

## **Agenda for the 23<sup>rd</sup> Annual Risk Management Conference – As of March 1, 2007**

### **Class Key**

AI = Alternative Investments - Sessions that deal with non-traditional asset classes such as hedge funds or managed futures.

EQ = Equity Applications – Sessions related to the use of exchange-traded futures and options on equities and equity indices.

FI = Fixed-Income Applications – Sessions that focus on exchange-traded futures and options on U.S. Treasury, Eurodollar, swaps, or other interest rate related instruments.

IN = Introductory Sessions – Sessions that cover basic information on futures and options, such as terminology and basic concepts.

PPM = Program & Policy Management – Sessions that discuss issues related to risk management programs and derivative policy development and implementation.

### **Sunday, March 4**

#### **Huntington Foyer South**

11:00 - noon Registration for Fundamentals Workshop Series

12:00 - 1:30

#### **Driftwood Room**

##### **Introduction to Financial Futures: Concepts and Applications - IN**

- Overview of futures: background, terminology, basics
- Interest rate futures hedging concepts: CTD, hedge ratios, duration
- Using futures for investment and risk management purposes

*Ted Ehret, Director, Business Development, Chicago Board of Trade*

*Donald M. Cuba, Manager, Business Development, Chicago Board of Trade*

1:45 - 3:15

#### **Driftwood Room**

##### **Introduction to Equity Index Futures - IN**

- Mechanics of Stock Index Futures
- E-minis vs. ETFs
- Fair Value Concept and Arbitrage
- Spreading Stock Index Futures
- Hedging with Stock Index Futures

*John W. Labuszewski, Managing Director, Research & Product Development, Chicago Mercantile Exchange*

3:30 - 5:00

### **Driftwood Room**

#### **Introduction to Options - IN**

- Benefits and challenges of options strategies
- Options pricing dynamics and implications for trading decisions
- Preparation for upcoming options-related sessions

*Paul B. Stephens, Director and Department Head, Institutional and International Marketing, Chicago Board Options Exchange*

### **Huntington Foyer South**

4:30 - 5:30 General Conference Registration

### **California Courtyard**

6:00 - 8:00 Opening Reception

## **Monday, March 5**

### **Huntington Foyer South**

7:00 - 7:30 Conference Registration & Continental Breakfast

### **Vista Ballroom**

7:30 - 8:00 Welcome Addresses

*Bradley G. Griffith, Vice Chairman, Chicago Board Options Exchange*

*Robert D. Ray, Senior Vice President, Chicago Board of Trade*

*Robin Ross, Managing Director, Chicago Mercantile Exchange*

### **Vista Ballroom**

8:00 - 9:15 **Keynote Address - Geo-Political Risks Impacting the Markets in 2007**

*Marvin Zonis, Professor Emeritus, the Graduate School of Business*

*University of Chicago*

### **Fountain Room Foyer**

9:15 - 9:45 Break

9:45 - 11:00 Breakout Sessions

### **Fountain Room**

#### **Risk and Return in a Portable Alpha World – PPM**

- Portable alpha trends and applications
- Possible sources of alpha
- The potential upside and downside of leverage
- Understanding alpha, beta, excess return and excess risk
- Asset allocation implications
- The importance of liquidity management and operational risk controls
- Single manager and multi-manager approaches

*Sabrina Callin, CFA, Executive Vice-President, Pacific Investment Management Company*

### **Seacliff Room**

#### **FOMC Probabilities from the Fed Funds Complex - FI**

- With the introduction of Binary Options on the Target Fed Funds Rate, market participants now have three ways for taking or hedging a position with exposure to upcoming Federal Open Market Committee (FOMC) policy decisions: futures, options, and binary options.
- How each of these instruments can be used to ascertain probabilities associated with target rate decisions to be made at upcoming FOMC meetings.
- The differences in probability recovery methods for futures, options, and binary options
- Sensitivity of probabilities to price movements in anticipation of future FOMC changes and to embedded term premia
- Response to data releases and comments by Fed officials

*William Melick, Associate Professor of Economics, Kenyon University*

### **Driftwood Room**

#### **Equity Option Analysis for Fundamental Investors - EQ**

- Strategies and tactics driving current market trends
- Implied distributions: Unlocking information from the options market
- Volatility term structure and skew...what do they tell us?

