 2020/2021 fiscal year¹, we welcomed 23 new Signatories and 6 Investor Chapter members.

¹From 1 February 2020 to 31 January 2021

Several of our stakeholders increased their involvement by becoming Core Supporters: 400 Capital Management, Acadian Asset Management, Angelo Gordon & Co., L.P., BlackRock, BlueBay Asset Management, Bridgewater Associates, Canyon Partners, Capital Fund Management, Fiera Capital Corporation, Graham Capital Management, HPS Investment Partners, LFIS, Magnetar Capital, Orchard Global Asset Management, Pictet Asset Management, PIMCO, Polar Asset Management Partners, Securis Investment Partners, Springs Capital, Two Sigma and Whitebox Advisors LLC.

In 2020, the Standards Board produced industry guidance via its Toolbox in a wide range of areas, including alternative credit, alternative risk premia, governance, cyber security and responsible investment. Earlier this year, the SBAI published practical guidance for alternatives managers developing approaches to responsible investment and a memo on side-pocketing within Insurance Linked Strategies (ILS). These materials are covered in more detail further in the Toolbox chapter of this report.

Looking ahead at the next 12 months, regulatory issues in relation to potential vulnerabilities in asset management will remain on the agenda for all of us and the SBAI will continue its efforts to engage with managers and allocators through its working groups, content development and events.

The SBAI runs several working groups that focus on topics, such as governance, alternative credit, ILS funds, and cyber security to name a few. Specifically, in the area of Responsible Investment (RI) later this year and in 2022, the RI Working Group will publish memos on the practical implementation of responsible investment in different alternative investment strategies. This Working Group will continue its discussions on

topics, including governance of the investment process and carbon metrics-based reporting.

Another topic that the SBAI has been exploring over the last several years is Culture and Diversity, which now has become a formalised initiative with the upcoming publications on the principles of diversity strategies and diversity for smaller asset managers. This working group will continue discussions later this year on how allocators can increase the diversity of their portfolios.

In addition to the opportunities for asset managers and allocators to engage within the Working Groups, the Standards Board also is exploring how to create more spaces for networking and engagement, including the new initiative "SBAI Societies" which will create peer networks for functions, such as operational due diligence, operational leaders, and investor relations.

Regulatory engagement is a critical part of the Standards Board's work, and this past year was no exception. We actively engaged in discussions and consultations with senior regulators around the globe, sometimes publicly, but often in private as a "trusted partner". Regulators take a strong interest in our work, from conflicts of interest to cyber security, and they view the Standards Board as an important reference point, complementing their efforts in a number of areas. They understand that we are not a self-interest group or a lobbyist—they see us as a neutral standard-setter and an ally in driving better practices globally and in helping improve outcomes in markets in a cost-effective way.

In closing, I would like to pay special tribute to our Founders and Core Supporters who have been so steadfast in their support, both financially and with their time. We would not be here today without their foresight and dedication.

Mario Therrien
2021

2 Board of Trustees



Mario Therrien

Head of Investment Funds
and External Management
CDPQ
Chair, SBAI



Luke Ellis

CEO
Man Group Plc
Deputy Chair,
SBAI



Leda Braga

CEO
Systematica
Investments



Jane Buchan

Founder
Martlet Asset
Management



Clint Carlson

President & CIO
Carlson Capital



Bruce Cundick

CIO
Utah Retirement
Systems



Chris Gradel

Founder, Managing
Partner & CIO
PAG



Stuart Fiertz

Co-Founder, President
and Director of Research
Cheyne Capital
Management



**Richard
Lightburn**

CEO
MKP Capital
Management



John Claisse
CEO
Albourne Group



David George
Deputy CIO
Future Fund
Australia



Daniel H. Stern
Co-Founder &
Co-CEO
Reservoir Capital
Group



Betty Tay
MD, Head of
External Managers
Department
GIC



Dale West
Senior MD,
Public Markets
Teacher Retirement
System of Texas



Poul Winslow
Global Head of
Capital Markets
and Factor Investing
CPP Investments

3 Key Highlights

The 2020/21 fiscal year has been very productive for us at the SBAI. We have developed new content, launched new working groups, welcomed new stakeholders as well as hosted global events. There also has been changes on the SBAI Board of Trustees.

Toolbox

We have continued to expand our Toolbox adding more practical guidance designed to help both asset managers and allocators. New additions have been made in the following areas:

Fund Governance	Governance and Cyber Security
Alternative Credit	Responsible Investment
Alternative Risk Premia	ILS

(see section 5 for more details)

Newly launched Working Group

Following on from our Culture & Diversity in Asset Management roundtables in 2019 and 2020, we have launched a new working group focusing on Culture and Diversity. This group will explore, amongst other things, how smaller asset managers can demonstrate a commitment to diversity and how allocators can increase the diversity of their portfolios.

New sub-streams were also added to the following existing working groups:

- **Governance Working Group**
 - Governance Sub-Stream Committees
 - Governance Sub-Stream Indemnification
- **Responsible Investment (RI) Working Group**
 - RI Sub-Stream – Regulatory Overview
 - RI Sub-Stream – Policy Framework
 - RI Strategy Specific Sub-Stream – Credit
 - RI Strategy Specific Sub-Stream – ILS
 - RI Strategy Specific Sub-Stream – L/S Equity
 - RI Strategy Specific Sub-Stream – Macro
 - RI Strategy Specific Sub-Stream – Systematic
 - RI Sub-Stream Investor Approach

(see section 6 for more details)

SPARK for Small and Emerging Managers

We launched a dedicated programme for small and emerging managers – SPARK. The programme aims to promote innovation in the alternatives industry by giving small and emerging managers the tools to help them attract capital from institutional allocators.

The programme includes:

- Dedicated Events
- Resources on the SPARK website ([found here](#)) including guides on preparing for operational due diligence and transparency tools

Regulatory Interaction

We continue to contribute to the global regulatory process directly with regulators and through our Affiliate Membership of IOSCO. Areas of focus include, amongst others, responsible investment/ESG, cyber security, conflicts of interest, big data/AI, financial stability, definition of leverage and culture & diversity in asset management.

Global Events

Due to the coronavirus pandemic, we transitioned to a virtual format in April 2020 and hosted 30 global institutional investor roundtables to discuss industry issues. Our virtual events attracted over 4,000 registrations from major investors and managers. Prior to the travel restrictions put in place as a result of the pandemic (January-March 2020), we also hosted in-person roundtables in Austin, Geneva, Helsinki, London, Melbourne and Sydney. The full list of events in 2020/2021 is Section 9 – Global Events section.

Stakeholder campaign

23 new managers signed up to the Standards and 6 investors joined the Investor Chapter in the 2020/2021 fiscal year.

Board of Trustees

Simon Ruddick of Albourne Partners retired from the Board in September 2020 having served on it since 2009.

In September 2020, **John Claisse of Albourne Group** was elected to the Board.

Bruce Cundick of Utah Retirement Systems retired from the Board of Trustees in 2021 having served on it since 2015.

4 Looking Ahead

Our key priority remains to advance responsible practice in the alternative investment ecosystem. We achieve this by focussing on the continuous adoption of the Standards by managers and the support for the Standards by investors. Our Board, Signatories and Investor Chapter members are committed to this critical initiative, and we expect to see strong progress in this area in the coming year.

We will continue to strengthen the SBAI stakeholder community, providing more opportunities for active collaboration, knowledge sharing, informed dialogue, and innovation. Together, our network of allocators and managers will create the real world solutions to tomorrow's industry challenges and to normalise quality and fairness.

We will also continue to build our virtual engagement platform with stakeholders and regulators to continue the active dialogue on standards and practices even as we move back towards a more physical world.

From a content perspective, we will focus on the following important initiatives.

