Performance & Risk Measurement for Hedge Funds

November 17-18, 2004, Flatotel, New York City

Learn the Latest Techniques in Hedge Fund Performance Measurement, Risk Management, Style Analysis, Indexing and Asset Allocation

Get expert practical insights into:

- **Current practices** and **recent breakthroughs** in hedge fund performance evaluation and risk management
- **Portfolio transparency, performance reporting** and **disclosure** issues: what do investors and potential investors need to know?
- **Best practices in hedge fund valuation** and **pricing** – addressing the valuation problems specific to different styles and strategies
- **Hedge fund allocation strategies** and their impact on performance
- **Hedge fund indexing** as an effective benchmarking tool

PLUS: Interactive Half-Day Workshop chaired by Thomas Schneeweis, Director – CISDM and Editor – Journal of Alternative Investments

Hear from:

**CHAIR:** Michael G. Tannenbaum, Tannenbaum Helpern Syracuse & Hirschtritt LLP/Hedge Fund Association

- **Raj Gupta**, CISDM/Journal of Alternative Investments
- **E. Lee Hennessee**, Hennessee Group LLC
- **Roy D. Henriksson**, Advanced Portfolio Management
- **Sudhir Krishnamurthi**, Managing Director, Rock Creek Group
- **Rick Lake**, Lake Partners
- **Jeff Landle**, The Hardt Group
- **Ron Liesching**, Pareto Partners
- **Robert McFall Lamb, Jr.**, Deutsche Bank
- **Leon M. Metzger**, Paloma Partners Management Company
- **Jacqueline Meziani**, Standard & Poor’s
- **Joanna Peters**, StratconGlobal, Inc.
- **Leslie Rahl**, Capital Market Risk Advisors
- **Virginia Reynolds Parker**, Parker Global Strategies, LLC
- **Gary Scrivner**, University of Arizona Foundation
- **Ron Surz**, PPCA, Inc.
- **Hilary Till**, Premia Risk Consultancy, Inc.
- **Timothy S. Wilson**, Caxton Associates, LLC
### Performance & Risk for Hedge Funds

#### Day One: Wednesday November 17, 2004

<table>
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<tr>
<th>Time</th>
<th>Event</th>
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<tbody>
<tr>
<td>8:00</td>
<td>Registration and Continental Breakfast</td>
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<tr>
<td>8:30</td>
<td>Introduction and Chair’s Opening Remarks</td>
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<tr>
<td></td>
<td><strong>Michael G. Tannenbaum, Partner, Tannenbaum Helpen Syracuse &amp; Hirschlitt LLP, President, Hedge Fund Association</strong></td>
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<tr>
<td>8:45</td>
<td>Keynote Address</td>
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<tr>
<td>9:15</td>
<td><strong>Update on Performance Measurement for Hedge Funds: Current Practices and Recent Breakthroughs</strong></td>
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<td>- Determining the effectiveness of common performance measures currently being used for evaluating hedge funds:</td>
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<td></td>
<td>➢ Do industry practitioners and academics measure performance accurately?</td>
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<td>➢ Which measurement tools are being used for which strategies?</td>
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<td>- How important are factor sensitivities to performance evaluation?</td>
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<td>- Examining the latest advances and research in hedge fund performance evaluation</td>
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<td>- What important changes are likely to take place in the next five years in hedge fund performance measurement techniques?</td>
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<td><strong>Moderator: Raj Gupta, Research Director - CISDM</strong> (Center for International Securities and Derivatives Markets), Assistant Editor - Journal of Alternative Investments</td>
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<td><strong>Roy D. Henriksson, Director of Research, Advanced Portfolio Management</strong></td>
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<td><strong>Ron Liesching, Chief Research Officer, Pareto Partners</strong></td>
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<td><strong>Ron Surz, President, PPCA, Inc.</strong></td>
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<tr>
<td>10:00</td>
<td>Refreshment and Networking Break</td>
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<tr>
<td>10:45</td>
<td>What do your Investors and Potential Investors Need to Know?</td>
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<td>I: Portfolio Transparency, Performance Reporting and Disclosure Issues</td>
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<td>- Understanding the investor’s perspective:</td>
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<td>➢ What aspects of the fund’s performance are most important through the investor’s eyes? What are the key risk indicators?</td>
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<td>- Performance reporting to your current investors:</td>
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<td>➢ How should the data be presented, both quantitatively and qualitatively?</td>
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<td>- Marketing your fund’s performance to attract new investors</td>
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<td>- How will new hedge fund regulations impact performance reporting and disclosure practices?</td>
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<td><strong>Michael P. Hennessy, Vice President, UNC Management Company (to be confirmed)</strong></td>
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<td><strong>Joanna Peters, President, StratconGlobal, Inc.</strong></td>
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<td><strong>Gary Scrivner, Vice President, Finance &amp; Administration, University of Arizona Foundation</strong></td>
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<tr>
<td>11:00</td>
<td>What do your Investors and Potential Investors Need to Know?</td>
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<td>II: Best Practices in Valuation and Pricing</td>
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<td>- Which strategies and styles are vulnerable to which types of valuation problems?</td>
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<td>- Strategies for achieving fair valuation and reassuring your investors/potential investors</td>
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**Hedge Fund Style Analysis: Techniques for Measuring Returns According to Different Hedge Fund Styles and Managing the Challenges of Style Drift**

