



5 February 2020

AIF Magazine Amsterdam Investor Forum

For professional and qualified investors only

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Leading the way to safe and transparent markets

The **Amsterdam Investor Forum** is a landmark event in the Netherlands for the Alternative Investment Industry

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ABN AMRO Clearing

35+ years'
experience

Founded 2 CCP's
including Clearing technology

Services clients on over
**160 exchanges, MTFs and
FX liquidity providers**

10 offices
worldwide

#1 clearer
major derivatives markets¹

Top 3 global clearer
in every time zone across all listed
products¹

1 On turnover and market share

800+
FTE's

+22 million trades
2019 peak transaction volume in
a single day

6+ billion
contracts cleared in 2019

S&P **A²**

Moody's **A1²**

Fitch **A+²**

2 ABN AMRO Bank NV issued a 403 statement for ABN AMRO Clearing bank N.V.

Our strengths

Sophisticated margin model

Multi product risk model
offsetting correlated positions

Margin & asset segregation

Security interest/pledge as
collateral mechanism

Dutch bank with sound financials

ECB, DNB & AFM regulated
100% owned by ABN AMRO Bank

Your benefits

Capital efficiencies

Cross margining across asset classes

Asset Protection

Strict segmentation from
ABN AMRO assets

No conflict of interest

Not involved in prop trading nor
sales trading activities

Colophon

Editorial board

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Welcome to the 9th Amsterdam Investor Forum!

On behalf of ABN AMRO Clearing, it is my pleasure to welcome you to the 9th Amsterdam Investor Forum. We are delighted to host this event and very proud at how much the Forum has evolved and grown throughout the years. We truly believe that it is important for us all to come together in these interesting times and discuss the current investment landscape for our ever changing industry.

Following a tough 2018 which resulted in assets within alternatives declining for the first time in 10 years, there were high hopes for a turnaround in 2019. The year did not disappoint and hedge funds delivered their best year since 2013 with an overall return of 8.5% according to data from HFR.

There are now more than 15,000 hedged strategies available to investors and while the asset class is now more mature and developed than ever, pressure remains. For the 5th consecutive year, the industry recorded more firm closures than launches and investors withdrew over \$81 billion, more than twice the amount for 2018.

Despite such headwinds, the alternatives space remains as dynamic, exciting and highly competitive as ever as funds continue to seek their advantage. A collection of geo political events did help secure year end gains in both equities and bond markets. The UK general election consolidated a strong conservative majority and a clearer picture for the future of Britain's exit from the European Union. The trade deal between the US and China also calmed widespread market fears. Just like the vacillation over Brexit, the trade war has been a source of volatility. These factors, coupled with the continued liquidity injections from central banks, were critical drivers for the market. The unprecedented negative interest rate environment and yield curve inversion remains a key theme for hedge funds and managers asking themselves how much lower can governments reduce interest rates that are negative already.

The year ahead will no doubt bring its own challenges with continued macro-economic tensions, capital injection tapering and pressures on both performance and fees. Last but not least, concerns about climate change and social impact will force us all to reprioritise our role in society and possibly sacrifice short term gains for long term sustainability.

The 2020 edition of the Amsterdam Investor Forum will focus on the changes and the opportunities for alternative investors. We have endeavoured to cover the most important topics shaping the industry, and will address the directions for 2020. Throughout the forum we will dive into macroeconomic trends from an asset and geographical perspective, investors' strategies, digital assets, performance, the opportunities and headwinds in the equities and commodities markets more specifically.

It is a great honour for me to host the Amsterdam Investor Forum 2020. I hope you will find this 9th edition of the conference valuable and will appreciate the impressive line-up of industry experts. I sincerely thank you all for your participation, your on-going support since 2011 and your generous contribution to the charity. This is what makes the Amsterdam Investor Forum a success every year.

Yours sincerely,

[Delphine Amzallag](#)
Global Director Prime
ABN AMRO Clearing



Agenda

The Amsterdam Investor Forum, 5th February 2020

8.00 am	Registration	Ground floor
8.30 am	Welcome and opening Delphine Amzallag, Global Director Prime, ABN AMRO Clearing	Auditorium
8.45 am	Panel 1: Navigating the unconventional and unprecedented macro-economic landscape Moderator: Pr. Dr Mary Pieterse-Bloem, Global Head of Fixed Income, ABN AMRO Panellists: Vik Bansal, Chief Investment Officer, ADG Capital Management Marc Brüttsch, Chief Economist, Swiss Life Investment Management Mark Richards, Multi-Asset Strategist, Jupiter Asset Management	Auditorium
09.30 am	Panel 2: Equities - a revived strategy for the future Moderator: Pr. Dr Christophe Boucher, Head of Quantitative Research & Strategy, ABN AMRO Investment Solutions Panellists: Hasan Aslan, Senior Investment Product Specialist, RAM Active Investments Mads Ingwar, Co-Founder & Chief Executive Officer, Kvasir Technologies Nikki Martin, Portfolio Manager, Trium Capital Selvan Masil, Founder & Chief Investment Officer, Westray Capital Management	Auditorium
10.20 am	Coffee break	Ground floor
10.45 am	Panel 3: Digital currencies - a compelling new way to participate in the financial system Moderator: Erik Norland, Senior Economist, CME Panellists: Miha Grcar, Head of Business Development, Bistamp James Burnie, Head of Blockchain & Cryptoassets UK, Eversheds Sutherland Eric Naritomi, Partner, AP Capital Management	Auditorium
11.30 am	Keynote: Roy Niederhoffer, Founder & President, Niederhoffer Capital Management Inc. Financial Stress and Volatility: Why I Love It and How You Can Too	Auditorium
12.00 pm	AIF Factor	Auditorium
12.15 pm	Lunch break	1st floor
1.15 pm	Panel 4: The investors' continuing case for hedge funds Moderator: Oliver Gaunt, Investor Relations, Saemor Capital Panellists: Ed Lewis, Partner, Albourne Partners Chris Svoboda (Head of Equity & Macro Strategies (Europe / Asia), Titan Advisors Caroline Lovelace (Founder & Managing Partner, Rose Hill Park	Auditorium
2.00 pm	Keynote: Scott Kerson, Senior Managing Director & Head of Systematic Strategies, Gresham Investment Management LLC No Time to Die: Breaking the Cycle of Futility in Trend Following	Auditorium
2.30 pm	Panel 5: Commodities - a paradigm shift yielding fresh opportunities? Moderator: Linus Nilsson, Senior Portfolio Manager, APG Asset Management Panellists: Matthew Collis, Portfolio Manager, Arion Investment Management Rob Sorrentino, President, Eckhardt Trading Irene Perdomo, Managing Director, Gresham Investment Management	Auditorium

