



4th Annual CARISMA Conference
**RISK CONTROL STRATEGIES FOR HEDGE FUNDS
AND PROGRAM TRADING**

30 June Pre-conference Workshops | 1- 2 July Conference | 3 July Post-conference Workshops

7city Learning Centre, London



Pre & Post Conference WORKSHOPS

30 June 2008:

Morning: Robust Portfolio Optimisation

Afternoon: LDI/ALM Workshop

3 July 2008:

Morning: Risk Control & Acceptability Measures

**Afternoon: RavenPack workshop: News Analytics
and Financial Modelling**



ORGANISED BY



4th Annual CARISMA Conference Series

RISK CONTROL STRATEGIES FOR HEDGE FUNDS AND PROGRAM TRADING

SPONSORS



Overview

This is the 4th annual conference organised by CARISMA (The Centre for the Analysis of Risk and Optimisation Modelling Applications) ; it is hosted by 7City Learning, London.

This conference is unique as it brings together research knowledge in the fields of Hedge Funds and Program Trading. The conference provides an opportunity for practitioners and academics working at the forefront of financial planning, optimisation and risk modelling to discuss problems and challenges, and to suggest fruitful directions for future research which focus on the emerging requirements of the finance industry. The fee for participation is deliberately kept modest so as to encourage attendance from a wide range of professionals and researchers.

Pre & Post Conference WORKSHOPS

30 June 2008: Two Half-Day WORKSHOPS:

Morning: **Robust Portfolio Optimisation**

Presenters: Adrian Zymolka, Axioma; Dan Bienstock, Columbia; CARISMA Team

Afternoon: **LDI/ALM**

Presenters: Michael Dempster, Centre for Financial Research, Judge Business School, Univ. of Cambridge & Cambridge Systems Assoc. Ltd; Gautam Mitra and Katharina Schwaiger, CARISMA, Brunel University

MAIN CONFERENCE:

1-2 July 2008: **RISK CONTROL STRATEGIES FOR HEDGE FUNDS AND PROGRAM TRADING**

Day One – 1 July 2008: Investment Strategies for Hedge Funds

Day Two – 2 July 2008: Risk Control for Program Trading

3 July 2008: Two Half-Day WORKSHOPS:

Morning: **New Developments: Performance Measures and Structured Product / Coherent Measures of Risk and Liquidity Risk**

Presenters: Dilip Madan, University of Maryland, Consultant to Morgan Stanley & Visiting Professor, CARISMA (and Risk Awards “Quant of the Year 2008”) & Carlo Acerbi, Abaxbank

Afternoon Workshop: RavenPack workshop: **News Analytics and Financial Modelling**

Presenter: Philip Gagner, RavenPack



Media Partner



Topics covered include:

- ◆ Program Trading
- ◆ Algorithmic Trading
- ◆ Models for Hedge Funds
- ◆ Long-Short Portfolios
- ◆ Derivatives Trading

4th Annual CARISMA Conference

RISK CONTROL STRATEGIES FOR HEDGE FUNDS AND PROGRAM TRADING

1 July 2008

Day One: Investment Strategies for Hedge Funds

Introduction and Scene Setting

Gautam Mitra, Chairman, Director of CARISMA

Hedge Fund Performance: Sources and Measures

Dilip Madan, University of Maryland, Consultant to Morgan Stanley & Visiting Professor, CARISMA (and Risk Awards "Quant of the Year 2008")

- The Gamma of a Hedge Fund
- Gamma implied required Sharpe ratios
- Sources of Gamma
- Results on Gamma and Kurtosis, Peakedness and Tailweightedness

A Unified Theory of Investment Portfolio Risk

Les Balzer, Professor of Finance, Australian School of Business, University of NSW and Head of Research, HFA Asset Management

- Why do investors and investment managers have different benchmarks and mismatched expectations?
- Why do consultants persist with Mean-Variance asset allocation that does not work with asymmetric return distributions, especially hedge funds
- The new Unified Theory includes the benchmark, works for hedge funds, and includes Harry Markowitz's Nobel Prize winning work as a special case

Keynote: Hedge Fund Performance and Risk Control

Michael Dempster, Centre for Financial Research, Judge Business School, Univ. of Cambridge & Cambridge Systems Assoc. Ltd

- Optimizing return versus risk
- Risk measures
- Robust portfolio optimization
- Static versus dynamic market scenarios
- Static versus dynamic factor models

Long-Short Portfolios with Downside Risk Control

Gautam Mitra, CARISMA, Brunel University

- Portfolios with mean variance and CVaR Constraints
- Using mixed distribution to represent scenarios
- Copula and MGARCH combined
- Case study using ETF