- Why is style analysis important in hedge fund performance evaluation?
- Defining the key components of style analysis for:
  - Relative value styles: convertible arbitrage; fixed income arbitrage; equity market neutral
  - Event-driven styles: risk arbitrage; distressed securities
- Measuring returns for multi-strategy managers
- Overcoming the challenges of detecting "style drift":
  - Are quantitative methods sufficient?
- Forecasting possible future trends in style analysis implementation
- Utilizing quantitative data to support qualitative analysis of fund performance

**E. Lee Hennessy, Managing Principal, Hennessee Group LLC**

**Ryan Tagal, Product Manager - Hedge Funds, Morningstar, Inc.**
Examining real-life examples of recent valuation/pricing problems in hedge funds:
➢ What lessons can be learned?

Leon M. Metzger, Vice Chairman, Paloma Partners Management Company
Leslie Rahl, President, Capital Market Risk Advisors

12:30
Lunch

1:45
Building an Effective Risk Management Strategy for your Hedge Fund

➢ Identifying effective tools for evaluating, measuring and monitoring risk
  ➢ Are certain risk measures interdependent?
➢ Are quantitative methods sufficient for a sound risk management program?
  ➢ understanding the limitations of VaR
➢ Determining the role of due diligence in risk management
➢ Understanding the role of funds of funds in risk management
➢ Examining strategies for minimizing operational risk
➢ Evaluating the latest risk management solutions and their effectiveness
➢ Should you invest in third party risk management solutions, or build them in-house?
  What are the benefits of outsourcing?

Virginia Reynolds Parker, President & Chief Investment Officer, Parker Global Strategies, LLC
Hilary Till, Principal, Premia Risk Consultancy, Inc.
Timothy S. Wilson, Chief Risk Officer, Caxton Associates, LLC

2:30
Risk Measurement for Managed Accounts vs. Co-Mingled Accounts

➢ How are hedge funds using managed account platforms and what benefits do they bring?
➢ What are the risks of using managed accounts vs. co-mingled accounts?
  ➢ How can these risks be measured?
➢ Analyzing and comparing the performance of funds on managed account platforms with those which are not

Sudhir Krishnamurthi, Managing Director, Rock Creek Group

3:15
Refreshments and Afternoon Networking Break

3:30
Hedge Fund Asset Allocation Strategies and their Impact on Performance

➢ Comparing various different return forecasting methods
➢ Understanding strategic asset allocation and tactical asset allocation
➢ How do economic conditions impact asset allocation?
➢ How do size, leverage and volatility impact asset allocation?
➢ Examining some of the popular allocation frameworks in the context of:
  ➢ Funds of funds
  ➢ Indexing
  ➢ ‘3F’ Funds (funds of funds of funds)
➢ Understanding the correlation between asset allocation and performance measurement
➢ How are current asset allocation strategies likely to evolve, going forward?

Rick Lake, Chairman, Lake Partners
Jeff Landle, CFA, CIO, Principal, The Hardt Group
Robert McFall Lamb, Jr., Chief Investment Strategist, Head of Global Portfolio Management, Deutsche Bank

4:15
Hedge Fund Indexing and its Role in Performance Measurement

➢ Identifying the key components of indexing and the importance of indexing as a benchmarking tool for measuring hedge fund performance
➢ Understanding and comparing the key attributes of:
  ➢ CSFB/Tremont ➢ Dow Jones ➢ HFR
  ➢ MSCI ➢ S & P
➢ Examining examples of different benchmarking strategies and their effectiveness

Jacqueline Meziani, Senior Director, Standard & Poor’s

5:00
Interactive Q&A Session: Ask the Experts
Ask our panel of industry experts and academics any questions of your choice, within an informal and interactive environment

A Selection of the Day’s Speakers

5:30
Chair’s Closing Remarks

5:45
Cocktail Reception
CISDM Workshop
Advanced Techniques for Hedge Fund Style Analysis and Asset Allocation

This half-day workshop, run by the research center CISDM, offers you a full morning of intensive training and education, enabling you to delve further into topics which have been covered in the main conference and to consolidate your knowledge base and expertise within a hands-on learning environment. The CISDM’s carefully selected panel of academic experts will offer you new insights and valuable learning tools to take back to your office, and the format will be highly interactive, with ample time for troubleshooting and Q&A.