**Responsible
Investment**

**Culture &
Diversity**

**Crypto Asset
Due Diligence**

Governance

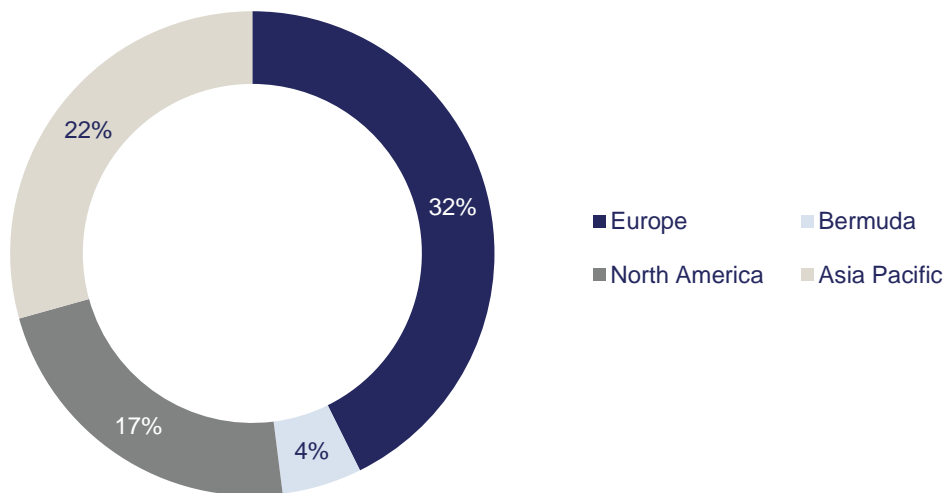
5 Stakeholder Campaign

We have continued our active engagement with the alternative investment fund manager and investor communities in North America, the Asia-Pacific region and Europe.

Signatory Progress

Since its inception, managers with over US\$2tn in AUM have committed to the Alternative Investment Standards. The signatories from North America still have the largest share of our signatory base, accounting for 42% of all signatories. However, our APAC signatories' share has increased from 19% to 22%. There is a growing interest from Bermuda-based managers who predominantly focus on insurance-linked strategies (ILS) and they represent 4% of our signatory base. In 2020/2021 we welcomed 29 new signatories from North America, Europe, and Asia Pacific, but we also lost a few signatories due to closure, mergers, and redemptions.

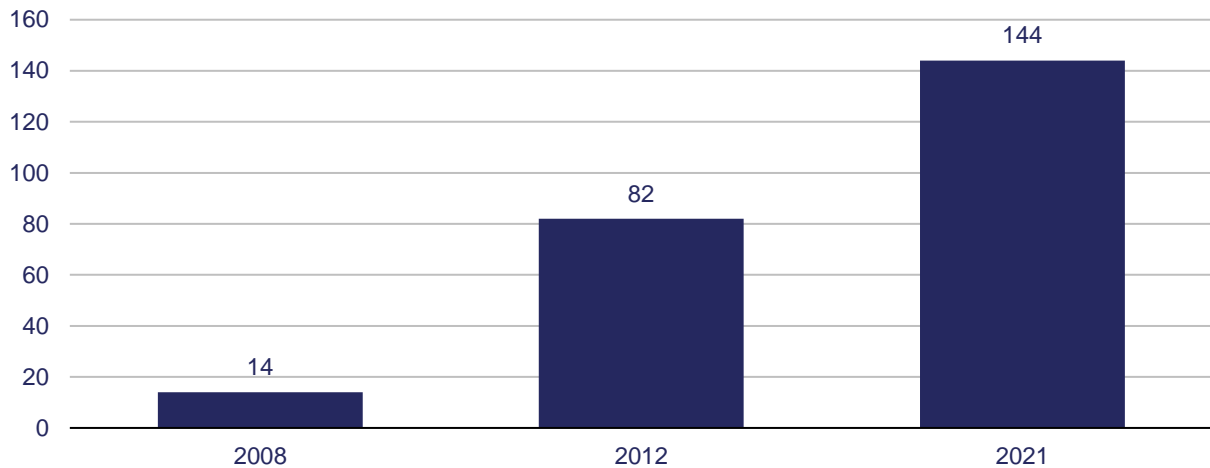
Signatories: 144 managers with over \$2tn in AUM (as at July 2021)



New Signatories in 2020-2021

Acadian Asset Management LLC	New Silk Road Management Pte Ltd
Balyasny Asset Management LP	One River Asset Management
Bluebell Capital Partners	Ovata Capital Management
Cairn Capital	Peak Capital Ltd
Canyon Partners, LLC	Perseverance Asset Management
Frost Asset Management	Platinum Investment Management Limited
GaoTeng Global Asset Management Limited	Polymer Capital Management
Golden Nest Capital Management	Schroder Investment Management (Switzerland) AG
Hillhouse Capital Management	Sussex Capital Management Limited
Hudson Structure Capital Management Ltd.	Sylebra Capital
IXI Fund Managers	Tangency Capital Ltd
Jasper Capital Hong Kong Ltd	Two Sigma Investments, LP
LFIS Capital (LFIS)	Washington Harbour Partners, LP
Lakefront Asset Management (HK) Co. Ltd	Zebedee Capital Management
Minority Asset Management	

Evolution of Signatories



Attracting new signatories, particularly in North America, remains one of our key priorities for the next 12 months. We recognise that the benefits the Standards bring to the industry – including strengthening manager practices, improving investor confidence, and bringing greater efficiency to investor/manager relationships – all grow as adoption of the Standards increases.

Investor Campaign

One of the most powerful aspects of the Standards Board is the fact that institutional investors are equal partners in our community as members of the Investor Chapter—pension and endowment funds, sovereign wealth funds, hedge funds of funds, private banks and family offices all are active participants in, and drivers of, our process. The Investor Chapter members manage US\$4tn in assets.

Since the launch of the Investor Chapter in 2010, we have actively engaged with investors around the globe in a variety of initiatives, such as reviewing amendments to the Standards, participating in joint panels on investor expectations and contributing to working groups to develop Toolbox items. Investor Chapter members also actively have encouraged their peers to become involved and have played a critical role in encouraging managers to commit to the Standards.

In 2020-2021 our Investor Chapter welcomed 12 high profile institutional investors as members

AP7

Aviva Singlife Holdings Pte Ltd

Avanda Investment Management

BIMCOR

Carnegie Corporation of New York

Church Pension Fund

Healthcare of Ontario Pension Plan (HOOPP)

Investment Management Corporation of Ontario (IMCO)