*Michael Buckius, Vice President, Gateway Investment Advisers  
Dean Curnutt, Managing Director, Banc of America Securities*

### **Fountain Room Foyer**

11:00 - 11:15 Break

11:15 - 12:30 Breakout Sessions

### **Fountain Room**

#### **What Every Institutional Investor Fiduciary Must Know About Derivatives - PPM**

- The global swaps, futures, and options markets offer a variety of tools to save money, transform cash flows, enhance portfolio returns or minimize risk, but institutional investor fiduciaries must be able to answer some key questions in order to prudently incorporate these instruments.
- When should an institutional investor consider using derivative instruments? Is there a fiduciary duty to hedge?
- How should institutional investors decide on product and strategy?
- What do regulators consider when evaluating proper use of derivatives?

*Dr. Susan M. Mangiero, Managing Member of BVA, LLC and author of Risk Management for Pensions, Endowments, and Foundations*

### **Driftwood Room**

#### **Volatility Analysis and Trading - EQ**

- Structural reasons for current volatility levels
- Current market trends and trading ideas
- Performance of volatility-based strategies

*Tim Dykman, Vice President, Director of Structured and Derivative Investments, Waddell & Reed, Inc.*

*Leon Gross, Global Head of Equity Derivative Strategy, Citigroup*

### **Seacliff Room**

#### **Foreign Exchange: Global Macro Hedge Funds - AI**

*Steven Drobny, President, Drobny Global Advisors and author of Inside the House of Money*

### **Huntington Ballroom**

12:30 - 1:30 Lunch

1:45 - 3:00 Breakout Sessions

### **Shoreline Room**

#### **Tactical Asset Allocation (TAA): Measuring Risk and Implementing Strategies – EQ/FI**

- The reason why TAA is growing in importance
- Measuring risk - Tools and Pitfalls
- Have investors really taken on more risk?
- Putting theory into practice

*Dori Levanoni, Partner, Co-Director of Global Derivatives, First Quadrant*

*Jeffrey Palma, Executive Director, UBS*

### **Fountain Room**

#### **Index Option Strategies – To Increase Returns or To Control Risk? - EQ**

- It has not always been possible to use options to increase returns; we have the ability today to use them for either or both objectives: managing risk or making money.
- What are the important issues to be addressed in using index options to make money?
- What are the important issues to be addressed in using index options to manage risk?
- What are the important issues to be addressed in using index options at all?
- There are several ways to use index options that have both risk management and increased return objectives; an options overlay program is one of these.
- There are several reasons to use an overlay program.
- We have to address the costs and risks of index option-based hedging strategies.
- Some examples of different options overlay programs

Moderated by:

*James Piper Jr., Managing Director, Stanton Chase International – Capital Markets Solutions - an SCI Affiliate Company*

Panelists:

*Daniel M. Wamre, CFA, Portfolio Manager, The Clifton Group*

*Paul Kepes, Managing Director, Chicago Trading Company*

### **Driftwood Room**

#### **Accessing the Portfolio Management Benefits of Real Estate – EQ/AI**

- More and more institutional investors have become attracted to the income enhancement and portfolio diversification benefits of real estate.
- Exchange-traded alternatives for accessing the portfolio management advantages of real estate in an institutional portfolio
- Real estate indices as a reflection of the industry
- Investable indices
- Futures and Exchange Traded Funds (ETFs)

*Jamie Farmer, Senior Director, Index Operations, Dow Jones Indexes*

*Tony Kelly, Head of iShares Product Management, Barclays Global Investors*

### **Fountain Room Foyer**

3:00 - 3:15 Break

3:15 - 4:30 Breakout Sessions

### **Fountain Room**

#### **Credit Event Futures - FI**

- Development of Credit Based Futures Products
- Promoting Transparency and Competition in Credit Markets
- Multi-Lateral Clearing Sureties Applied to Credit Markets

*Bruce Phelps, Managing Director, Quantitative Portfolio Strategies Group, Fixed-Income Research, Lehman Brothers*

*Mark Delaney, Senior Portfolio Manager – Fixed Income, GE Asset Management*

*Jose Marquez, Senior VP, Portfolio Management, Deerfield Capital Management*

### **Shoreline Room**

#### **Options for Enhancing Yields and Risk-adjusted Returns - EQ**

- Considering listed options in the asset allocation decision
- Educating institutional and individual investors on prudent uses of options
- Growth in the use of buy-write strategies

*Jay Kloepfer, Executive Vice President, Callan Associates Inc.*

*Mike Oyster, Vice President, Fund Evaluation Group*

### **Driftwood Room**

#### **Maximizing Returns on Commodity Investments - AI**

- Exchanged-traded futures have become a key tool of institutional investors as they turn to commodity markets for diversification, inflation protection and enhanced returns.