The Credit Crunch, Liquidity, and Equity Market Neutral Strategies: Managing Risk in High Volatility Markets

Andrew Robinson, Sungard-APT

- A study of Recent Equity Market Neutral Fund Returns
- Techniques for Survival: Managing Model Risk Portfolio Construction
- Dealing with Liquidity Risk

Dynamic Asset Allocation for Hedging Downside Risk

Gerd Infanger, Stanford University & CEO of Infanger Investment Technology, LLC

- Applying dynamic asset allocation to balance long-term and short-term expected return and risk profiles and/or investor preferences
- Numerical results detailing optimal international dynamic asset allocation strategies
- Evaluating the costs of hedging downside risk

Automated Risk Management for Global Macro Strategies - Does A Stop Loss Really Work?

Bernd Scherer, Morgan Stanley

- The Stochastic Calculus of Stop Loss Rules
- The Role of Information Ratio and Return Autocorrelation
- Unconditional versus Conditional Autocorrelation

Title to be announced

Nicos Christofides, Centre for Quantitative Finance, Imperial College

Actuarial Insights into Hedge Fund Management

Robert S Clarkson, Visiting Professor of Actuarial Science, Cass Business School

- Risk is downside in nature
- Looking beyond the recent past
- Watching out for departures from prudent behaviour
- There is nothing to fear but fear
- Equities, not bonds or cash, for the long run
- The threat of rising inflation
- The power of developing countries
- Investment of the fourth kind

Efficiencies in Multi-Account Optimization

Rob Stubbs, Axioma

- Efficiencies of rebalancing multiple accounts together
- Underestimation of market-impact with individual optimizations
- Accurate incorporation of interdependencies of multiple accounts
- Fairness issues in multi-account optimization

Evening Reception and Networking Session

Guest Presentation on "The role of GIPS (Global Investment Performance Standards) in the benchmarking and monitoring of hedge fund performance" by Carl Bacon, StatPro

Participants will have the opportunity to relax and meet with speakers and sponsors

4th Annual CARISMA Conference

RISK CONTROL STRATEGIES FOR HEDGE FUNDS AND PROGRAM TRADING

2 July 2008

Day Two: Risk Control for Program Trading

Introduction and Scene Setting

Gautam Mitra, Chairman, Director of CARISMA

Risk Management for Equity Trading: Fat Tails and Liquidity Gaps

Dan Di Bartolomeo, Northfield Information Services Inc/Visiting Professor, CARISMA

- The fat-tailed nature of short term equity return
- The impact of excessive demands for liquidity during periods of market stress
- The market's response to information as the causal factor in non-normality
- A pragmatic program of steps that can be used to better estimate both the expected and "worst case" values of trading risks

Trade-offs and Challenges in Portfolio Implementation Shortfall Trading Strategies

Art Asriev & Leonid Zosin, Bear Stearns

- Automated Trading: different ways of handling trading risk
- Portfolio IS vs. Single stock IS and VWAP strategies
- Risk aversion - Variance vs. Standard Deviation of TC
- TC and risk models: static vs. dynamic, historical vs. real time models
- Optimisation: approximate "fast" solution vs. optimal "slow" solution
- Uncertainty of execution and violation of constraints

News Analytics: Models that Quantify News

Philip A. Gagner, RavenPack International

- Syntax and News
- Quantified "Hard" News
- Semantics & News: News Sentiment
- Perturbing The Quantitative Equity Valuation Models
- Building an Impulse Response Model for News Stories

Optimal Trade Execution

Dan Bienstock, Columbia University

- Robust optimization models
- Adversarial models -- competing with another trader
- Noisy models
- Shortfall models

Optimal Technical Trading Rules and Risk Control in Managing Stock Portfolios

Chanaka Edirisinghe, Professor & Director of the Financial Engineering Research Laboratory, University of Tennessee

- Use of specific technical indicators to identify market sentiment (short run/daily)
- Parameter optimisation for indicators
- The associated decision rules for trading epochs
- Use of decision epochs within stochastic multistage programming
- Risk controls on long/short trades
- Back testing portfolios

Dynamic Behavioural Portfolio Choice

Xunyu Zhou, Nomura Chair of Mathematical Finance, Oxford University

- Behavioural finance, prospect theory, human emotion and psychology
- Portfolio choice, inter-temporal
- Gambling policy
- Equity premium puzzle

Coherent Measures of Risk in Everyday Market Practice

Carlo Acerbi, Abaxbank

- Coherency axioms and VaR shortcomings
- Coherent Measures of Risk, a redundant family of risk measures
- Objectivists' vs Subjectivists' points of view
- No regulatory-arbitrage arguments
- Optimization of Spectral Measures of Risk
- The problem of Liquidity Risk
- A possible way out: Convex Measures of Risk. Criticism to this approach