Maryland State Retirement & Pension System

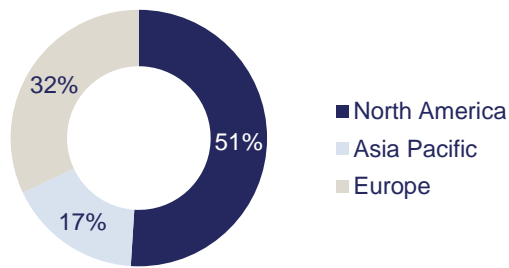
OP Asset Management

PRI Pensiongaranti

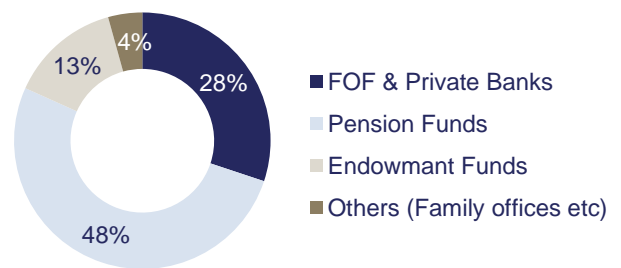
Veritas Pension Insurance

Investor Chapter: 93 members

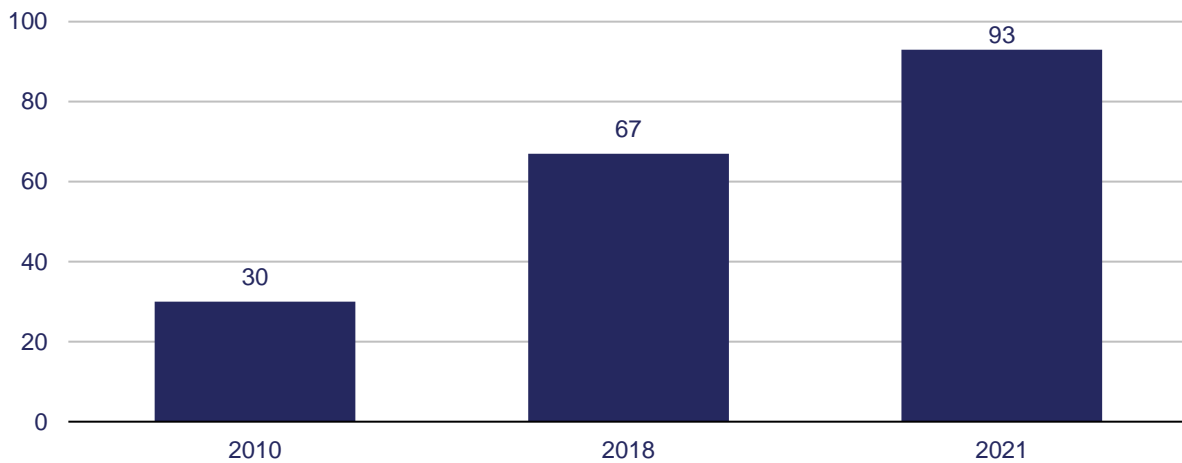
Investor Chapter Members by region



Investor Chapter Members by type



Evolution of Investor Chapter Members



Core Supporters

In autumn 2010, we created a special group of stakeholders – Core Supporters – that are committed to making a significant contribution to the SBAI’s efforts. Today, there are 23 members in this critically important leadership group:



Core Supporters are associated with SBAI thought leadership and are involved actively in our efforts to improve the market and the industry’s contribution to the wider community. Their logos are displayed on our website, and they interact with the SBAI Trustees and Founders through informal meetings, panels and board dinners, as well as through meetings with senior regulators in a wide variety of jurisdictions.

² Founders

6 Building a Robust Eco-System

The SBAI is an active community committed to knowledge sharing, informed dialogue, and innovation. Together, our network of allocators and managers create real world solutions to tomorrow's industry challenges. We set clear standards and actively promote responsible practice to normalise quality and fairness.

We ensure the quality and efficacy of the alternative investment arena through responsible standards and the exchange of ideas.

Our objectives are to:

- Advance understanding and connectivity
- Improve industry outcomes
- Create real world solutions to tomorrow's industry challenges
- Normalise quality and fairness
- Support the supervisory community in improving conduct and financial stability

We achieve this by:

- Bringing managers and investors together as a community
- Collaborating on key industry issues
- Setting, maintaining and improving the Standards and industry guidance
- Promoting the adoption of the Standards by managers

7 Setting the Standards

The Alternative Investment Standards provide a powerful mechanism for creating a framework of transparency, integrity, and good governance to simplify the investment process for managers and investors. They set levels of quality of working practice that complement the public policy framework, facilitate investor due diligence, streamline consultant and investor due diligence by establishing a set of common practices and approaches, provide a benchmark for manager practice and complement public policy.

While we welcome appropriate regulation of the industry, traditional rules and regulations are not expected to meet all the needs of investors and investment managers. Standards provide a more flexible tool to account for the diversity of investment strategies, the speed of innovation, the complexity of many platforms and the global scope of the industry. They are principles-based, consistent with existing regulation in multiple jurisdictions and intended to benefit alternative investment managers and investors from all jurisdictions.

The Standards are always likely to be more demanding, comprehensive and appropriate than the regime in any one country, because the Standards are defined by those with a strong vested interest in the success of the industry. Over time, the Standards are expected to become the generally accepted norm with all market participants adhering to them.

The Standards are based on a “comply or explain” regime, catering for the entire breadth and diversity of the industry. This flexible approach accommodates managers who are unable to conform to specific standards due to unique business reasons, however, it requires managers to renew conformity with the Standards annually and explain if they choose not to comply with specific Standards.

The signatory process requires that managers make a public commitment to investors. While conformity with the Standards is based on self-certification, failure to conform is a form of misrepresentation. In this sense, the Standards are binding, and conformity with them can be verified by investors at any point.

Keeping the Standards fit for purpose is an iterative process, and in line with its mandate, the SBAI responds to changes in industry practices and investor expectations by consulting publicly on improvements to the Standards from time to time. So far, the Standards have been amended four times:

<p>CP1 Handling of redemptions 2009</p>	<p>CP2 Administration and Safekeeping 2009</p>	<p>CP3 Globalisation of the Standards 2011</p>	<p>CP4 Managing conflicts of interest 2015</p>
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All amendments resulting from the above consultations have been incorporated in the Standards.

The Role of the Standards

The Standards

- Demonstrate the industry is willing voluntarily to establish responsible standards of practice
- Provide a benchmark and a set of common practices that investors can adopt in their due diligence and monitoring – making the process more predictable and efficient
- Result in the industry being defined by the responsible practices represented in the Standards rather than by irresponsible actions of individual sub-par firms
- Enable the industry to organise and take control of its future, rather than having that future dictated by regulators, the media and random events

The Standards expand the Investor Base

- Well-established standards will enable the industry to grow by building investor confidence
- The Standards establish common practices that make the investor/manager relationship more predictable and efficient – vs. discordant practices resulting from individual negotiations
- The presence of investors as equal partners in the SBAI ensures that the Standards are meeting their needs
- Investors are able to pre-identify managers who have committed to the Standards, which aids their selection and due diligence process
- Better industry practices decrease the need for costly regulation. Strong industry standards help investors address criticisms and concerns some constituents may have about alternative investment funds in areas such as disclosure, valuation, risk management, governance and shareholder conduct

8 Toolbox: Thought Leadership in Practice

Not all aspects of manager practice need to be enshrined in Standards, and that is where the SBAI Toolbox comes into play. Launched in 2014, the Toolbox complements our standard-setting activities by providing additional guidance to managers and investors on practical issues. The materials available through the Toolbox have been developed by our working groups, comprised of investors, managers and select relevant service providers (see section 6).

Managers and investors have told us that the content material in the Toolbox has become one of the most valuable outputs of the SBAI’s activities.

Overview of Toolbox

Transparency Reporting Tools	Guidance			Templates
	Alternative Credit	Responsible Investment	Alternative Risk Premia	Standardised Board Agenda
Administrator Transparency Reporting	Co-Investments	Governance	ILS Valuation	Standard Trial Data License Agreement
Standard Total Expense Ratio (STER)	Cyber Security	Culture & Diversity	Culture & Diversity (coming soon)	

The materials available through the Toolbox serve as a guide only. They are not formally part of the Standards and the comply-or-explain approach.

Toolbox - additions and updates in 2020/2021

Alternative Risk Premia

- Back-Testing
- Broker Dealer Practices
- Due Diligence Questionnaire for Broker-Dealer Products

Governance and Cyber Security

- Cash Handling and Cyber Security

Responsible Investment

- Review of Global Responsible Investment Regulations
- Responsible Investment Policy Framework

ILS

- Practical Guidance on Side-Pocketing within Insurance Linked Strategies

1 Alternative Risk Premia

An area that has seen expansion in recent years is Alternative Risk Premia (also referred to as factor-based investing). Factor-based investment approaches look at well-understood and academically documented underlying factors that explain and influence an asset's risk and/or performance as building blocks for portfolio diversification. Institutional investors access these strategies through funds, broker-dealer products, or in-house trading teams. The systematic nature of these strategies requires that institutional investors conduct dedicated due diligence on the robustness of the strategy implementation.

The following SBAI Toolbox memos on Alternative Risk Premia were produced by our Alternative Risk Premia Working Group. This working group involves over 35 participants from leading allocators and asset managers.

Back-testing

Alternative Risk Premia strategies are usually developed using back-testing. Back-testing uses historical simulations to test the strategy using historical data to see how it would have performed in the past. The output of back-testing is a time series of profits and losses for the strategy which can then be summarised by risk adjusted return metrics such as Sharpe Ratio. Correlation with other asset classes can also be assessed using back-testing.

The Back-testing Memo focuses on assessment of the strategy development process including key points such as:

- Back-testing does not equal past performance
- Detecting Statistical Overfitting Bias
- Assessing Underlying Assumptions
- Back-testing time series
- Back-testing versus actual performance

It also identifies key areas investors need to assess in their due diligence.

The memo can be found [here](#).

Broker Dealer Practices

When institutional investors access Alternative Risk Premia strategies through a broker dealer, the type of due diligence required changes.