3.15 pm	Coffee break	Ground floor
3.45 pm	Keynote: Bibop Gresta, CEO of World Development Fund Holding, WDF, Co-Founder of Hyperloop Transportation Technologies, HyperloopTT, Building Profitable Infrastructure using 21st Century Technologies	Auditorium
4.30 pm	Panel 6: Hedge fund performance - the elephant in the room Moderator: Mike Marcey, Managing Director, Efficient Capital Management Panellists: Theodoros Tsagaris, Chief Investment Officer, Bayforest Technologies Wilrik Sinia, Founding Partner & Director, Mint Tower Capital Management Nicolas Mirjolet, Chief Executive Officer, Quantica Capital AG	Auditorium
5.15 pm	Closing remarks: Delphine Amzallag, Global Director Prime, ABN AMRO Clearing	Auditorium
5.30 pm	Cocktail reception & networking	The Circle

Please visit our [website](#) for further information.

ABN AMRO Headquarters

Auditorium, Gustav Mahlerlaan 10, 1082 PP Amsterdam
The Netherlands



AIF Factor 2020: 5 Funds to Compete for First Prize

What are today's most-compelling, persuasive, provocative and entrepreneurial investment approaches? The AIF Factor invites alternative asset managers to pitch their propositions. Now it's up to you to pick the winner from among these five shortlisted funds – published in their original, unedited form to ensure submission integrity.

Pitch 1:

World Carbon Fund, Carbon Cap Management LLP



Climate Change has now become a major issue for all segments of our society including asset owners and

asset managers who recognise that equity and bond portfolios have exposure to climate change related risks in multiple forms. At the same time, there has been significant growth in carbon pricing and trading systems around the world, which have proven to be a successful policy instrument. If the Paris Agreement targets are to be met, putting a price on emissions is vital and with the launch of China's carbon market along with multiple other countries, carbon is emerging as a liquid and mainstream asset class.

Carbon Cap is a London-based environmental investment manager launching a unique fund focused on investing globally into liquid and regulated carbon markets. Carbon markets present multiple opportunities to generate positive returns that are uncorrelated to other asset classes and Carbon Cap has assembled an experienced team with deep expertise in carbon pricing, carbon trading and alpha generation.

The World Carbon Fund will invest across multiple global carbon markets seeking to generate absolute returns with a low correlation to other asset classes. Carbon Cap has committed 20% of performance fees to the purchase and cancellation of carbon allowances/offsets in order to have direct climate change impact. The combination of a favourable political tailwind, low correlation, plentiful sources of alpha, and high volatility lends itself well to an actively managed approach for the World Carbon Fund.

The fund is unique by bringing together the elements of absolute returns, low correlation and direct climate change impact in a fund with monthly liquidity.

Pitch 2:

NN (L) Multi Asset Factor Opportunities, NN Investment Partners



NN investment partners

NN Investment Partners (NN IP) is the asset manager of NN Group N.V., a publicly traded

company listed on Euronext Amsterdam. NN IP is headquartered in The Hague, the Netherlands and manages approximately EUR 287 bln (USD 313 bln) in assets for institutions and individual investors worldwide. NN IP employs around 1,000 staff and has offices in 15 countries, servicing clients across Europe, North America, Latin America, Asia and the Middle East.

NN (L) Multi Asset Factor Opportunities (MAFO) targets an attractive absolute return (US 1M Libor + 6%) with no long biases to traditional investments. It is designed to be a diversifier and a building block in portfolios. Diversification is a clear goal and realized correlation to the MSCI World has been just 23% with a Sharpe ratio of the fund roughly equal to the MSCI World, showing the benefits it could offer to portfolios. Our strategy is investing in factors (also known as alternative risk premia) across asset classes. These are long/short strategies whereby we remove any implicit or explicit biases. We also offer a high level of transparency with insights into all of our strategies and how they are combined within the portfolio, thereby lifting the veil avoiding any hint of a black box. Next to the transparency it is wrapped into a UCITS fund with daily liquidity and competitive fees (60 bps management fee). The target volatility is 10% with which it offers a lot of bang for the buck. Since inception (March 2016) up to the end of 2019 annualized net returns are 9.01% with a volatility of 9.9%. Returns in 2019 were 12.87%. In short: Diversifying attractive returns.





Greenland Investment Management winner AIF Factor 2019

Pitch 3: VOC Fonds, Stuiver Asset Management B.V.



The VOC Fonds is the largest of two funds managed by Stuiver Asset Management (SAM), a Netherlands based

hedge fund manager. Having run the VOC strategy successfully for years, the partners in SAM decided to offer it to investors and launched the VOC Fonds in January 2017. The team consists of Rob Stuiver, Joep van Bohemen, Tenne Tromp, Jeroen Koster and Boris Broeders who together have more than 90 years of asset management and trading experience.

The VOC Fonds operates a global Long/ Short Equity strategy with a long bias. It exploits a number of diversified pockets of alpha such as short volatility, factors e.g. LowVol (dominant) and filters dividends out of options for a further stable alpha source.

The VOC Fonds employs leverage of two times and aims to deliver double digit returns that allow for doubling its participants wealth every four years on average. A key approach is to first reduce the VOC Fonds' investment risk before adding risk by applying alpha generating strategies and leverage. This means the fund is unique in its way of investing and clearly fits those with a higher risk appetite. The fund returned 52.6% in 2019, increasing its average yearly return to over 17%. The fund grew strongly to EUR 32 mln in December 2019.

Pitch 4: Systematic Alpha FX Master Fund Ltd., Systematic Alpha Management, LLC



Systematic Alpha Management LLC (SAM) is a New York-based firm specializing in trading

systematic, short-term quantitative strategies, using fully automated, around-the-clock electronic execution in a wide range of futures markets and proprietary spreads. SAM's investment programs aim to generate consistent positive returns with zero-to-negative correlation to any major equity, bond, currency and broad hedge fund or CTA index.

Systematic Alpha FX Master Fund, Ltd. ("SAFX") is a professional fund incorporated in the Cayman Islands.

