

Strategic Asset Allocation

Modern portfolio theory in action

LONDON DATES:

11-12 FEBRUARY 2008
22-23 SEPTEMBER 2008**FREE
BOOK FOR
EACH
DELEGATE**

Five reasons why no investment professional can afford to miss this course:

- 1) It is the only practitioner-focused event exclusively dedicated to this exciting new area
- 2) Led by the author of the only European book on the subject and the acknowledged thought-leader in this field
- 3) Multi-asset class investing continues to be a highly topical issue and is an essential component in a robust investment strategy
- 4) Utilising multi-asset class investment is the best available option for dealing with pension fund deficits
- 5) The answer to many burning questions - Investors are now eager to implement at least some degree of MAC investing, but nobody knows how to do it – this course will give you the “how” as well as the “why”

Course Faculty:
Guy Fraser-Sampson (*Independent Consultant*)

Strategic Asset Allocation

“Multi-asset class strategy looks set to transform the investment world as we know it”

Multi-asset class techniques and strategies are being hailed as the future of investment management worldwide. Pioneered by such legendary institutions as the Yale Endowment in North America, these new ideas are slowly but gradually crossing the Atlantic and have now been publicly espoused by all the leading consultancy firms. They are already being put into practice by the most innovative of Europe's pension funds. Exposing the illogicality and misunderstandings which proliferate in traditional finance thinking, multi-asset class strategy looks set to revolutionise the investment world in perhaps the same way as Einstein's theory of relativity did for science.

We are delighted to have secured the services of Guy Fraser-Sampson to run a two-day course which will open your eyes to the potential of this exciting new approach. Guy was recently referred to by the Daily Telegraph as the 'European cheerleader for multi-asset class investing'. He has been actively arguing for its adoption in Europe for many years, most notably in a speech which he gave to the UK's National Association of Pension Funds in 2004, which was seen as controversial at the time, but which is now being seen as visionary.

Fraser-Sampson's theories are based upon the solid bedrock of over twenty years' industry experience, including living and working in the Middle East as Investment Controller with the Abu Dhabi Investment Authority ("ADIA"), acknowledged to be one of the largest investors in the world. He also set up and ran for several years the European operations of leading US fund of funds manager Horsley Bridge.

Attend this ground breaking course and you will hear how traditional but fundamentally flawed views of concepts such as risk and liquidity have caused European investors to take a mistaken approach to asset allocation. See how investment strategy can and should be set in practice. Learn how asset classes such as private equity, hedge funds and property can be integrated within a properly uncorrelated portfolio. Gain the competitive edge and prepare yourself for the new world of investment theory.

Guy's recent publications

Guy is the author of the only European book on this subject. *Multi-asset class investment strategy* was published in July 2006 and has been described as a major contribution to portfolio theory. The Daily Telegraph noted that "the tectonic plates are shifting under the British investment establishment", while one reviewer said simply "there are some books you read that change the way you think - this is one of them."

Private equity as an asset class was published in February 2007 and went straight into the Amazon best-seller list. One private equity publication has described it as "a masterpiece by the acknowledged expert in the field". The Chairman of the European Venture Capital Association said that it "shines a torch of clarity into some dimly lit areas of private equity theory and practice".

More about your expert course leader

Guy Fraser-Sampson originally qualified as a lawyer and became an equity partner in a City of London law firm. In 1986 he left the law and has since gained twenty years' experience in the investment arena, particularly in the field of private equity.

He is best known for having set up and run for the European operations of US fund of funds manager Horsley Bridge. Previously he worked in the Middle East as Investment Controller with the Abu Dhabi Investment Authority (ADIA) when it was one of the largest investors in the world.

In recent years Guy has developed his abiding interest in investment strategy, portfolio theory and asset allocation, and became recognised as an expert and thought leader in the area, particularly in so far as pension funds are concerned. He also, in the course of two and a half years' research for his first book, became an expert on so-called

alternative assets generally, and has written and lectured widely on how these might be accommodated into multi-asset class products and portfolios.

He is the inventor of the Total Funding Model, by which pension funds may calculate their future liabilities and target rate of return. He has also invented a new way of calculating investment risk. He has previously been responsible for developing many computer models for measuring private equity fund performance.

Guy is well known as a conference speaker and, increasingly, as a provider of keynote addresses. He is also a prolific writer, supplying articles for every one of Europe's English language pension publications as well as numerous investment titles, including his regular column in *Real Deals*, Europe's leading private equity publication.

IMPORTANT INFORMATION

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Your Comprehensive Course Programme

DAY ONE

Financial Theory I –

Correlation, the Missing Link

- Traditional views of relationship between risk and return
- Effect of correlation (and lack of it)
- The efficient frontier
- Practical considerations

Introduction: the Yale Model and MAC Investing

- What is multi-asset class Investing?
- What is the Yale Model, and does it work?
- Application of the Model outside the US
- David Swensen's credo in outline

The MAC Model and Relative Performance

- How has the Yale Model performed?
- How would European pension performance have been altered by MAC investing?
- What about rebalancing?
- Absolute versus relative returns
- Compound versus annual returns

The Total Funding Model

- What is strategy?
- What are we aiming to achieve?
- Pension fund liabilities in outline
- The escalator factor – inflation and demographic change
- Arriving at a Target Rate of Return

Asset Allocation – Current Practice

- Current pension fund asset mixes
- How has this changed over time?
- How is asset allocation carried out?
- Who makes the decisions?
- Why are these asset classes chosen?