The memo discusses some of the key distinctions between a managed fund and a broker dealer product in areas such as:

- Fiduciary Responsibility
- Product Design
- Disclosure
- Costs
- Access

It also contains a detailed list of questions for investors to use when completed due diligence on these products.

The memo can be found [here](#).

Broker Dealer DDQ

The detailed list of questions for investors to ask from the memo above was converted into a DDQ that investors can request broker dealers providing these products to complete.

The adoption of this DDQ was supported by nine large broker dealers: Barclays, BNP Paribas, CIBC, Citi, Goldman Sachs, JP Morgan, Macquarie Group, Morgan Stanley and UBS.

The DDQ can be found [here](#).

2 Governance and Cyber Security: Cash Handling and Cyber Security

Cyber-crime is an ever-increasing, evolving threat to organisations of all sizes. Investment managers routinely engage in the transfer of large sums of money in their daily business activities, therefore they are attractive targets for a spectrum of cyber-frauds. The regularity of these transfers (either within a fund structure or to external vendors) can result in a decreased awareness of the risks surrounding the transactions increasing the vulnerability to cyber-attacks.

Historically, controls managers have put in place for these transfers have focused on preventing internal fraud, many of these controls do not provide adequate protection from external fraud via cyber-attacks. With the current and expected continued rise in remote working, appropriate controls to safeguard transactions against a wide range of threats (including cyber-crime) become more important than ever as employees working outside an office environment may lower their guard against these threats.

This memo provides practical advice and guidance to alternative investment firms and institutional investors. Managers will be able to use this guidance to benchmark their current processes and investors will be able to use this to guide their due diligence.

The SBAI Toolbox memo covers the following areas:

1. Overview of the Threat Environment
2. Common Types of Cyber-fraud
3. Common Cyber-fraud Techniques
4. Controls to Mitigate the Risk (including guidance on due diligence questions that investment managers should be asking their fund administrators² and other strategic financial partners)

This SBAI Toolbox memos was produced by our Governance Working Group. This working group involves over 55 participants from leading allocators and asset managers.

The memo can be found [here](#).

3 Responsible Investment:

Responsible Investment (RI) is a growing area of interest for asset managers, investors, and regulators, but implementation of RI approaches outside of traditional equity strategies can be challenging. The SBAI Toolbox resources on RI provide guidance to asset managers and investors on developing and documenting RI approaches and facilitating a nuanced approach to RI in different alternative investment strategies.

The SBAI Toolbox memos on RI have been produced by our Responsible Investment Working Group. This working group involves over 140 participants from leading allocators and asset managers.

Review of Responsible Investment Regulatory Environment – Asia, Europe, and North America

Governments and regulators globally have been taking views on topics relating to the broad area of RI and there has been a substantial increase in regulation in this field. In most RI regulations, the emphasis is currently on disclosure and the creation of market solutions, rather than taking a prescriptive approach on how the requirements should be implemented. Since 2018, there have been over 170 RI-related regulatory measures proposed globally – more than in the previous six years combined. The European Union (EU) has been at the forefront of RI regulation, including mandatory disclosure requirements on RI factors, and is the source of over 65% of all RI regulation.

The RI regulatory landscape, however, is shifting rapidly in some jurisdictions, as ‘soft’ law measures are being progressively transposed into ‘hard’ law rules with ‘teeth’. The EU has been at the forefront of regulatory change following the launch of its Sustainable Action Plan and the European Green Deal, which seeks to “reorient capital flows towards a more sustainable economy”, “integrate sustainability into risk management” and “foster transparency and long-termism”.

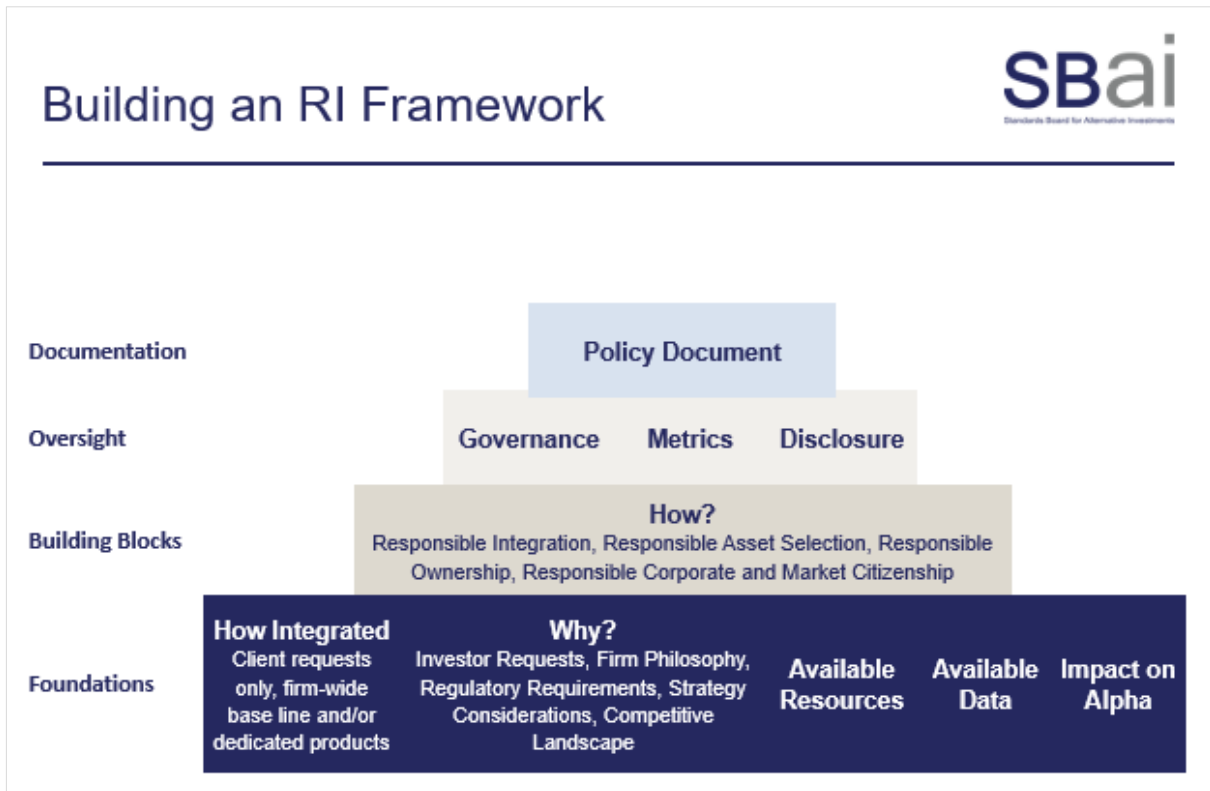
This Toolbox memo provides a global overview of the different types of regulations and guidance that have been issued by regulators and other authorities as well as guidance that has been proposed. It looks at regulation from the perspective of issuers, investors, and asset managers.

The memo can be found [here](#).

Responsible Investment Policy Framework

Responsible Investment (“RI”) is a growing area of interest for asset managers, investors, and increasingly regulators. While many RI-related factors have long been present in fundamental analysis, without being explicitly named so, there is now a growing expectation amongst institutional investors, that asset managers develop an RI Approach and disclose this approach via an RI Policy. Historically RI was associated with value or norms-based security exclusions, but as awareness around RI issues grows globally, investors now have different motives for considering RI in the investment process, including the financial materiality of RI-related risks. This has led to spectrum of approaches to RI.

This SBAI Toolbox memo is a non-prescriptive framework for alternative investment managers to develop an approach to RI and to document this approach in an RI Policy.



This framework is designed to be used in conjunction with supplemental strategy memos that will be published by the SBAI in the coming months. These supplementary memos will take a deeper dive into the practical implementation of an RI Approach within different alternative strategies.

This memo contains discussion on the following areas of building and documenting an RI Approach:

- Foundations of an RI Approach: Key considerations including the key drivers, the spectrum of approaches, resource requirements, data, and the impact of RI on products
- Building Blocks of an RI Approach, including:
 - Responsible Integration
 - Responsible Asset Selection: Exclusions, Inclusions, and Impact
 - Responsible Ownership: Voting, Engagement, and Activism
 - Responsible Corporate and Market Citizenship: Organisational Initiatives, Good Market Citizenship, and Carbon Offset and Hedging

This is then consolidated into a framework for disclosures within an RI Policy.