SAFX trades major FX futures on the Chicago Mercantile Exchange (CME) using proprietary fully systematic, mostly contrarian, models. The strategy is quite dynamic with an average trade duration of 7-10 days. Risk is allocated across 8 major currency pairs and is managed tightly with 10 layers of stacking for trade entry in order to bring down the average entry price, while a hedge is triggered in the event of negative outcome on each trade in order to protect the overall portfolio from large drawdowns.

Main features:

- » 3.5+ year strategy track record with net CAGR of 22.66%, Volatility 9.5% and Sharpe above 2.0;
- » Hit ratio of profitable and breakeven trades of 85%;
- » Maximum monthly drawdown of 3% with 1-month to recovery;
- » No negative years since inception;
- » Zero correlation to the BarclayHedge FX Traders index and negative correlation to S&P 500;
- » Monthly liquidity with no lock up and no gates.

Pitch 5:**Tages Paladin UCITS Fund, Tages Capital**

Tages Capital is a specialist, alternative asset management firm with approximately US\$2 billion run on behalf of global institutional investors and family offices. Tages manages a

range of innovative, alternative investment products and solutions, including multi-manager portfolios, single manager UCITS and dedicated seeding funds. The firm is a market-leader in providing early stage capital to world-class emerging asset managers. We offer a fully independent UCITS platform, hosting multiple single-strategy, alternative UCITS funds with the aim of bringing best in breed strategies to market.

The Paladin Fund was set up in mid-2018 in response to investor concerns about markets. They saw a seemingly fast approaching end to a long but anaemic economic cycle, extremely low or negative interest rates, excessive debt, the rise of populism, and no clear path for central bank balance sheets to return to normal levels. They wanted a product to protect their portfolios.

The Paladin Fund aims to provide this solution – to protect investors from sharp dislocations in global equity and bond markets without the typical burden of carry associated with tail hedge strategies. The Fund is consistently exposed to a combination of systematic long volatility, convexity, short term trend and mean reversion strategies. We use a proprietary combination of quantitative and qualitative techniques to evaluate and select a portfolio of systematic investable trading strategies with clear tail hedge characteristics.

Slowdown is Bottoming out, but Threats from Climate Policies are Looming

The slowdown in global growth that started in 2018 and continued in 2019 is expected to persist, with growth bottoming out in 2020 and picking up again in 2021. There are three principal drivers of the global slowdown. Two of those have, during the course of 2019, been largely tackled by policy measures, but as far as the third driver – the trade conflict – is concerned, we see insufficient certainties of an emerging truce. Meanwhile, climate change policies present potentially new looming threats to global growth.

Chinese deleveraging meets piecemeal easing

The first driver of the slowdown since 2018 is Chinese deleveraging. From 2017, Chinese authorities started a campaign to lower debt ratios through policies that were aiming to restrict shadow banking. Those policies were successful, as lending volumes from shadow banks went from 15% growth (yoy) when the policy was initiated in 2017, to -10% by the end of 2018. As a side effect of those policies, the Chinese economy started to slow faster than anticipated. To what extent the Chinese slowdown was driven by deleveraging or the start of the trade conflict in 2018, remains hard to tell.

Since then, a series of piecemeal easing policies by the Chinese authorities have probably cushioned this drag on growth. One indication of this is rising business confidence in the Caixin purchasing managers' index (PMI), where private sector firms are overrepresented compared to the official NBS PMI. That said, signs that a trade deal is imminent could partly be driving upbeat confidence as well. We expect the Chinese growth slowdown for 2020 to be more gradual than it was in 2019, as the worst of the trade conflict seems to be behind us.

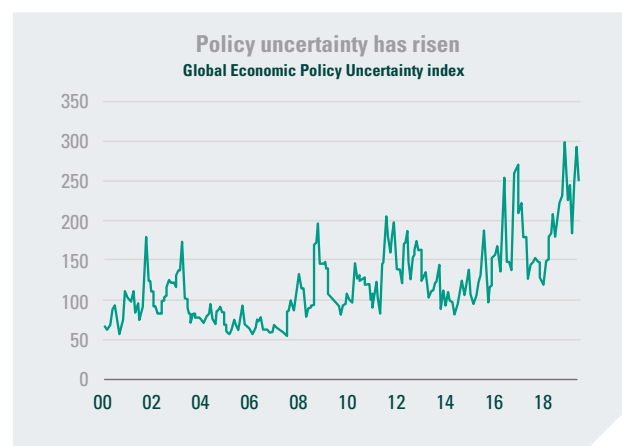
Fed tightening unwound

A second driver of the global slowdown was the tightening monetary policy measures of the Fed. While at the end of 2018 the Fed still proposed two rate hikes for 2019, the central bank made an abrupt U-turn at the beginning of the

year and has since eased policy. We expect the stimulatory effect of the three rate cuts that were implemented in 2019 will persist into 2020. As a result, we expect lower but continued growth in the US in 2020 (1.3% yoy), taking recession fears off the table for now. This is mainly reflected in the solid base of consumption which is supported by low unemployment, income growth and hence consumer confidence. Meanwhile, we do not expect significant policy changes from the ongoing framework review at the Fed, although it is likely to mean a higher bar for rate hikes in future.

Trade conflict meets fragile deal

The trade conflict has been a major source of damage to global growth. Import tariffs have distorted trade flows of manufacturing goods and on top of that there is the fear of not knowing where the trade conflict would go next and with what intensity.

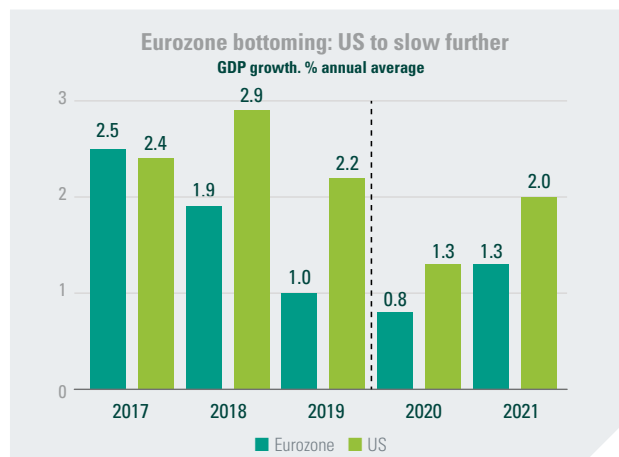


Source: Bloomberg



Looking beyond the twists and turns in this conflict, the situation has become worse since last year and has contributed to policy uncertainty worldwide. This has fed a loss of business confidence, a slowdown in global investment spending and trade, and ultimately, the start of a decoupling between the US and China in terms of trade and technology. While the latest news on a trade deal is certainly positive, we see the news more as a lowering of downside risks to growth, compared to an alternative scenario of a further escalation. Another argument against expecting a strong recovery is the continued relatively tight financial conditions in China (compared with the previous two cyclical upswings in 2010-11 and 2016-17).