<table>
<thead>
<tr>
<th>Time</th>
<th>Session I</th>
<th>Session II</th>
<th>Session III</th>
<th>Session IV</th>
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<tr>
<td>8:30</td>
<td>Comparing Traditional and Emerging Approaches in Hedge Fund Performance Measurement</td>
<td>Hedge Fund Style Analysis: The Academic View</td>
<td>Analytical Perspectives on Asset Allocation and Hedge Fund Index Creation</td>
<td>Demystifying the Myths of Hedge Funds: Frequently Asked Questions</td>
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<td>Reviewing the different measures of performance and their place in the hedge fund world:</td>
<td>Analyzing the pros and cons of the various quantitative methods used to detect style groups</td>
<td>Analyzing recent research on:</td>
<td>Do stocks and bonds provide adequate diversification for investor portfolios?</td>
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<td>➢ Traditional measures of performance (Sharpe Ratios, Beta)</td>
<td>Understanding factor-based style analysis and how it can be implemented</td>
<td>➢ Asset allocation for hedge funds</td>
<td>Is a hedge fund’s past performance a predictor of its future performance?</td>
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<td>➢ Common measures of performance (Drawdown, Sortino Ratio)</td>
<td>➢ What are the pitfalls of factor-based style analysis and how can you avoid them?</td>
<td>➢ Hedge fund indexing</td>
<td>Is manager Alpha more important than strategy Alpha?</td>
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<td>➢ New measures of performance Measures (Omega, Adjusted Sharpe Ratio)</td>
<td>➢ Analyzing the latest academic research on style analysis</td>
<td>➢ Passive indexing: what is its role and how do the different passive indices compare with each other?</td>
<td>Do funds of funds provide an effective means of obtaining hedge fund returns?</td>
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<td>Single variable performance measures and multi-factor performance measures</td>
<td>George Martin, Associate Director, CISDM and Managing Director, Gyre Capital Management, LLC</td>
<td>Hossein Kazemi, Associate Director, CISDM and Professor of Finance, Isenberg School of Management, University of Massachusetts, Amherst</td>
<td>Do hedge funds require their own unique measures of performance?</td>
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<td>Morning Refreshments</td>
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<td>Does survivor bias lessen the value of using historical hedge fund returns?</td>
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<td>What is the correlation between hedge fund performance and the size of fees?</td>
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<td>How important is fund liquidity to potential hedge fund returns?</td>
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<td>Are hedge funds and hedge fund indices so unique that they cannot be replicated?</td>
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<td>How usable are hedge fund data sets?</td>
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<td>And more...</td>
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Workshop Chairs:
Thomas Schneeweis, Director, CISDM & Editor, Journal of Alternative Investments
Michael and Cheryl Philipp, Professors of Finance, Isenberg School of Management, University of Massachusetts - Amherst

Richard Spurgin, Associate Director, CISDM and Associate Professor of Finance, Clark University

George Martin, Associate Director, CISDM and Managing Director, Gyre Capital Management, LLC

Hossein Kazemi, Associate Director, CISDM and Professor of Finance, Isenberg School of Management, University of Massachusetts, Amherst

Workshop Wrap-up
WHY ATTEND?
THIS INAUGURAL FORUM, developed in conjunction with the Journal of Alternative Investments, Alternative Investment News, Institutional Investor magazine and Alpha, is designed to provide hedge funds, funds of funds, fund administrators and hedge fund investors with new skills and strategies for tackling the daunting challenges of measuring hedge fund returns and managing risk. It is the only conference of its kind, offering cutting-edge insights into the latest performance measurement and risk management tools, style analysis techniques, valuation and pricing, hedge fund asset allocation, indexing strategies and more. Don’t miss this unique learning opportunity, where you will benefit from the expertise of our top quality speaking faculty - all renowned leaders in this highly specialized field - and update your knowledge of current and emerging industry practices.

HEDGE FUNDS, FUNDS OF FUNDS, FUND ADMINISTRATORS: What tools are being used by your peers and competitors for reporting fund performance and minimizing risk, and what do your investors and potential investors need to know?

HEDGE FUND INVESTORS: What quantitative and qualitative strategies should you be deploying when monitoring the performance of your investments, or selecting a new fund?

WHO SHOULD ATTEND?
Risk Managers, Portfolio Analysts, Portfolio Managers, CEOs, CIOs, CFOs, Founders, Investment Officers, Risk Managers, Risk Analysts

FROM:
Hedge funds, Funds of Funds, Fund Administrators, Investors in Hedge Funds, Specialist Consultants, Performance Measurement and Risk Analytics Solutions Providers

ABOUT YOUR WORKSHOP LEADERS
THE CENTER FOR INTERNATIONAL SECURITIES AND DERIVATIVES MARKETS (CISDM) is a non-profit academic research center that focuses on performance issues in both traditional and alternative asset markets.

The goals of CISDM are to facilitate research in international investment and derivative markets, to promote interactions between the academic and business communities, and to make available educational material on international financial markets to financial and non-financial firms.

To accomplish these tasks, CISDM funds research for faculty and students and publishes a quarterly research report on current CISDM projects. CISDM is also the editorial center of the Journal of Alternative Investments. This journal is rapidly becoming the primary source of research information in the area of alternative investments.

www.cisdm.org
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Please photocopy this form for additional delegates

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* Early Bird before October 1, 2004

* $1750 / $1650*

* $1295 / $1195*