The memo can be found [here](#).

4 Side-Pocketing within Insurance Linked Strategies

Side-pocketing occurs across multiple alternative investment strategies and is the process of segregating assets that have become illiquid or hard-to-value from the main portfolio. The purpose of this segregation is to ensure that where there is valuation uncertainty and/or illiquidity, value is allocated fairly between redeeming, existing and incoming investors, and fees are charged appropriately.

In insurance linked strategies (“ILS”), this valuation uncertainty is often caused by the occurrence of large loss events where the losses have yet to be defined or realised. After such events, insurance strategies can suffer prolonged periods of valuation uncertainty because of the extended process of loss discovery and settlement. Side-pockets are widely used in such times and can play a valuable role in mitigating the consequences of valuation uncertainty.

This SBAI Toolbox Memo sets out some considerations and recommendations for asset managers and investors relating to the mechanics of side-pocketing within ILS Funds.

This memo examines:

- The Objectives of Side-Pockets for ILS Funds,
- ILS Specific Considerations in Side-Pockets, and
- What the SBAI Alternative Investment Standards say

The memo also includes a list of questions for investors to consider when evaluating side-pockets during their due diligence, and the appendices offer a more detailed insight into some of the topics discussed in the memo.

There is a variety of approaches to side-pocketing that ILS managers can use including variations in how side-pockets are formed and unwound, fee arrangements, and the discretion exercised by the asset manager. This SBAI Toolbox Memo is not prescriptive in many of these areas, but makes some recommendations, particularly in areas already covered by the SBAI Alternative Investment Standards.

The memo can be found [here](#).

9 Working Groups – Practical Collaboration

Our Working Groups bring together institutional investors and managers to advance responsible practice, partnership, and knowledge. Over 385 individuals participated in working groups representing over 150 manager and investor stakeholders.

Overview of Working Groups and Initiatives

Strategy Specific	Thematic	Regional
Alternative Credit	Responsible Investment	Japan Working Group
Insurance Linked Funds	Culture & Diversity	
Alternative Risk Premia	Governance	China Working Group
	Standard Investor Profile (SIP) Template	

Our working groups are a neutral place for asset managers and allocators to come together to discuss key areas of concern and develop practical industry guidance. The outputs of the working groups are made available to the alternative investment industry via the SBAI Toolbox. The SBAI working groups are global with members from Asia, Europe, and North America.

Detailed Overview of SBAI Working Groups

Areas of Focus and Previous Publications

Working Group	Areas of Focus	Previous Publications
Responsible Investment	<p>Practical Implications in different strategies:</p> <ul style="list-style-type: none"> – L/S Equity – Macro (Fixed Income/FX) – Credit – ILS – Systematic <p>Investor Approach to RI and to assessing the RI framework of external managers</p>	<p>Framework for a Responsible Investment Policy (2021)</p> <p>Responsible Investment – Review of Regulatory Expectations (2020)</p>
Culture & Diversity	<p>Principles of Diversity: How to structure your approach to culture and diversity</p> <p>Beyond the Metrics – Assessing and Demonstrating Culture and Diversity for Small and Mid-size Managers</p> <p>Increasing the Diversity in your Portfolio</p> <p>Resource Guide of External Initiatives</p>	
Governance	<p>Internal Governance of Asset Management Firms</p> <p>Indemnification Wording in Offering Documents</p>	<p>Governance – Cash Handling & Cyber Security (2020)</p> <p>Governance – Conflicts of Interest in Parallel Funds (2020)</p> <p>Governance – Updated Standardised Board Agenda (2019)</p>
Alternative Credit	<p>New Areas for Potential Exploration:</p> <p>Covenants and Disclosure</p> <p>Transparency on newly issued debt subordinating existing debt</p> <p>Standardisation of risk reporting (including reviewing Open Protocol)</p> <p>Operational Nuances in Private Credit</p> <p>Governance – Role of LPACs and Conflicts with GPs</p>	<p>Alternative Credit – Fund Structuring (2020)</p> <p>Alternative Credit – Valuation (2020)</p> <p>Alternative Credit – Conflicts of Interest (2020)</p>
Insurance Linked Funds	<p>Brainstorming Sessions about to begin to discuss new topics for exploration</p>	<p>Side Pocketing in ILS Funds (2021)</p> <p>Insurance Linked Securities – Valuation (2019)</p>

Working Group	Areas of Focus	Previous Publications
Alternative Risk Premia	Risk Monitoring Benchmarking and Indices	Alternative Risk Premia – Back-Testing (2020) Alternative Risk Premia – Broker Dealer Practices (2020) Alternative Risk Premia – DDQ for Broker Dealer Products (endorsed by large brokers) (2020)
Standard Investor Profile Template	Objective Streamline the subscription and redemption processes by creating a Standard Investor Profile Template for hedge funds and private market funds that captures the essential elements necessary in the most common jurisdictions.	
China	Current Active Work Comparative Analyses on Securities Investment Funds – PRC, HK and Singapore Future Areas for Exploration: Bridging the gap between Chinese Onshore managers and Allocators	Comparison of Chinese regulation and Standards of international practice
Japan	Current Active Work Comparison of Japanese practices and regulation with international practice Future Areas for Exploration: DIM (Discretionary Investment Manager) regulation in Japan (overview, conflicts of interest)	

10 Global Institutional Investor Events: Connecting the Investment Community

Starting in 2013, we host small-scale but highly effective institutional investor roundtables, bringing together managers, investors and regulators to explore topics of the day through interactive discussions and practical case studies.



11 Regulatory Engagement

As part of our mission to participate in the global regulatory debate, we actively engage with the global supervisory community. We respond to public consultations, meet with senior officials and have smaller workshops which bring together regulators, managers and investors on important issues of mutual interest.

In 2020/2021, the SBAI has continued its active support of the regulatory community through the International Organization of Securities Commissions (IOSCO) and in direct interaction with authorities.

Overview of Regulatory Interaction

<p>Australia</p> <ul style="list-style-type: none"> - Australia Prudential Regulation Authority (APRA) - Australian Securities & Investments Commission (ASIC) 	<p>EU (ex UK)</p> <ul style="list-style-type: none"> - AMF (France) - Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) - European Securities and Markets Authority (ESMA) 	<p>UK</p> <ul style="list-style-type: none"> - Bank of England - Financial Conduct Authority (FCA) - HM Treasury - Prudential Regulatory Authority (PRA)
<p>Canada</p> <ul style="list-style-type: none"> - Autorité des marchés financiers (Québec) - Canadian Securities Administrators (CSA) - Ontario Securities Commission (OSC) 	<p>Hong Kong</p> <ul style="list-style-type: none"> - Hong Kong Monetary Authority - Securities and Futures Commission (SFC) 	<p>US</p> <ul style="list-style-type: none"> - FBI Cyber Branch (New York) - Federal Reserve Bank of Dallas - Securities and Exchange Commission (SEC) - US Attorney’s Office, Eastern District of New York

12 Regional Committees

APAC Committee

In 2021, the APAC Committee welcomed Frances Chang of Noah Group.

In 2020/2021, the APAC Committee supported a number of high-profile events hosted via a virtual platform by the SBAI for the APAC region, including:

- Navigating through COVID-19: APAC Leaders' Perspective
- Alternative Credit in APAC
- Hong Kong as a Hub for Alternative Investments
- GIPS for APAC
- Allocating to Chinese Alternatives – Offshore and Onshore Options

In February 2020, the Standards Board hired Becky Xu and Annie Yang, APAC-based consultants, who are involved in the Standards Board's activities in Asia Pacific. They closely work with the APAC Committee as well as the SBAI Head Office in London.