Financial Theory II –

Risk as Presently Viewed

- Beta and the Capital Asset Pricing Model
- The atheist cathedral

- Mathematical problems with Beta
- Conceptual problems with Beta
- Specific problems with annual returns

Financial Theory III – Towards a New View of Risk

- Risk and uncertainty
- Risk in the real world
- Return risk and capital risk
- Compound returns
- Phi calculations

Treatment of Assets and Liabilities – Apples and Oranges?

- Accounting and regulatory treatment of liabilities
- Why discounting liabilities is wrong
- Why the accounting measures are good ... and bad
- What should pension trustees be considering?
- What is the true view of what a pension scheme actually is?

DAY TWO

Liquidity

- How much liquidity do pension funds need?
- Keynes and the fetish of liquidity
- Swensen and the modern view of liquidity
- Irrationality of liquidity concerns
- Liquidity of different asset classes

Quoted Equity

- Active versus passive management
- Which indices shall we consider?
- Correlation between quoted markets
- Currency and geographical considerations
- Return risk of quoted equities

Hedge Funds

- What are hedge funds?
- Different hedge fund strategies
- Single funds and funds of funds
- Volatility
- Correlation
- Return risk

Property

- Direct and indirect investing
- Direct – sector and location
- Indirect – available vehicles
- Property benchmarks and performance
- Correlation with other asset classes

Private Equity

- What is private equity?
- Buyout in outline
- Venture in outline
- Primary and secondary markets
- Liquidity
- Return risk of private equity

Other Possible Asset Classes – Recent Developments

- Structured Products
- Commodities
- Exchange Traded Funds
- Energy
- Public / Private partnerships: infrastructure and project finance
- Convergence / consolidation within asset management?

LDI and Portable Alpha

- Artificial treatment of liabilities
- Why liability matching does not work
- The pension plan as creditor
- The strategic dilemma
- The concept of Portable Alpha
- Why Portable Alpha does not work

Implementation – Problems and Solutions

- Regulation
- Staffing and resources
- Liquidity
- Tendering regulations
- Access
- Availability

Strategic Asset Allocation



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A Z

Modern portfolio theory in action

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I would like to register on the training course:
Strategic Asset Allocation in Central London
(Venue to be confirmed) Please tick your preferred course(s):

- COURSE** 11-12 February 2008 (Ref: LF2818)
 22-23 September 2008 (Ref: LF2902)

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Job Title _____ Dept _____

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- 124 Exotic Options
 011 Equity Derivatives
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 084 Energy Derivatives
 073 Convertible Bonds
 117 Repos
 218 Global Financial Markets
 075 Credit Derivatives
 102 Swaps
 220 Advanced Gas Trading
 224 Capital Markets

Corporate & Structured Finance

- 119 Asset Securitisation
 077 Corporate Finance
 176 Syndicated Loans
 017 Project Finance
 108 M&A
 202 Project Finance Modelling
 214 CDOs

- 216 Loan Documentation
 212 Securitisation Cash Flow Modelling
 194 Financial Modelling
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 134 MBO's
 205 Private Equity & Venture Capital
 222 Project Finance Law
 226 Trade Finance
 229 Corporate Restructuring

Risk Management

- 122 Value at Risk
 186 Fundamentals of Risk
 208 Advanced Risk
 110 Market Risk
 149 Integrating Market and Credit Risk
 147 Monte Carlo Simulation
 215 Economic Capital
 195 Operational Risk
 199 Credit Risk Modelling

- 221 Risk in Gas Trading
 225 Risk School
 227 Basel II

Analysis and Maths

- 100 Interest Rate Models
 053 Financial Engineering
 203 Structured Products

Back Office & Compliance

- 063 Accounting for Derivatives
 200 Securities Settlement and Global Custody
 207 Derivatives Operations
 206 Fund Administration
 223 Derivatives Audit

Investment

- 162 Fund Management
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 094 Global Asset Allocation
 213 Hedge Funds

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5 ways to register...

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5 Mail: **Customer Service Manager
International Faculty of Finance
8th Floor, 29 Bressenden Place
London SW1E 5DR**

What happens if I have to cancel?

If you are unable to attend, the following cancellation charges will apply for written notice received: 30+ days before the course: 10%. 15-30 days before the course: 50%. 1-14 days before: 100%. We will happily transfer you to a future course or a colleague can take your place, however a 10% admin charge will be made if the transfer occurs within 30 days of the course. This cancellation policy is necessary owing to the strict limitation on attendance numbers.

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