In the Eurozone, the main victim of the trade conflict has been Germany, which has seen its manufacturing exports nosedive. We think that the worst is now behind us, and that the drop in production, in combination with rather solid domestic demand, has come to a point where inventories have hollowed out and need to be built up again. However, the Eurozone recovery will look more like a bottoming out than a strong pick-up, as we see the slowdown in manufacturing is starting to reach the services industry, which had, until recently, remained remarkably resilient.



Source: Thomson, Reuters Datastream. Bloomberg, ABN AMRO Group Economics

New policy risks emerging from fighting climate change

There is now a new kid on the block in terms of global risks that could form a threat to global growth: climate policy. Especially in Europe, the deviations between targets and current policies are striking. On the one hand, there are the ambitious and binding targets for the reduction of greenhouse gas emissions (-40% in 2030 vis-à-vis 1990). On the other hand, we see projections based on current policies deviating substantially.

EC's assessment of draft National Energy and Climate Plans 2021 - 2030

Greenhouse gas emission non-ETS (% reduction target)

Gap between projections based on existing policy measures and EU-obligations (pps)

Energy efficiency (more efficiency)

Qualitative assessment of national plans in draft NECP

Renewable energy (change in share)

Gap between projections based on plans in draft NECP and EU-obligations (pps)

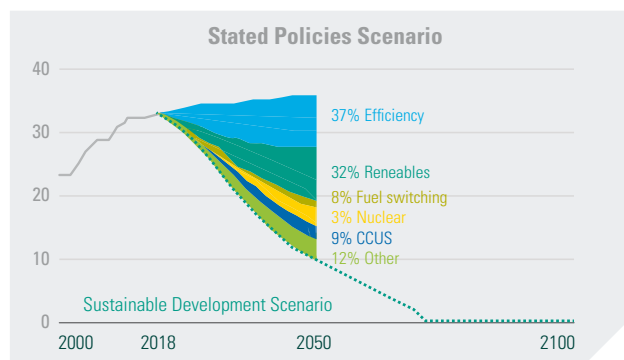
Germany	15	Plan lacks clarity, no conclusion possible	Plan lacks clarity
France	11	Of sufficient ambition	-1 (clear, detailed plan)
Italy	7	Of sufficient ambition	Details in the plan not sufficient
Spain	10	Of sufficient ambition	3 (More details needed)
Netherlands	4	Rather modest, more details needed	1 to 9 (further elaboration needed)
Belgium	22	Low level of ambition	-7 (significantly below target)

Source: European Commission

Already in the coming year (2020), the EU27+UK is estimated to be 6% behind target in its energy consumption reduction if it meets its current policy objectives. On the target of increasing the share of renewables in energy usage, the EU27+UK is expected to be 3% behind target if it meets its current policy objective. As the table above shows, these gaps between targets and what current policy would achieve (if fully implemented) are projected to grow rapidly after 2021.

The larger these deviations, the higher the risk that eventual policies become disruptive to the economy. According to a publication from the European Systemic Risk board, this *Too late too sudden scenario* could have significant adverse effects on the European financial system. It would occur as a late and abrupt transition away from fossil fuels, exacerbated by relatively low investment in alternative energy infrastructure and R&D. In such a scenario, the underlying political economy leads to a late and sudden implementation of constraints on the use of carbon-intensive energy. This could imply a sharp spike in energy costs; temporarily inadequate energy supply; sudden economic obsolescence of the capital stock; sudden revaluation of fossil fuel reserves; and revaluation of the market value of firms according to their exposure to carbon-intensive resources, inputs or technologies (ESRB, 2016). The effects of a hard landing would be amplified by the macroeconomic and financial market feedback loops.

While policy targets are not nearly as ambitious and binding in other parts of the global economy, the *World Energy Outlook 2019* also points to increasing deviations between stated policies and scenarios that countries have committed to in the Paris Agreement.



Source: IEA, 2019

No policy action is much more costly... in the long run.

In the long run, the estimated impact of insufficient policy action on global GDP is much larger than the consequences of policy action. A recent study (Kahn, et al., 2019) that analyses the long run GDP growth effects for 174 countries finds that in the absence of mitigation policies, gradual global warming reduces world real GDP per capita by 7.22 percent by 2100. On the other hand, abiding by the Paris Agreement – thereby limiting the temperature increase to 0.01° per annum – reduces the loss substantially to 1.07 percent.



Sandra Phlippen
Chief economist
ABN AMRO Bank

ABN AMRO Clearing prime services



- » A truly trusted partner
- » Global reach
- » Global execution services
- » Risk management & financing
- » Securities borrowing & lending
- » Operational excellence



Best prime-of prime house

FX Week Prime of Prime award



**INTERNATIONAL
AWARDS 2019**

**Prop Traders' FCM
of the Year**

ABN AMRO Clearing

7x Awarded Proprietary traders' clearing firm of the year
by FOW International Awards



Responsible Investment

Responsible investment is progressively becoming a rampant theme throughout the alternative investment industry, with the pressing issue of global warming significantly driving the narrative.

The Netherlands, as one of the Benelux countries, has over one quarter of its land area lying below sea level. The case of rising global sea levels, as just a single example, poses a global threat far beyond the immediate risk for the low-lying countries along the North Sea coast. The September 2019 IPCC report revealed that global average sea levels could rise by as much as 1.1m by 2100, a 10% increase from previous estimates. Climate change, which lies under the environmental element of ESG, is one part of a far broader picture. Faced with such challenges, alongside an array of social and governance considerations, investors in the Netherlands and around the world, are likely to increasingly pursue responsible investing – as a means of mitigating risk across portfolios, while potentially maximising returns.

What does Responsible Investment mean to investors?