APAC Committee - established in 2016

- **Frances Chang**, Noah Group
- **David George**, Future Fund Australia
- **Chris Gradel**, PAG
- **Richard Johnston**, Albourne Partners
- **Ted Lee**, CPP Investments (Chair)
- **William Ma**, Independent Advisor
- **Brian Pohli**, Independent Advisor
- **Betty Tay**, GIC
- **Danny Yong**, Dymon Asia Capital (Deputy Chair)

Appendix I: Board of Trustees

Mario Therrien

Head of Investment Funds and External Management, CDPQ Chair, SBAI

Mario Therrien leads CDPQ's investment funds activities. The teams he oversees invest in private investment funds and credit in private markets, as well as in venture capital in Québec and internationally. They are also responsible for external management in equity markets, as well as developing and managing strategic and institutional relationships. His mandate consists of adding value by building portfolios with the best external managers, while improving in-house management through the sharing of knowledge and expertise. He sits on the Investment-Risk Committee.

Prior to this role, Mr. Therrien was Senior Vice-President and Head of Strategic Partnerships, Developed Markets. He joined CDPQ in 1993 as an Analyst before taking on the role of Portfolio Manager in the group responsible for absolute return activities. Subsequently, he was mandated to develop external management activities in liquid-asset classes.

He holds a Bachelor's degree in Economics and a Master's degree in Finance from Université de Sherbrooke. He has also completed the Canadian Securities Course given by the Canadian Securities Institute, and is a CFA charter holder. Mr. Therrien is a member of the Montreal CFA Society.

Luke Ellis

Chief Executive Officer, Man Group plc Deputy Chair, SBAI

Luke Ellis is CEO of Man Group plc ("Man") based in London. Luke was previously President of Man, having joined the firm in 2010, and had been a member of the Executive Committee. Before joining Man, he was Non-Executive Chairman of GLG's Multi-Manager activities. Prior to this, he was Managing Director of FRM from 1998 to 2008 and one of two partners running the business. Before joining FRM, he was a Managing Director at JPMorgan in London, and as Global Head was responsible for building the firm's Global Equity Derivatives and Equity Proprietary trading business. Mr. Ellis holds a BSc (Hons) in Mathematics and Economics from Bristol University.

Leda Braga
CEO, Systematica Investments

Leda Braga is the founder and CEO of Systematica Investments, a global institutional hedge fund manager with approximately \$8.2 billion in assets under management. Systematica was formed in January 2015 as a spin-off of BlueCrest Capital, where Ms Braga was President and Head of Systematic Trading for 14 years. Prior to BlueCrest, she was part of Cygnifi Derivatives Services (a J.P. Morgan spin-off). At Cygnifi Ms Braga was part of the management team and head of its Valuation Service. Prior to Cygnifi, she spent nearly seven years at J.P. Morgan as a Quantitative Analyst in the derivatives research team. Her past experience includes modelling of interest rate exotics, FX/interest rate hybrid instruments and equity derivatives.

Ms Braga holds a PhD in Engineering from Imperial College London, where she worked as a lecturer and led research projects for over three years prior to joining J.P. Morgan. In addition, she has served in the advisory board of the pension fund of the CERN in Geneva and currently serves on the advisory board of the London School of Economics' Systemic Risk Centre.

Jane Buchan
CEO, Martlet Asset Management

Jane is Chief Executive Officer of Martlet Asset Management responsible for firm strategy, organization and performance. Martlet is based in Newport Beach, CA and was founded in July 2018. The firm's strategies include alternative risk premia and developing liquid strategies with a focus on fixed income.

Prior to this, Ms. Buchan co-founded and led Pacific Alternative Asset Management Company (PAAMCO), a Fund of Hedge Funds focused on institutional investors for 18 years. Under her leadership first as CEO of PAAMCO and then co-CEO of PAAMCO Prisma, the firm grew to \$32 billion AUM placing it third globally in the league tables by the time of her retirement in July 2018 (HFM InvestHedge Billion Dollar Club).

Jane began her career at J.P. Morgan Investment Management in the Capital Markets Group where she was trained in quantitative fixed income portfolio management. She has been an Assistant Professor of Finance at the Amos Tuck School of Business at Dartmouth. She recently served as chairwoman of the board for the Chartered Alternative Investment Analyst Association (CAIA) and is a member of the Advisory Board for the Master of Financial Engineering Program at UCLA Anderson School of Management.

Jane holds both a PhD and an MA in Business Economics (Finance) from Harvard University. She earned a BA in Economics from Yale University. Jane has thirty-three years of experience in investment management and portfolio construction with institutional investors.

Clint Carlson
President & CIO, Carlson Capital

Mr. Carlson founded Carlson Capital in 1993. For five years prior, he was head of risk arbitrage for the investment arm of the Bass Brothers organization. Before joining the Bass organization, Mr. Carlson co-managed a risk arbitrage fund for Maxxam Group and affiliated companies.

Mr. Carlson received a B.A. and an M.B.A. from Rice University and a law degree from the University of Houston. He is a Board Member of the Rice Management Company and a member of the Board of Overseers for the Jones School of Business at Rice University.

Bruce H. Cundick³
Chief Investment Officer, Utah Retirement Systems

Bruce H. Cundick is the Utah Retirement Systems' Chief Investment Officer and responsible for directing the overall operations of the Investment Department. He manages all aspects of investment functions for all plans. The Utah Retirement Systems is a \$27bn state pension fund.

Bruce graduated Magna cum laude from the University of Utah with a BA in Accounting and an MBA. Bruce is a Chartered Financial Analyst (CFA) and a Certified Public Accountant (CPA).

He has been with the Utah Retirement Systems for fourteen years. During the previous fourteen years, Bruce was the CFO and CIO at Beneficial Life Insurance Company where he directed \$2bn portfolio of fixed income, mortgage-backed and equity securities. Prior to that, he held the position of President and Chief Executive Officer at Deseret Federal Savings and Loan. He has also taught at the University of Utah for over 30 years. He was an adjunct professor and has taught part-time as an associate instructor of Business Finance and Investments in the University's Masters of Science and Technology program. He currently sits on the Benefits Finance Committee of the Board of Directors for Intermountain Health Care and the Investment Advisory Committee for the University of Utah Endowment.

³ Bruce Cundick stepped down from the Board in February 2021

John Claisse⁴
CEO, Albourne Group

John Claisse joined Albourne in July 1996, relocated from London to San Francisco in July 2003 and became Albourne Group CEO in August 2015. John is an equity partner and member of Albourne's Executive Committee and also chairs the firm's Corporate Planning Council, which comprises Albourne's function and region heads. John helped develop the firm's proprietary risk analytics and was formerly the Senior Analyst for quantitative equity strategies and multi-strategy hedge funds. John remains a Portfolio Analyst working with several public and corporate plans, large endowments and foundations. John holds a first-class Mathematics Degree and a PhD from Sussex University.

Albourne is an independent advisory firm focused on hedge funds, private equity, private credit, real assets, real estate and dynamic beta. Founded in 1994, Albourne has over 280 clients with over \$550bn invested directly in alternative investments.

Stuart Fiertz
Co-Founder, President and Director of Research, Cheyne Capital Management

Stuart Fiertz is the Co-Founder, President and Director of Research of Cheyne Capital Management (UK) LLP. From 1991 to June 2000, and prior to establishing Cheyne Capital with Jonathan Lourie, Stuart worked for Morgan Stanley where he was responsible for the development and implementation of customised portfolio strategies and for credit research in the convertible bond management practice.

Prior to joining Morgan Stanley, Stuart was an equity research analyst for the Value Line Investment Survey, and a high yield credit analyst in Boston at Merrill Lynch and in New York at Lehman Brothers. Stuart is a CFA® charterholder and a CAIA designee. He is also on the board of the CFA Society of the UK, a council director of the Alternative Investment Management Association (AIMA) and chairman of the AIMA Alternative Credit Council.

Stuart was educated at the International School of Geneva and at Dartmouth College where he was awarded a BA degree in Political Science and Economics.

⁴ John Claisse joined the Board in September 2020.

David George

Deputy Chief Investment Officer, Public Markets, Future Fund Australia

David George is Deputy Chief Investment Officer, Public Markets, of Australia's Sovereign Wealth Fund, the Future Fund, valued at A\$154 billion on 31 March 2019. The organisation is also responsible for the investment of five other special purpose funds on behalf of the Australian Federal Government. At 31 March 2018 these funds had a combined value of A\$33.6 billion.