Setting up a Fully Automated Statistical Arbitrage Fund

Stefan Thurner, The Santa Fe Institute; red-stars.com

- Monitoring the option universe
- Arbitrage detection
- Automated execution

PRE & POST CONFERENCE WORKSHOPS

- ◆ Robust Portfolio Optimisation - Adrian Zymolka, Axioma; Dan Bienstock, Columbia; CARISMA Team , 30 June 2008 (Morning)
- ◆ LDI/ALM - Michael Dempster, Centre for Financial Research, Judge Business School, Univ. of Cambridge & Cambridge Systems Assoc. Ltd; CARISMA Team , 30 June 2008 (Afternoon)
- ◆ New Developments in Performance Measures and Structured Products/Coherent Measures of Risk and Liquidity Risk Dilip Madan, University of Maryland, Consultant to Morgan Stanley & Visiting Professor, CARISMA & Carlo Acerbi, Abaxbank , 3 July 2008 (Morning)
- ◆ RavenPack workshop: News Analytics and Financial Modeling - Philip Gagner, RavenPack , 3 July 2008 (Afternoon)

RISK CONTROL STRATEGIES FOR HEDGE FUNDS AND PROGRAM TRADING

Conference and Workshops Registration Details

1st Delegate

Dr/Mr/Ms/Mrs.....First Name.....

Surname.....

MAILING CODE: PDF

Position.....

Head of Department.....

2nd Delegate

Dr/Mr/Ms/Mrs.....FirstName.....

Surname.....

Position.....

Head of Department.....

Contact Details:

Organisation.....

Address.....

Post Code.....

Tel.....

Fax.....

Email address.....

- Conference:** RISK CONTROL STRATEGIES FOR HEDGE FUNDS AND PROGRAM TRADING (1-2 July)
- Workshop:** Robust Portfolio Optimisation (AM, 30 June)
- Workshop:** LDI/ALM (PM, 30 June)
- Workshop:** Performance Measures and Structured Product/Coherent Measures (AM, 3 July)
- Workshop:** RavenPack workshop: News Analytics and Financial Modelling (PM, 3 July)

Registration Fee

Early Bird (Until 1 June 2008)				
	1 Day	2 Day	3 Day	4 Day
Industry	£350	£625	£900	£1200
Academic	£145	£275	£425	£550
Student	£60	£120	£180	£240

After 1 June 2008				
	1 Day	2 Day	3 Day	4 Day
Industry	£450	£775	£1250	£1500
Academic	£195	£375	£575	£750
Student	£75	£150	£225	£300

* All prices subject to 17.5% UK VAT

Five Easy Ways to Register

- On-line Registration**, www.optirisk-systems.com/carisma2008
- Fax** this page +44 (0) 1895 813 095 to book your place
- Post to:** UNICOM , UNICOM R&D House, One Oxford Road, Uxbridge, Middlesex UB9 4DA, UK
- Email** info@unicom.co.uk
- Alternatively, **telephone** UNICOM on +44(0) 1895 256 484 to provisionally reserve your place

Registration Details

Registration and Cancellation Terms & Conditions

The registration fee for the event covers the following: Attendance, copy of the documentation, lunches and light refreshments. Accommodation is not included. Detailed delegate information will be sent to you approximately two weeks before the event. Payment is required in advance of the event or at the latest, paid at the event. All invoices carry a 10% surcharge, which is payable if the fee remains unpaid on the day of the event.

Payment may be made by credit card, cheque or bank transfer – please tell us your preference at the time of booking.

WHAT HAPPENS IF I HAVE TO CANCEL?

Confirm your CANCELLATION in writing up to 15 working days before the event and receive a refund less a 10% + VAT service charge.

Regrettably, no refunds can be made for cancellations received less than 15 working days prior to the event and the invoice will remain due.

SUBSTITUTIONS are welcome at any time.

The organisers reserve the right to amend the programme if necessary.

INDEMNITY: Should for any reason outside the control of OptiRisk Systems, the venue or the speakers change, or the event be cancelled due to industrial action, adverse weather conditions, or an act of terrorism, OptiRisk Systems will endeavour to reschedule, but the client hereby indemnifies and holds OptiRisk Systems harmless from and against any and all costs, damages and expenses, including attorneys fees, which are incurred by the client. The construction validity and performance of this Agreement shall be governed by all aspects by the laws of England to the exclusive jurisdiction of whose court the Parties hereby agree to submit.

INVOICE TOTAL

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