Today's investors worry about new forms of risk. Institutional investors are now more worried than ever about reputational risks. Millennials, meanwhile are more concerned than previous generations about creating social good from their investments. The use of ESG criteria when making an investment was very much a niche activity 5-10 years ago, but today has become a top priority for asset managers globally. Where once it may have simply meant screening certain assets out of a portfolio, today it entails carefully evaluating investment opportunities using environmental, social, and governance (ESG) factors. Many investors and hedge fund managers now believe that conducting ESG analysis can in theory help to reduce risk and, ultimately, enhance returns. However, things aren't as easy as they may sound – theory and practice are often very different realities.

Challenges when working with ESG data

Adherence to ESG is an ongoing challenge for alternative investment managers. Knowing how many industrial accidents a company had in the past year can help gauge the risk of that company being subject to lawsuits or regulatory interventions. However, the problem lies in how to obtain those numbers in the first place. While many hedge fund firms are willing and able to conduct some form of ESG analysis, they are hindered by the availability, costs, and quality of data. Further, knowing for sure that investment gains have been derived from ESG attributes and being able to prove that to clients is far from straightforward. For example, data that appears to show ESG stocks doing well can turn out to be driven by other market factors, mid-caps being preferred over large caps, US stocks performing better than stocks elsewhere.

Labelling ESG is not straightforward either. Opinions vary as to what should be defined as ESG. At present there are few regulations governing whether and how companies need to disclose information about their ESG performance. In most jurisdictions there are no standards for how ESG data must be reported, assuming companies are made to report it at all. Even in the European Union, which has set its sights on becoming the world leader for responsible investment, companies have several options for how they report their ESG data, and that data is not audited. In many developing economies the expectations around ESG data are almost non-existent.

Related to this, another challenge that the industry needs to reconcile is the inadequate methodologies currently in use for the calculation of ESG risks, as well as the lack of agreed standards governing such assessments. This lack of regulatory harmonisation as well as the plethora of industry standards; some of which conflict; impede the asset manager from developing and delivering a truly recognised global ESG product.

AIMA involvement

Over the next year, efforts to integrate ESG across investment products will intensify led by investors and managers engaging on its potential to be a performance enhancer (future proofing themselves against ESG risks) rather than just an added cost, as well as an increasing regulatory requirement for ESG factor disclosures.

AIMA strives to help hedge fund firms implement responsible investment, as moral considerations around investments grow throughout the alternative investment management industry. Our notable recent publications include a Responsible Investment Primer for hedge funds last May and two papers in January on how hedge fund firms can create responsible investment policies, and improve the ESG performance of their own management companies. AIMA also intends to guide the regulatory debate surrounding responsible investment, as an investor-led process, based around practical and consistent principles.

Conclusion/Resolution

Luckily, responsible investment issues can be resolved, and the situation can be remedied. We encourage regulators and policymakers in the Netherlands and around the world to enhance the requirements for corporate ESG data reporting.

Companies should be required to publish their ESG data in a standard manner, and the data should be audited. Ideally, such standards would eventually become international, as indeed has occurred with financial reporting standards. A proud history of trading has seen the Dutch always looking out beyond their borders, with the large institutions in the Netherlands belonging to the pioneers of ESG investing.



Jack Inglis
CEO
Alternative Investment Management
Association (AIMA)



Khazana Foundation Empower children

“Financial capability requires both the ability to act (knowledge, skills, confidence and motivation) and the opportunity to act (through access to beneficial financial products and institutions)” MS Sherraden 2010

The Children's Khazana Foundation is an independent organization in the Netherlands founded in 2015 by three female executives in Financial Services.



The goal of the Khazana Foundation is to support initiatives that contribute to financial inclusion, through basic financial skills, access to financial savings and primary social skills; like planning, communication and negotiating. One of these initiatives is CDK: the Children's Development Khazana.

Poverty affects children disproportionately. A lack of education reinforces social exclusion with an increased vulnerability to disasters and economic growth. The unique concept of the CDK program combines education with financial access and life skills, putting them on the path to becoming full economic citizens, as per the model of the Child and Youth Finance organisation:

<https://childfinanceinternational.org>

The Khazana Foundation contributes to three United Nations SDGs, which are intertwined and related in their resolutions.



Once children join CDK they also commit to going to school. Teaching these children how to manage money, make decisions, accept responsibility as well as understand what their rights are, empowers them to stand up for themselves and to start making their own choices.

Our CDK Mumbai chapter works in the slums of Mumbai , currently in six locations, supporting street children between the ages of 9 - 18 years.

The CDK provides the children with a savings account, teaches them about longer-term goals, provides education about the banking system and how money works. Through a number of 'bank branches' children can manage their accounts and save small quantities of cash. At the ages 16 - 18 years, we will start to provide support for entrepreneurial skills, how to run a business or initial vocational skills. At 18 years old the children formally qualify for a bank account in the normal financial system and the CDK support program finishes.



The Children's Khazana Foundation sponsors the adult facilitators, supports training activities, monitors the progress of the children and their savings, and discusses opportunities for further growth.

A general education on how the financial system works is arranged regularly through visits to banks where officials explain how banks operate, the different type of accounts, the importance of a safe banking environment and details which skills are required and what kind of careers are available in Banking. This year they were given a presentation by the Audit department of a bank, learning how checks and controls are important and the role of regulators.

The Khazana Foundation is looking to expand its support for the CDK program in the Maharashtra and possibly Ghana, where local funding is required to expand and sustain operations. Partnerships with other NGO's to combine forces is also an option.

At the end of 2018, 522 children had active accounts in Mumbai, showing a 15% increase from the year before. Khazana sponsored a LSE dissertation on "The impact of financial capability on the wellbeing of street children" reaffirming that the program empowers children and has a ripple effect on the communities and families.



BaaS:

Act like a Bank without Actually being a Bank

Banking as a Service (BaaS) enables financial services companies to hold cash amounts for, and on behalf of, their respective clients, through individual client bank accounts held on the books of ABN AMRO Clearing Bank N.V.

Banking as a Service operates under the Dutch deposit guarantee system, governed by a sound regulatory and legal framework. It has been developed on a new distributed ledger platform, named "Panopticon", based on Hyperledger fabric and scaled to process up to 500 transactions per second.

Your clients will have their respective cash accounts held on ABN AMRO Clearing's books, while you will remain the "owner" of the client relationship.

Using the available interfaces, the ABN AMRO Clearing BaaS solution can be integrated into your systems for an optimal client experience. Your clients will manage and monitor their respective cash account through your website and related tools and/or apps.



