

**CSQ** ■ INVESTOR  
CONFERENCE 2015

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CONNECTING THE MOST INFLUENTIAL INVESTORS IN LOS ANGELES

## // Sessions



### The Big Deal

Recognized as the largest middle-market investment bank in the world, LA-based Houlihan Lokey raised eyebrows in August when it went public, making it the region's largest IPO in 2015. CEO Scott Beiser described the transition and offered his insight on what it means for the company and its shareholders.



### Investing in Real Estate

The conference's opening panel discussed innovative workspaces and offices, the resurgence of Downtown, student housing, hospitality, retail development and leasing, and global investment in different markets, providing a general overview of the commercial and residential markets in Los Angeles and abroad.



### What's Next for Energy?

Kayne Anderson CEO Bob Sinnott offered his analysis on existing opportunities and his prognosis on the direction of the oil and gas industry.



### Investing in Global Markets

Where are the opportunities in the global and domestic debt and equity markets? A diverse panel from across the nation fielded topical questions that ranged from assessing and controlling risk to balancing liquid and illiquid assets.



### Corporate Wellness

A former Ernst & Young Entrepreneur of the Year, Puneet Nanda (former president & CEO of Dr. Fresh, Inc.), led attendees in a guided journey "from distress to de-stress."



### Transportation Keynote

Elon Musk's hyperloop concept has inspired Hyperloop Technologies to bring the idea to fruition. CEO Rob Lloyd spoke of revolutionizing transportation and technology as the LA-based company looks to completely transform how we perceive mobility—not just between Los Angeles and San Francisco but around the globe.



### Investing in Technology

Is there a tech bubble, and if so, how will the region's tech community be impacted if it bursts? From bootstrap startup to IPO, panelists from four prominent companies outlined the specifics of the investment cycle and detailed the benefits that come with being based in Los Angeles.



### Investing in Los Angeles

AEG is a leading global presenter in sports and entertainment. The Special Olympics World Games was this year's largest sports and humanitarian event in the world. Combine the CEOs of these interests with the City's 41st mayor and a rep of the progressive LA2050 project, and there's a wealth of potential for investing in the City of Angels.

## // From Private to Public



**SPEAKER**

**Scott Beiser**, CEO, Houlihan Lokey

**MODERATOR**

**Bruce Munster**, Managing Director - Private Wealth Management, Merrill Lynch Private Banking & Investment Group

**SYNOPSIS**

When Scott Beiser joined Houlihan Lokey in 1984, he recalled that the company's entire personnel roster "would fit on one Rolodex card." How times have changed. Beiser rose through the ranks to become CEO and today also serves as managing director for the investment banking firm. The company mulled going public for nearly four years before finally pricing its IPO on August 12, 2015 (NYSE: HLI). Beiser's three-decade track record with the company allowed him to impart ample perspective on the transition from private to public company. While nothing changed significantly for the vast majority of the firm's employees, perception has undergone a seismic shift, Beiser said, citing brand reputation. Beiser pointed out that, due to the number of alternatives available in the marketplace (private equity, for example), the number of companies that choose to go public is actually less than it was ten years ago. As for the firm's enduring success, Beiser attributes this to the diverse business model that has allowed Houlihan Lokey to be profitable in variable market conditions. The ability to nimbly shift focus from healthy to distressed deals paid off in 2009 when the firm enjoyed its most successful calendar year on record.

**TAKEAWAYS**

*"I've always said, give me someone who has some good street smarts and a desire to succeed and there's a place for them in the business world."*  
- Scott Beiser

*"For a variety of reasons, people just view when you have a ticker symbol, they think of you more successfully and differently than if you just have a URL."* - Scott Beiser

## // Investing in Real Estate



**PANELISTS**

**Andy Cohen**, Co-CEO, Gensler  
**Bruce Savett**, Founding Principal, Granite Peak Partners, Inc.  
**Sandy Sigal**, President & CEO, NewMark Merrill Companies  
**Mark Weinstein**, President & Founder, MJW Investments