David joined the Future Fund in 2008, serving as Deputy Chief Investment Officer, Public Markets from April 2018. From 2008 to 2018 he was a member of the Fund's Debt & Alternatives team, leading it from 2013 to 2018. He held prior consulting and investment roles at Mercer, the Royal Bank of Canada, and Integra Capital.

David holds a degree in economics from Western University in Canada, is a CFA and CAIA Charterholder, sits on the Board of the CAIA Association.

Chris Gradel

Founder, PAG

Chris Gradel is the Founder of PAG, one of Asia's largest alternative investment firms with over USD11 billion under management. At PAG he acts as CIO of its absolute return strategies, which includes managing PAG's multi-strategy hedge fund, as well as a number of credit funds.

Chris has spent 19 years in the Asia Pacific region. Prior to founding PAG in 2002, he led several investments in China for the Marmon Group. This included the buy-out and turnaround of a Chinese State-owned manufacturing company in 1996. Chris also worked as an Engagement Manager for McKinsey and Company, working with clients across the Asia Pacific region.

Chris graduated from New College, Oxford, with an MEng in Engineering, Economics and Management.

Richard Lightburn

CEO, MKP Capital Management

Richard Lightburn serves as Chief Executive Officer of MKP Capital Management, bringing more than 25 years' experience in financial markets to the role. He is a Principal of the firm and is a member of the Investment Committee. Prior to being named CEO, Mr. Lightburn led all of MKP's global rates and Agency MBS trading strategies at the firm. Before he joined MKP in 2008, Mr. Lightburn worked for three years as a Managing Director at HSBC Securities, where he managed the prime mortgage trading business. Prior to HSBC, Mr. Lightburn worked for 15 years at Goldman Sachs. When he left the firm in 2004, Mr. Lightburn was a Managing Director and Co-Head of the Mortgage Liquid Products trading group.

Richard Lightburn received a B.S. in Mechanical Engineering from the Massachusetts Institute of Technology (1989).

Simon Ruddick⁵**Chairman & Co-Founder, Albourne Partners**

Albourne's 280+ clients have over \$550 billion invested in alternatives. Albourne received the Queen's Award for Enterprise in 2006 and 2009. Simon Ruddick received Lifetime Achievement Awards from Global Custodian in 2010 and from HFR in 2012, along with the International Leadership Award from the American Red Cross. Also in 2012, Albourne was ranked 1st in HFM Week's Investor Power 30.

Simon Ruddick previously managed a hedge fund and worked at Bankers Trust, Morgan Grenfell and Daiwa Securities.

Simon Ruddick holds an MA in PPE from Trinity College, Oxford.

Dan H. Stern**Co-Founder and Co-CEO, Reservoir Capital Group**

Dan Stern co-founded Reservoir Capital Group in 1998. Prior to founding Reservoir, Mr. Stern co-founded and was President of Ziff Brothers Investments and served as a Managing Director of William A.M. Burden & Co., and an Associate at Bass Brothers Enterprises in Fort Worth, Texas. Mr. Stern has participated in the formation and development of numerous investment management entities, including HBK Investments, Och-Ziff Capital Management, Starwood Capital, Ellington Capital Management, and Anchorage Advisors, among others. He is the President of the Lincoln Center Film Society and serves as a Trustee of Lincoln Center, the Mt. Sinai Medical Center, and the Educational Broadcasting Corporation (PBS Channel 13 New York). Mr. Stern received an A.B. from Harvard College and an M.B.A. from Harvard Graduate School of Business.

⁵ Simon Ruddick stepped down from the Board in September 2020.

Betty Tay

Managing Director, Head of External Managers Department, GIC Private Ltd

Betty is Managing Director, Head of External Managers Department in GIC. In her current capacity, Betty oversees the day-to-day activities of the External Managers Department, including portfolio management for all of GIC's public market external managers programs, manager selection and monitoring, operations and administration for the department. In addition, Betty is a member of GIC's Business Continuity Plan Steering Committee.

Betty joined GIC in July 1999 as a Senior Portfolio Manager. She served as a Portfolio Manager within the Emerging Markets Group from 1999 to 2002. In this capacity, Betty was posted to GIC's London office, and was instrumental in developing portfolio management expertise in non-Asia emerging markets. In 2002, Betty joined the External Managers Group.

Betty has over 20 years of experience in international financial markets including trading functions across various products in local and international financial institutions. She began her career as a proprietary trader with the Development Bank of Singapore (DBS). Prior to joining GIC, Betty spent 6 years as a Principal at Bankers Trust Company (Singapore). She served as the Head of the Foreign Exchange Forwards Division and managed the firm's balance sheet in Singapore.

Betty graduated from the National University of Singapore in 1991 with a BSc in Mathematics. She also holds both Chartered Financial Analyst (CFA) and Chartered Alternative Investment Analyst (CAIA) designations. She completed the Stanford Executive Program in August 2014.

Betty is a member of the Investment Advisory Committee for the Lee Kuan Yew Fund for Bilingualism Limited.

Dale West

Senior Managing Director, Teacher Retirement System of Texas

Dale West is the Senior Managing Director of External Public Markets at the Teacher Retirement System of Texas in Austin, Texas. TRS is a \$130 billion pension system serving 1.4 million active and retired educators and their families. Dale's team oversees the Trust's \$39 billion portfolio of externally managed public market assets, including \$27 billion in traditional long-oriented equities and \$11 billion in hedge funds. Dale serves on the TRS Internal Investment Committee and Management Committee. He is a member and past board member of the Texas Hedge Fund Association.

Prior to joining TRS, Dale was based in London with the emerging markets equity team of T. Rowe Price International, where he covered telecoms and emerging markets. He also served in the U.S. Foreign Service, including a three-year posting to the American embassy in Bucharest, Romania.

Dale received an MBA from Stanford University, and is a graduate of the Plan II Honors Program at the University of Texas at Austin.

Poul Winslow**Senior Managing Director and Global Head of Capital Market and Factor Investing, CPP Investments**

At CPP Investments, Poul Winslow leads the team responsible for selecting and managing relationships with external managers across a wide range of active mandates. He has more than 25 years of experience in the financial services industry. Prior to joining CPP Investments, Poul had several management and investment roles at Nordea Investment Management. He was also Chief Investment Officer of Andra AP-fonden (AP2) within Sweden's national pension plan system.

Poul obtained his undergraduate and Masters degree in Economics and Management from Aarhus University in Denmark.

Sir Andrew Large**Chairman Emeritus of the SBAI**

Sir Andrew Large was Deputy Governor of the Bank of England from 2002 to 2006. He now acts independently for central banks and governments in relation to financial stability and crisis prevention issues. He is also Chairman of the Senior Advisory Board of Oliver Wyman; Senior Adviser to Hedge Fund Standards Board; Chairman of the Advisory Committee of Marshall Wace, and Chairman of the Board Risk Committee of Axis, Bermuda.

Sir Andrew's career has covered a wide range of senior positions in the world of global finance, within both the private and public sectors. Sir Andrew spent twenty years in capital markets and investment banking, first with Orion Bank and then with Swiss Bank Corporation, on its Management Board from 1987-1989. Prior to his time at the Bank of England he chaired the Securities and Investments Board (precursor of the FSA) 1992-1997 and Deputy Chairman of Barclays Group from 1998-2002. When at Barclays, Sir Andrew was Chairman of Euroclear in Brussels. Concurrently he served on the Managing Director of the IMF's Capital Markets Consultative Group 1999-2002 and chaired for the Group of 30 a global report into strengthening the global financial infrastructure for clearing and settlement. Sir Andrew chaired the Hedge Fund Working Group, that created the original standards and was the first Chairman of the Standards Board for Alternative Investments (formerly known as Hedge Fund Standards Board).

Sir Andrew has a keen interest in education; he is the Chairman of the INSEAD Advisory Council and was a member of the INSEAD Board 1998-2010.