For more information on our BaaS service offering, please contact:

Renier van Dam
Head of BaaS
ABN AMRO Clearing

APAC:

Design your Journey in Asia Pacific and Grab the Tiger's Tail!

Since 1995, ABN AMRO Clearing has been a gateway to access some of Asia's large and growing markets from Japan to Hong Kong, South-Korea, Taiwan, Singapore, Australia and China's Internationalised Exchanges. ABN AMRO Clearing has a vested strong position in listed instruments across the Asia Pacific with high double digit market share on most liquid exchanges.

Across the region we are leaders in providing clearing, financing and risk management in listed and cleared futures, options, cash equities, ETFs and FX.

Why Asia? The spotlight is shining firmly on the Asian Hedge Fund community at present. China is starting to open markets to international investors and Asian growth is being fueled by good

performance, new inflows and volatility. Most investors are looking for a China angle and many exchanges and products across Asia Pacific are complimentary to this revolution.

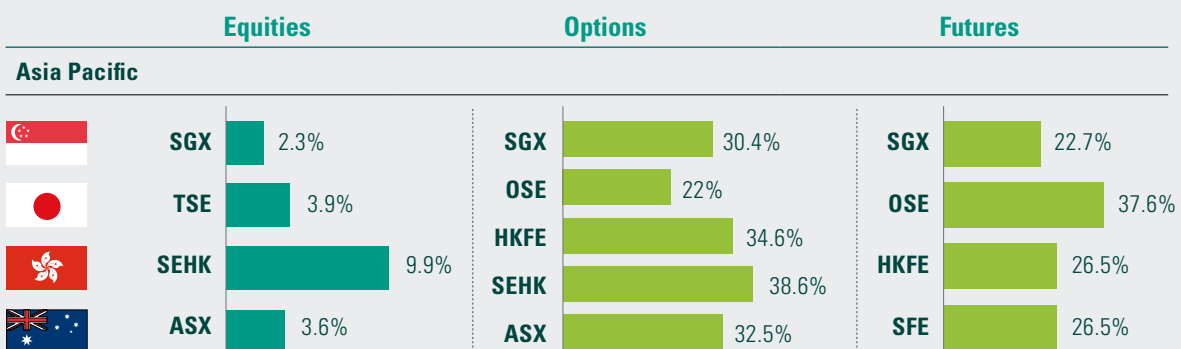
Together we can create your Asia Pacific story, today!



For more information on our clearing service offering in APAC, please contact:

Monica Loh
Regional Sales Director Asia Pacific
ABN AMRO Clearing

ABN AMRO Clearing market share, Q2 2019 (%)



IRS:

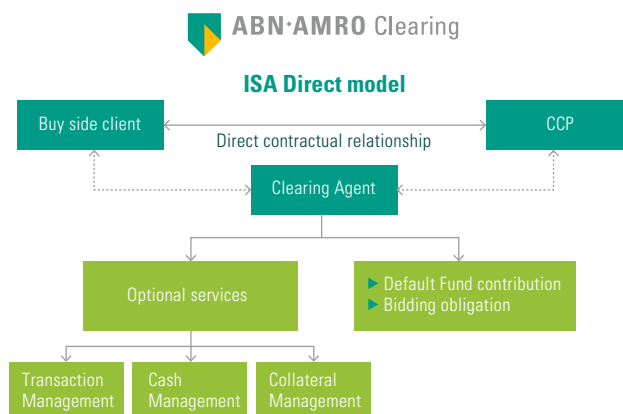
A Hybrid Set-up with Cost Savings and Lower Counterparty Exposure

ABN AMRO Clearing is a market leader in implementing innovative clearing solutions. We offer a full IRS clearing service on SwapClear, and we are one of a few clearing members to offer the ISA Direct Service on Eurex.

Benefits for both the buy-side client and ABN AMRO Clearing when subscribing to the ISA Direct model are inter alia:

- » Collateral efficiencies, including direct access to repo clearing
- » Margin funding cost reduction, as the buy-side client can fund margin calls themselves
- » Better asset protection, with enhanced segregation and portability of collateral
- » Capital efficiencies, reduction of capital requirement (RWA)

For buy-side investors the ISA Direct clearing relationship reduces dependency on clearing brokers as well as the risk of porting open trades in case a clearing broker defaults. In its role of Clearing Agent, ABN AMRO Clearing retains full responsibility for contributing to the default fund and participating in any default management auctions.



For more information on our IRS clearing services, please contact:

Alexander Jacobs
Head of OTC
ABN AMRO Clearing

ROSS Offering: Retail Brokerage is Changing!

Fintech brokers appeal to Generation Z and Millennials via zero commission fee apps. Existing brokerage firms feel the pressure to compete on fees and make investing appealing to these individuals. The demand is simple: 'freemium' and 'subscription based' services on their smartphones.

ABN AMRO Clearing's *Retail One Stop Shop Service* (ROSS) provides a seamless service from trade execution to custody for both established and start-up retail brokers. Key highlights of this service include:

- » Seamless execution → clearing → settlement → safe keeping
- » Corporate actions and tax services
- » Sourcing liquidity via the AAC Smart Order Router models to provide best execution, including systematic internalisation, and reduce third party costs
- » Leveraging market making relationships to provide efficiency via internal settlement
- » Settlement via a Retail Omnibus Segregated Account to reduce settlement costs

By choosing ABN AMRO Clearing's ROSS offering, Retail Brokers significantly reduce third party exchange, clearing and settlement costs.

Roadmap 2020

- » We will introduce *Brokerage as a Service*, a next generation turnkey investment solution for neo banks/brokers, robo-advisors and asset managers that are starting up or reinventing investment offerings
- » This new *Brokerage as a Service* platform is the engine for the offering, providing digital access via a single API gateway to global financial markets.

Our *Brokerage as a Service* will include trade execution, individual securities position administration, fractioning of shares and ETF's, regulatory compliance, custody of funds, and clearing of trades.



For more information on our Brokerage service, please contact:

James Fairweather
Global Head of Global Execution Services
ABN AMRO Clearing



Synthetics:

From Derivatives Clearer to Swap Provider

ABN AMRO Clearing is delighted to announce the expansion of its Prime Services offering with the launch of a new synthetics product.