**MODERATOR**

**Martin Griffiths**, Western Region Real Estate Lead Tax Partner, KPMG

**SYNOPSIS**

Real estate investments from four unique angles (student housing, industrial developments, commercial, and retail properties) fueled a discussion that touched on the evolution of "creative office space," the architectural resurgence in Hollywood and Downtown LA, the effects of foreign capital in Los Angeles, and the new suburban trend of "hackable buildings." Gensler's Andy Cohen cited the dual role of new technology and enhanced productivity resulting in more efficient use of square footage. Bruce Savett echoed Cohen's sentiments, indicating that, to accommodate millennials, apartments are being built smaller to allow grander public spaces where people can work and live. On the retail side, Sandy Sigal pointed to consumers' ability to shop from their laptops. To combat that trend, NewMark Merrill is spending more money on amenities to reinvigorate the brick-and-mortar shopping experience. As a whole, panelists were bullish on the influx of foreign capital, noting that the important aspects are the expectations and philosophies that capital accompanies. At the close, the Los Angeles real estate market came to the fore—in the city and in the suburbs—and panelists agreed that the future of the region's market is bright, thanks to foreign capital and domestic companies flocking to Los Angeles.

**TAKEAWAYS**

*"People want to leave their house and want to socialize, we just have to make it easier for them."* - Sandy Sigal

*"I'm personally seeing companies flooding to Los Angeles now like I've never seen in my entire career. The phone is ringing off the hook. We're working to design projects as fast as we can. If I'm the leading indicator—one of the leading indicators—I can tell you, I'm bullish on Los Angeles."* - Andy Cohen

*"We're seeing new buildings and new spaces because technology and mobility is allowing American workers to work anywhere ... what used to be 'I' space—meaning private offices—is now 'we' space. We're creating collaboration spaces for people to come together."* - Andy Cohen



## // What's Next for Energy?



**SPEAKER**

**Bob Sinnott**, President, CEO, & CIO, Kayne Anderson Capital Advisors, L.P.

**SYNOPSIS**

By nature, investing in energy rife with complications because it is a highly price-sensitive commodity, according to Bob Sinnott, whose presentation focused on the oil market. He described pressure that is starting to build in the market. While a steady oil price of \$70 to \$80 is reflected in current conditions, if the prices were to increase by \$10, the economy would see increased supply but decreased demand. On the other hand, if prices were to drop below \$70, supply would suffer. Multistage hydraulic fracking—the process by which rock is pulverized without losing too much pressure—is part of a great technological boom in America, Sinnott said. While fracking has been taking place for nearly 90 years, the multistage approach is making a difference at a time when oil production is decreasing in two thirds of the world. Partly borne out by the necessity of finding alternatives to a dependence on oil-rich nations that are not historically its allies, the U.S. has shifted from being a market price stabilizer to a market share stabilizer, and now produces up to 9 million barrels of oil daily.

**TAKEAWAYS**

*"You're probably going to see one third of lower tier gas and oil companies not make it in the next 24 months." - Bob Sinnott*

*"The U.S. started producing; we consume 19 million barrels of liquid, 16 million of crude, and of that 16 we produce 9 million." - Bob Sinnott*

## // Investing in Global Markets



**PANELISTS**

**Jim Cunnane**, Managing Director & CIO, Advisory Research MLP & Energy Infrastructure Team

**Mark Paris**, Head of Municipal Portfolio Management and Trading & Senior Portfolio Manager, Invesco

**Keith Van Etten**, Founder, Van Etten Consulting

**Anne Walsh**, Senior Managing Director & Assistant CIO, Guggenheim Investments

**MODERATOR**

**Chris Wolfe**, CIO, Portfolio Solutions, PBIG & Institutional, Merrill Lynch Wealth Management

**SYNOPSIS**

Chris Wolfe led the discussion on the current state of global markets. The panel focused largely on risk—where it is highest and how to form a strategy that accounts for it. Cunnane and Van Etten discussed MLPs (master limited partnerships), with the former slightly more confident than the latter that now is a good time for these investments. The spectre of China loomed over the conversation, but did not dominate. Walsh talked about changing the approach to fixed incomes and the merits of liquid versus illiquid assets. Paris urged diversification between the two—another key word in the discussion on portfolios and managing risk. Both Walsh and Van Etten encouraged turning away from indexes, with the emphasis that alternatives should be taken as options and not back-up plans. Wolfe concluded with the notion that the main issue in global markets is not currency, but approach. Overall, the panel was cautiously optimistic and while risk took up much of the conversation, it was in the context of how to strategize against and manage it.