- The importance of understanding both the dynamics of the commodity futures market as well as the drivers of return in order to effectively incorporate commodity futures into an institutional portfolio.
- The term structure of the commodity futures curve as an indicator of returns
- Portfolio construction and inadvertent correlations
- The unique characteristics of gold

*Joseph J. Eagleeye, Principal, Premia Capital Management*

## **Tuesday, March 6**

### **Fountain Room Foyer**

7:30 - 8:00 Continental Breakfast

8:00 - 9:30

### **Vista Ballroom**

#### **Special Session:**

#### **Facing the Future of Institutional Investment Management**

Coping with lower than anticipated future investment returns and expanding asset-liability gaps, managing total investment risk, reducing costs, executing proper asset allocation and portfolio rebalancing, and evaluating new investment alternatives. In the current environment, the successful management of pension fund/endowment assets to enhance returns and hedge against downside risk has become more critical than ever. What is the current landscape for institutional investment management, and what does the future hold? What role does the proper use of derivatives play in that mission? Institutional investors discuss their approach to directly addressing the challenges in managing their portfolios.

*Moderator, James L. Bicksler, Professor, Finance and Economics, Rutgers University*

*Panelists:*

*Edwin T. Burton, III, Trustee, Virginia Retirement System and Professor of Economics, University of Virginia*

*Robert M. Smith, Senior Investment Officer of Fixed Income, Florida State Board of Administration*

### **Fountain Room Foyer**

9:30 - 9:45 Break

9:45 - 11:00 Breakout Sessions

### **Fountain Room**

#### **Where Credit and Equity Derivatives Meet - EQ**

- Credit derivative primer for equity options traders
- Similarities and differences between market structures
- Case studies of cross-market strategies

*Rama Nambimadam, Senior Vice President, Pacific Investment Management Company*

*Izzy Nelken, President, Super Computer Consulting*

### **Driftwood Room**

#### **Liability Driven Investment Solutions - Minimizing Financial Statement Volatility – FI/PPM**

- The growth in unfunded liabilities is driving pension funds to focus more attention on the trend toward liability driven investing as they seek more efficient identification and management of risk.
- How liquid exchange-traded derivatives, particularly in the fixed-income sector, enhance the opportunities for institutions to generate alpha or mitigate risk as they structure liability driven investment strategies.
- Overview of the current status of pension fund liabilities
- Discussion on recent FASB moves toward mark to market accounting  
Common overlay strategies used to overcome this imbalance

*Ron Ryan, CEO, Ryan ALM, Inc.*

### **Seacliff Room**

#### **Inflation as an Asset Class – AI**

- Where are we in the life cycle of the IL bonds and IL derivatives markets?
- Sell-side perspectives on liquidity in various maturity segments and sources of customer order flows; in other words, who are the main participants and what sorts of products and strategies are they trading
- Buy-side perspective on investment objectives and investor risk and return expectations; role of IL bonds and IL derivatives in investor portfolios
- Differences and similarities between markets in Europe and the US; what's happening elsewhere in the world

*Nikolay Stoyanov, U.S. Inflation Trader, Barclays Capital*

*Peter Stutz, Western Asset Management Company*

### **Conference Porte Cochere**

11:30 Bus leaves for golf tournament

### **Tustin Ranch Golf Course**

12:00 Golf Tournament

### **Lighthouse Courtyard**

7:00 RMC Party

## **Wednesday, March 7**

### **Fountain Room Foyer**

8:00 - 8:30 Continental Breakfast

### **Fountain Room**

8:30 – 9:15 **Closing address – Views on the Market**

*Kopin Tan, Options Editor, Barron's Magazine*

**Fountain Room**

9:15 - 10:45

**Special Session:**

**OneChicago's EFP Platform - Breaking through the Prime Brokers Barriers**

- Finance benefits & Leverage
- Liquidity
- OTC to (AAA) Clearing
- Transparency
- Clearing Costs
- Players

*Moderator - Mark A. Esposito*

*Panelists:*

*William C. McGowan, Managing Director - Sales & Marketing, Interactive Brokers LLC*

*Bill Marcus, Head of Business Development – North America, Calyon Financial, Inc.*