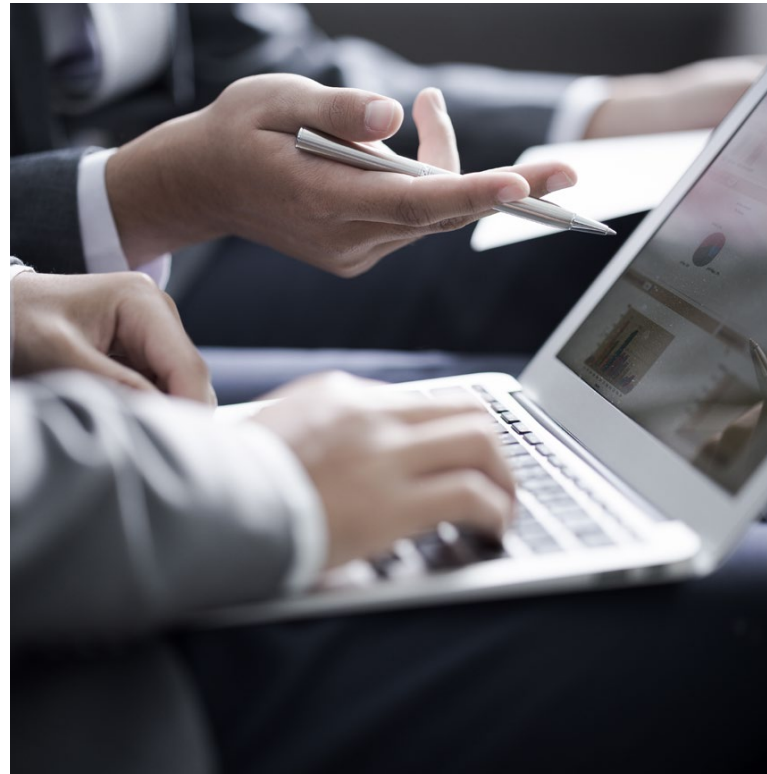
Designed to integrate seamlessly with our robust execution, clearing and settlement infrastructure, the synthetics platform will enable clients to gain synthetic exposure to many markets.

It has been developed using tier 1, modern, volume insensitive technology and allows for fully customisable and dynamic product specification and pricing. Furthermore, it utilises our industry recognised Correlation Haircut risk model for margining and collateral. ABN AMRO Clearing is the first Dutch Bank to offer its clients a synthetic solution.



For more information on our synthetics offering, please contact:

Zoe Russell
Prime Sales Director
ABN AMRO Clearing



Corporate Social Responsibility

The ABN AMRO Clearing purpose is to contribute to safe and transparent markets globally. As a leading corporate citizen, we intend to play an important role in the safeguarding of, and contributing to, the implementation of environmental, social and governance (ESG) principles throughout our business.

We engage in a dialogue with major industry players, partners and our clients. We want to set high standards as well as encourage and support sensible and effective regulatory frameworks.

We also invite our clients to reflect on their evolution on the way to sustainability (adherence to ESG factors and sustainable practices) in a thorough client acceptance process and as part of a yearly review cycle.

Our commitment is best illustrated by some practical examples:

World Federation of Exchanges

We are participating in the World Federation of Exchanges (WFE) and act as an advisory member of the UN Sustainability Stock Exchange (SSE) initiative. We have worked on the ESG guideline for investors on exchanges and the exchanges itself, as well as the Principles of Responsible Sourcing of the London Metal Exchange (LME).

Principles of Responsible Investments

We are signatories of the UN Principles of Responsible Investments (UNPRI) and member of the PRI Academy.

Frontclear

ABN AMRO Clearing provides for staff to share knowledge and give advice on setting up safe and transparent markets in countries where the financial systems are being developed with Frontclear: Mongolia, Nigeria and Ghana.

ABN AMRO Clearing is committed to compensating our data centres' carbon emissions, our travel and facilities footprint. We contribute to reforestation initiatives in all our regions, through partnerships in the industry.

Land Life Company

We kicked off our reforestation program in May 2019 in Chicago in collaboration with Land Life Company. In November, ABN AMRO Clearing has supported the planting of a new forest in the Castilla y León region of Spain where Land Life has already planted hundreds of thousands of trees on degraded land, restoring biodiversity and natural ecosystems to the area. Next year, we intend to extend the program to other cities around the world.

ABN AMRO Clearing believes that engaging in a dialogue with clients on sustainability topics helps raise awareness and can kick start joint efforts to address sustainability. Sustainability requires collaboration across the whole value chain.



Pauline Engelberts
Global Chief Operations Officer
ABN AMRO Clearing



"The workshop provided an invaluable opportunity for introspection. The insights from Ed and Elian from ABN AMRO Clearing were very good and gave us alternative solutions to consider in the nearest future. On the whole we were very satisfied and happy to organize the workshop."

Yao Abalo, CSD Ghana CEO

What Global Yield Curves Signal About 2020 Growth

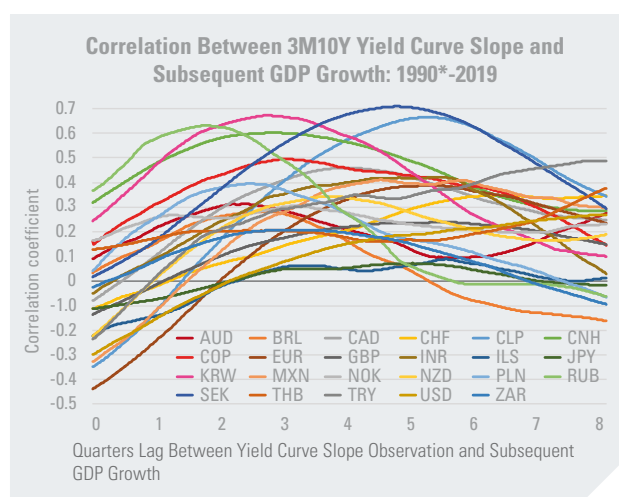
Are the US, Eurozone and Japan heading for sharp economic slowdowns? Is growth in China and India about to accelerate? Those are the seeming verdicts of the countries' respective yield curves. But how much confidence should be placed in them?

This paper analyses the relationship between yield curve slopes and subsequent growth in GDP across 23 currencies that account for 88% of global output. For each yield curve, we use the difference between 10-year swap rates minus 3-month interbank rates (expressed as "3M10Y") for as far back as we can get data. Depending on the country, those numbers are available from 2006 and in some cases from 1990.