**TAKEAWAYS**

*"Two thirds to 70 percent of all trading on Wall Street has some kind of algorithm behind it, whether it's monitoring volatility or monitoring changes in valuations." - Keith Van Etten*

*"The weird thing about risk is that you don't always recognize where it's coming from, so you try and stage your portfolio against all different kinds of risk." - Anne Walsh*



## // Corporate Wellness



**SPEAKER**

**Dr. Puneet Nanda**, Former President & CEO, Dr. Fresh, Inc USA

**SYNOPSIS**

The author of *Wall Street Yoga* led attendees in a guided meditation session, during which he shared wellness and relaxation techniques designed to impart maximum rejuvenation with minimal disruption of the executive's normal workday. With his mantra of "turning distress into de-stress," the former Ernst and Young Entrepreneur of the Year award winner demonstrated to attendees a few techniques from his spiritual toolbox designed to bring relaxation to the fore without requiring that one disengage completely from one's daily obligations. Accentuating the value of conscious breathing, physical release, and lightness of mood, the successful entrepreneur-turned-yogi engaged the audience in a temporary diversion from the intellectually dense programming and allowed for a whimsical recharge.

## // Transportation Keynote



**SPEAKER**

**Rob Lloyd**, CEO, Hyperloop Technologies Inc.

**SYNOPSIS**

Lloyd presented Hyperloop not only as a transportation solution, but also as a representation of Los Angeles' status as a hub of technology and creativity. Boats, trains, trucks, cars, and airplanes are left in the figurative dust by Lloyd's impressive statistics. With a projected 80% increase in passenger miles in 30 years and an 88% increase in freight tonnage from 2012 to 2035, Hyperloop emerges as the form of transportation best suited to our ever-growing demand. Lloyd discussed the construction of a two-mile test tube and the belief that the concrete success of tests will be all the proof needed to get the full Hyperloop built. The impressive facts and figures speak for themselves: speeds of up to 700 mph, carbon free, 20% of the energy required to move a train on tracks, and extremely reduced wind resistance. Hyperloop is not a final answer, but rather the next step in the evolution of transportation. The potential of the Hyperloop is not restricted to any one industry or arena. Lloyd presented the Hyperloop as a vessel for both cargo and people that can transport its contents across land or underwater. Hyperloop promises a future that is cleaner, faster, and closer than we may think.

**TAKEAWAYS**

*"When we hit that Kitty Hawk moment, raise 100 million bucks, and go 700 miles an hour in a tube, competition will follow. It's all about being first, and it's all about being best, and innovative every day."* - Rob Lloyd

*"Hyperloop won't be the only transportation network; think of it as the backbone of the next wave of networking. This will redefine the supply chain and completely transform cities."* - Rob Lloyd



### \$ EXPENSIVE MESS

HYPERLOOP

Constant Delays



Total cost of U.S. air transportation delays, including cost to airlines, passengers, and lost demand

Major Congestion



Foregone U.S. GDP due to an underperforming freight transportation system (7% of GDP)

Costly Bottlenecks



Costs of time and fuel on consumers due to U.S. highway congestion

Costly Bottlenecks



Value of goods in transit - sitting unproductive on planes, trains, and trucks - globally

"In Chicago, the nation's biggest rail center, congestion is so bad that it takes a freight train longer to get through the city limits than it does to get to Los Angeles."

Hyperloop Technologies Inc. Business Confidential

Sources in appendix 3

## // Investing in Technology



### PANELISTS

**Steve Gatena**, CEO, Helinet Aviation  
**James Segil**, Co-founder & Former President, EdgeCast Networks Inc.  
**Mark Munson**, Founder & CEO, Twenty20  
**Todd Tappin**, COO & CFO, Rubicon Project, Inc.