Appendix II: Overview of Accounts

in £	Year to 31 Jan '21	Year to 31 Jan '20	Year to 31 Jan '19	Year to 31 Jan '18	Year to 31 Jan '17	Year to 31 Jan '16	Year to 31 Jan '15	Year to 31 Jan '14	Year to 31 Jan '13
Turnover	1,757,959	1,285,957	1,197,972	1,198,306	1,142,172	1,190,717	1,142,605	1,041,897	905,075
Admin expenses	(1,508,415)	(1,275,369)	(1,196,640)	(1,206,368)	(1,126,307)	(1,103,384)	(1,075,186)	(997,242)	(886,120)
Loss/profit on ordinary activities before taxation	258,992	10,588	(1,292)	(8,062)	15,865	87,348	67,419	44,655	18,955
Interest receivable and similar income	294	1,410	1,030	72	51	15	-	-	-
Tax on loss/profit on ordinary activities	(50,352)	(2,899)	(3,654)	40	(4,425)	(19,322)	(15,825)	(3,262)	13
Loss/profit for the financial year (before tax)	208,924	9,099	2,362	(7,950)	11,491	68,026	51,594	41,393	18,968

Appendix III: Quotes on the Standards Board by Regulators

When the industry evolves its own robust conduct standards, particularly through an organisation like the HFSB, where funds and investors come together, laws and regulations we enforce are less likely to be breached. There is no reason why the Standards should only apply to hedge fund managers, and we would like to encourage the HFSB to explore widening its remit.

Ashley Alder

CEO of the Securities and Futures Commission of Hong Kong, April 2017

I commend the HFSB's efforts to improve cyber security practices in the asset management industry. The cyber-attack scenarios explored during the event were useful in raising awareness of the participants about different safeguards and actions to consider when responding to a cyber-attack incident.

Tan Yeow Seng

Director & Head of the Technology Risk and Payments Department of the Monetary Authority of Singapore, April 2017

As part of its support to the development of financial markets in emerging markets and developing countries (EMDEs), the World Bank places a great emphasis on the development of broad and well-regulated capital markets... It welcomes the work done by the HFSB and looks forward to collaborating with the HFSB to contribute to the development of transparent capital markets across EMDEs.

Michel Noel

Head of Investment Funds, Finance & Markets Global Practice, World Bank, September 2015

It is encouraging to see the hedge fund industry being proactive in addressing topical issues through the HFSB process, which complements the FCA's efforts.

Rob Taylor

Head of the FCA's Investment Management Department May 2015

The Hedge Fund Standards can help the Chinese hedge fund industry improve risk management, investor disclosure and governance.

Tang JinXi

Vice Chairman, Asset Management Association of China (AMAC), the self-regulatory organisation for the mutual fund industry, April 2015

Improvements in culture cannot be achieved through rules alone, and that the industry needs to take a proactive approach in addressing emerging issues. This is why what the HFSB does is so important.

James Shipton

Exec Director, Member of the Securities and Futures Commission of Hong Kong, March 2015

Investors play a critical role in improving the industry, and the HFSB has created a helpful platform for collaboration between managers and investors.

Drew Bowden

US SEC's Office of Compliance Inspections and Examinations, September 2014

The work of the HFSB is incredibly important at a time when we see the limitations of conventional regulation.

Drew Bowden

US SEC's Office of Compliance Inspections and Examinations, September 2014

We are pleased to welcome the Hedge Fund Standards Board as an affiliate member of IOSCO. There is an important role for industry standards to play alongside statutory regulation in promoting transparency and good governance in the financial markets. The HFSB can play a valuable role working with regulators and supervisors.

David Wright

Secretary General of IOSCO, July 2014

The application of industry standards that are aligned with the securities regulatory framework and IOSCO principles are encouraged.

Mathieu Simard

Director, Investment Funds Dept of Quebec's Autorité des marchés financiers, June 2014

The FCA encourages the asset management industry to challenge itself constantly. We need a change of culture, not just a change of rules or systems. Initiatives like the Hedge Fund Standards Board can be an important driver for that.

Esther Wandel

Head of Investment Funds Policy, UK FCA, May 2014

FSA sees the HFSB Standards as a very constructive addition to the wider regulatory architecture. It should be noted that the FSA will take compliance with these standards into account when making supervisory judgements...

Hector Sants

Former CEO, FSA, October 2008

Appendix IV: Members of Working Groups

Members of Working Groups

Members of our working groups include stakeholders and supporters of the SBAI

400 Capital Management LLC	Cairn Capital
Aalto University Foundation	Canyon Partners LLC
Aberdeen Standard Investments	Capital Fund Management
Aktia Asset Management	CDAM Ltd
Albourne Partners	CDPQ
AlphaCat Managers Ltd	CdR Capital Ltd
Angelo Gordon	CERN Pension Fund
AP1	Cheyne Capital Management (UK) LLP
AP4	Church Commissioners for England
APG Asset Management	Clocktower Group LP
Arch Ventures	CN Pension Fund
Aspect Capital Limited	CPP Investments
Asset Management One Alternative Investments. Ltd	CQS
Avanda Investment Management	DE Shaw
Balyasny Asset Management LP	Dorsal Capital Management
Banco Central de Timor-Leste	Dymon Asia Capital
BofA Securities	Edgehaven Pty Ltd
Bayerische Versorgungskammer	Elementum Advisors LLC
BIMCOR	Elo Mutual Pension Insurance Company
BlackRock	Employees Retirement System of Texas
Blackstone Alternative Asset Management	EnTrust Global
Bluebay Asset Management	Ferd AS
Bluebell Capital Partners Limited	Fiera Capital
Boussard & Gavaudan	Future Fund
Bridgewater Associates	GCM Grosvenor
Brummer & Partners	GIC Ltd
	Golden Nest Capital Management (Hong Kong) Co. Ltd

Graham Capital Management LP	NorthPeak Advisory
Graticule Asia Macro Advisors LLC	Noviscient
Harvard Management Company, Inc.	Oasis Management Company Ltd
HealthCor Management	Office of New York City Comptroller
Hiscox Re Insurance Linked Strategies	One River Asset Management
HOOPP – Healthcare of Ontario Pension Plan	Ontario Teachers’ Pension Plan
HPS Investment Partners	OPTrust
Hudson Structured Capital Management (HSCM)	Orchard Global Asset Management
InfraHedge	PAAMCO Prisma
Inherent Group	PAG
Innocap Investment Management Inc.	Pennsylvania Public School Employees’ Retirement System (PSERS)
Ionic Capital Management	Periscope Capital
IXI Investments	PGGM
K2 Advisors/Franklin Templeton Investments	Pictet Asset Management
KEVA – The Local Government Pensions Institution	PIMCO
Lakefront Asset Management (HK) Co. Ltd	Platinum Investment Management Limited
Leadenhall Capital Partners	Polar Asset Management Partners
LFIS	PRI Pensionsgaranti
Lynx Asset Management	PSP Investments
Magnetar Capital	QMA Wadhvani
Man Group	Riscura
Marshall Wace LLP	RockCreek Group
Martlet Asset Management	Rockhampton Management Limited
Minority Asset Management	RPMI Railpen Investments
Mitsui & Co Pension Fund	Sandbar Asset Management
MKP Capital Management	Schroder Secquaero
Monarch Alternative Capital	Sculptor Capital Management
Nephila Advisors	Securis Investment Partners LLP
New Holland Capital	Springs Capital (Hong Kong) Ltd
New Silk Road Investment Pte Ltd	Strategic Value Partners
New Zealand Superannuation Fund	Sunsuper Pty Ltd
Noah Holding Group HK	Sussex Capital Management Ltd
Nordkinn Asset Management	Systematica Investments

Taconic Capital Advisors	Veritas Pension Insurance
Tagency Capital	Versor Investments
Tasku Japan	Victorian Funds Management Corporation
Teacher Retirement System of Texas	Washington Harbour Partners LP
The State Pension Fund of Finland (VER)	Wellington Alternative Investments LLC
Transtrend	Welton Investment Partners
Trium Capital	West Virginia Investment Management Board
Two Sigma Investments LP	Whitebox Advisors
Unigestion	Winton Capital
University of Southern California (USC)	World Bank
University of Toronto Asset Management (UTAM)	Y2 Capital
Utah Retirement Systems	Zebedee Capital Partner
Varma Mutual Pension Insurance Company	

SBai

Standards Board for Alternative Investments

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