The findings are striking. Looking three-to-five quarters ahead, every single one of the 23 yield curves correlates positively to future GDP growth. Normally, we include only two lines in each chart. In Figure 1, we make an exception, including all 23, to illustrate the following point: if the yield curve had a random relationship with future GDP growth, there should be a 50-50 chance of the correlation being positive. The likelihood of all 23 currencies demonstrating a positive relationship simultaneously is $1/(2^{23})$, or one in 8,388,608.

Cutting through the noise by taking an average of the 23 correlations, on balance, the slope of the yield curve correlation with future growth peaks three to five quarters in advance. In other words, a steepening of the yield curve today might translate into stronger growth about six to 15 months later. A flatter yield curve implies slower growth about half-a-year to a year-and-a-quarter in the future (Figure 2). At the same time, we don't wish to overstate the significance of these findings. In many cases the correlations are not particularly strong.

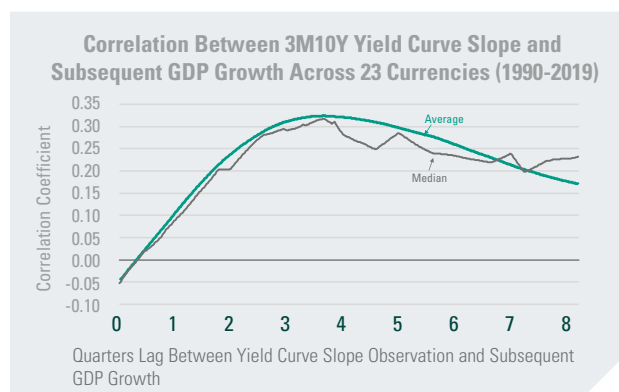
Figure 1: The graph is messy but message is clear; yield curve slope correlates positively with growth.



Source: Bloomberg Professional for GDP and Interest Rate Data, CME Economic Research Calculations

*Since 1990 or to the limit of data availability with a minimum of 2006-2019

Figure 2: Correlation between yield curve and growth peaks 2-5 quarters in the future.



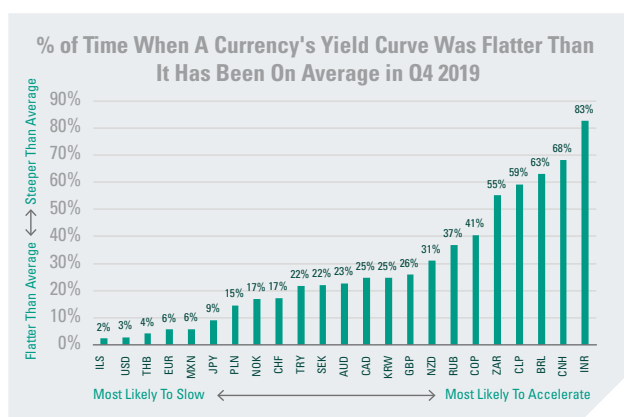
Source: Bloomberg Professional for GDP and Interest Rate Data, CME Economic Research Calculations

The good news is that yield curves have shown themselves to be useful, if imperfect, indicators of the direction of the various economies. The not so great news is that of the 23 yield curves that we examined, 18 of them are pointing towards slower growth.

To reduce a large and complicated data set into a single bite-size piece, we examined, relative to their own respective histories, how steep or flat each of the 23 yield curves have been on average in Q4 2019. If the curve was the steepest it's ever been, it would have a value of 100%; if it was at its historical flattest, it would have a value of zero. Only five curves, (Brazil (BRL), Chile (CLP), China (CNH), India (INR) and South Africa (ZAR)) have been steeper-than-average, pointing towards stronger growth.

By contrast, the remaining yield curves have all been less steep than their historical averages, in some cases dramatically so. For the Eurozone (EUR), Japan (JPY), Mexico (MXN), Thailand (THB) and the United States (USD), yield curves are all in the bottom 10% of their historical steepness, pointing towards the likelihood of sharply slower growth ahead. Most of the others are in the bottom third of their historical steepness, pointing towards the likelihood of somewhat slower growth ahead in 2020 and 2021 (Figure 3).

Figure 3: Global interest rate markets suggest China & India will accelerate, Europe & US will slow.



Source: Bloomberg Professional for GDP and Interest Rate Data, CME Economic Research Calculations

On a GDP-weighted basis, the five countries that seem most likely to accelerate account for about 25% world GDP. The rest look set to slow, at least if past correlations hold. Before we throw in the towel on growth, however, a word of scepticism. How much confidence should we still place in yield curves in a world of negative interest rates and quantitative easing?

The idea that the Federal Reserve's (Fed) QE still distorts the yield curve is a hard case to argue. For starters, the Fed stopped expanding its balance sheet in late 2014 and has been shrinking its balance sheet since 2017.

By contrast, the European Central Bank (ECB) has inaugurated another round of QE and neither the ECB nor the Bank of Japan (BoJ) ever shrank their balance sheets after previous rounds of QE. One could argue that the extreme sizes of the QE (44% of Eurozone GDP and 100% of Japanese GDP) distorted interest rate markets and artificially flattened yield curves.

Likewise, negative rates in Europe and Japan rather than boosting economic growth appear to be holding it back. If negative rates are holding back growth in Europe and Japan, that is consistent with their yield curves being flat. As such, flat yield curves in Europe, and Japan, might be accurately gauging the failure of QE and negative rates to stimulate growth, just as they may have accurately evaluated the potentially negative impact of so much Fed tightening.

In terms of how much confidence one should place in yield curves, the answer varies by currency. Of the 23 currencies, Chile, China, Sweden and South Korea demonstrated the strongest relationships between yield curve shape and subsequent GDP growth, followed by Colombia, Canada, Turkey, Mexico, India, the Eurozone, New Zealand, and Norway. That Eurozone growth had an above-average correlation between 3M10Y and subsequent GDP growth is impressive given the degree of the ECB's QE and the existence of negative rates for one quarter of the Eurozone's history as a currency bloc.

The weakest relationship was Japan, where the BoJ's QE was in order of magnitude greater than that of the Fed or the ECB. In addition to buying far more bonds relative to the size of GDP, the BoJ also went down much further in terms of credit quality. That India and China, where the yield curve-growth correlation has been among the strongest, have relatively steep curves is encouraging, especially for producers of commodities.



Erik Norland
Senior Economist
CME Group

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¹ Source: Bloomberg as of Dec 6, 2019 looking at daily correlations for index over prior 12 months.



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