### MODERATOR

**Howard Marks**, Co-founder & Executive Chairman, StartEngine

### SYNOPSIS

While Silicon Valley still reigns, Silicon Beach is emerging as a respectable alternative. Tappin pointed to the better cost of living in LA and an equally formidable (albeit smaller) pool of talent. Entrepreneurs still have to go north to seek key funding, but there is a definite sense of growth in LA-based funding. The conversation of the panel focused largely, but not entirely, on how LA stacks up to Silicon Valley. Marks directed the discussion toward the general state of the technology industry as it concerns both metropolitan areas. All panelists acknowledged the possibility of the bubble bursting. Segil noted that perhaps this is another area in which Silicon Beach has the edge on the Valley, as local companies tend to be a little more cautious in their business models. Munson brought up the benefit of learning from the past when it comes to the bubble, something of which the relatively younger Silicon Beach can take advantage. Even with the potential for a tech bubble, the prognosis for LA's future as a tech city looks good.

### TAKEAWAYS

*"If you as an entrepreneur want to take a massive evaluation to raise a bigger chunk of money, you have to be prepared to live up to that valuation. You have to give your investors an upside. Most people in this environment are taking valuations that are a little crazy because they're not necessarily thinking of that exit. My hope is that the bubble doesn't burst, it just shrinks a little bit."* - James Segil

*"Larger companies are starting to see the value in smaller companies, and they're willing to pay it in terms of acquisitions. As to a tech bubble, it may be more cyclical but you have to look at it by sector."* - Todd Tappin

## // Investing in Los Angeles



### PANELISTS

**Dan Beckerman**, President & CEO, AEG  
**Patrick McClenahan**, President & CEO, LA2015 Special Olympics World Games;  
**Tara Roth**, President, Goldhirsh Foundation  
**Antonio Villaraigosa**, 41st Mayor, City of Los Angeles

### MODERATOR

**Frank Mottek**, Broadcast Journalist, CBS Station KNX 1070 NEWSRADIO & Host, KNX Money Hour

### SYNOPSIS

Community engagement was the heart of this panel's discussion. Villaraigosa spoke about the makeup of LA as a community—diverse not only in ethnicity, but also in economic status. The extreme poverty in LA makes investment in the community, in people, of high importance. Roth referred to an "outbreak of civic idealism" in community interactions with LA2050. McClenahan continued the praise for the power of LA as a community. This year's Special Olympics brought 6,500 athletes from 165 countries together; a feat made possible by the city's support. Beckerman's AEG, which Villaraigosa dubbed an exemplary corporate citizen, is a force that extends beyond LA. The GRAMMY Museum is looking to expand to branch locations, spreading music education to low-funded communities. Beckerman placed a higher priority on sharing the lessons learned in LA over learning lessons from other cities. Rather than focusing on problems, the panel celebrated the solutions in progress. The collaboration between private and nonprofit sectors—especially the cooperation with the city's government—along with investing in local entrepreneurs emerged as the key lessons from this panel.

### TAKEAWAYS

*"We believe that just about every problem and solution exists in LA and we believe in the entrepreneurial and innovative spirit and the diversity of the population here to tackle these problems with innovative solutions."*  
 - Tara Roth

*"The investments that resonated most were those in minority owned businesses, women owned businesses, job training, and local hiring. It's good business for us."* - Dan Beckerman



## By the Numbers

**24**

Program partners

**24**

Panelists / speakers

**85**

C-level executives

**130+**

Businesses in attendance

**230+**

Attendees based in Los Angeles (90%),  
the Midwest (5%), Northeast (5%)

**500**

Onsite digital interactions

**1,000,000+**

Media impressions



## INVESTOR CONFERENCE RECEPTION

Following the Investor Conference, attendees gathered on the Montage Terrace located above the garden for dinner, cocktails, networking, and entertainment. As the sun set, conference attendees had a chance to mingle and also meet and talk with conference speakers and panelists including Steve Gatena, Patrick McClanahan, and more. Dinner was provided by Montage Beverly Hills while cocktails were hand crafted courtesy of The Macallan, Avion Tequila, and Einstock Beer. Entertainment came in the form of a 5-piece jazz band, led by Ilya Serov courtesy of CSQ partner the New West Symphony.



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