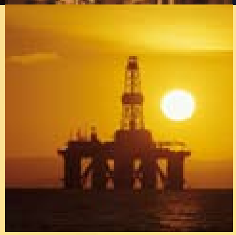
London,
21-22 January
2008
The Dorchester



The Till and Lhabitant Seminar



State-of-the-Art Commodities Investing

Drivers and risks of commodity markets

Integrating commodities into global portfolios – optimal strategic allocation and tactical trading

Maximising the diversification potential of commodities

Commodities for inflation protection and hedging of extreme risks

Evaluating active and passive commodity investment opportunities

Generating alpha and capturing beta with commodity programmes

Implementing institutional commodities investment programmes

Meeting the challenges of commodity risk management

Amaranth, Bank of Montreal, and others - Lessons from recent energy-trading debacles

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The State-of-the-Art in Commodities Investing

A five-year rally in prices and several multi-billion dollar commitments by leading pension funds have drawn the attention of institutional investors to commodities. Still in its infancy, commodity investment has enormous growth potential and offers considerable rewards to money managers who understand its unique characteristics, benefits and challenges.

More than $200bn has flowed into commodity markets over the past five years, fuelling the rapid growth of investable indices and leading to a proliferation of new investment opportunities. Among the options for investors seeking exposure to commodities are: buying into natural resource companies, implementing a commodity futures programme, investing in long-only futures indices and their derivatives or via managed accounts, commodity pools, mutual funds, hedge funds and funds of funds.

Financial investment in consumable and transformable assets is a very recent phenomenon and one of modest magnitude relative to the size of the underlying commodity markets or in comparison with other alternative classes and strategies.

However, this emerging asset class should not be overlooked: the long-term economic fundamentals point towards higher commodity prices and the historical record makes a clear case for including natural resources in portfolios. Over nearly half a century, commodity futures have returned over 10% annually while providing a solid hedge against inflation and performing strongly in bear equity and bond markets.

Commodities are not capital assets; therefore, they cannot be priced with traditional financial models or evaluated through discounting approaches. Investment managers need to recognise the specificities of natural resources and understand their short and long term performance drivers to adapt their asset and risk management processes to commodities. Advisers have a key role to play in helping investors define their optimal commodity allocation, choose a suitable benchmark, select appropriate vehicles from an expanding set of products, and conduct due diligence.

Designed and delivered by two leading experts in the theory and practice of commodities trading and alternative investment, this intensive seminar equips participants with a comprehensive overview of natural resources markets, a thorough understanding of the importance of commodities as an asset class, and the state-of-the art techniques for designing futures programmes and implementing institutional commodity investments.

Presented in a highly accessible manner and drawing from the latest results of alternative investment research, the Till and Lhabitant seminar appeals to fund managers, investment officers and administrators working for institutional investors and family offices, and to consultants and key account representatives advising high net worth individuals and institutions on commodity investments.

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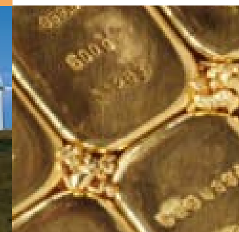


CONTENT DAY 1

The first day of the seminar addresses such questions as:

- ☐ What are the unique characteristics of natural resources?
- ☐ What are the sources of returns in commodity investment?
- ☐ What is the case for commodities as an asset class?
- ☐ How to integrate commodities in strategic and tactical asset allocation
- ☐ How to optimise the diversification properties of commodity programmes
- ☐ How to use commodities as a hedge against inflation and extreme risks
- ☐ Is there a case for investing through CTAs?
- ☐ How to decide between active and passive commodity investing
- ☐ What are the advantages and disadvantages of the main commodity vehicles?
- ☐ How to choose between competing commodity indices

OUTLINE

I. COMMODITY FUNDAMENTALS

A. Commodity Types and Markets

B. Fundamentals of Commodity Futures

- Commodity pricing theory
- Statistical behaviour of commodity prices
- Key concepts
- Term-structure and commercial-hedge-pressure as return drivers

II. COMMODITIES AS AN ASSET CLASS

A. Commodities as a Source of Diversification

- Risk measures and commodities
- Commodities as a diversifier of traditional portfolios
- Optimal diversification within commodity portfolios

B. Asset Allocation with Commodities

- Risk premium of commodities and other asset classes
- Commodities in strategic asset allocation
- Commodities as a protection against inflation
- Hedging extreme risks with commodities
- Tactical asset allocation with commodities

C. Buy-and-Hold versus Active Trading in Commodities

- Systematic futures trading with statistical methods
- The behaviour of CTAs' returns
- CTAs vs. direct commodity investing

III. INVESTMENT OPPORTUNITIES

A. Investment Vehicles

- Direct investments, equities and mutual funds
- Investments in commodity indices through derivatives and funds
- Managed futures
- Natural resources hedge funds and fund-of-funds

B. Commodity Indices

- Performance attribution
- Economic sources of return
- Comparative review of major indices

C. Commodity Futures Programmes

- Performance, benefits, and limitations
- Key variables for tactical asset allocation
- Case Studies: Gasoline (hedge pressure), Copper (scarcity), Coffee (weather-fear)

CONTENT DAY 2

The second day of the seminar addresses such questions as:

- ☐ How to create successful commodities futures programmes
- ☐ What are the risk-management techniques specific to commodity investing?
- ☐ What are the opportunities and the pitfalls in commodity market-microstructure strategies?
- ☐ How to manage the mismatch between strategy and reporting horizons
- ☐ How to implement an institutional commodity programme
- ☐ How to carry out due diligence when selecting natural-resources managers
- ☐ What are the key lessons from recent energy-trading debacles?

OUTLINE

IV. DESIGNING A SUCCESSFUL COMMODITIES FUTURES PROGRAMME

A. Investment Process

- Trade discovery, sizing, entry and exit, portfolio construction, risk management
- Strategy bucketing, balancing of long- and short-options-like trades

B. Risk Management

- Strategy and portfolio level VaR, incremental risk measures
- Monitoring beta risks
- Structural breaks
- Scenario testing
- Inadvertent concentration risk
- Event risks
- Seasonally-varying correlations and emerging correlations
- The monitoring of risk-asset deleveraging
- Case Studies: May/June 2006 and February 27, 2007
- Macro portfolio hedging
- Case Study: The aftermath of hurricane Katrina

C. Commodity Market Microstructure

- Floor, side-by-side, and electronic trading
- The challenges of nodal liquidity
- Case Study: Natural gas calendar spreads

D. Risk Tolerance and Implementation Discipline

- The issue with tick-by-tick evaluation of long-term strategies
- Case Study: Heating oil calendar spreads

V. IMPLEMENTING AN INSTITUTIONAL COMMODITY PROGRAMME

A. Optimal Allocation to Commodities

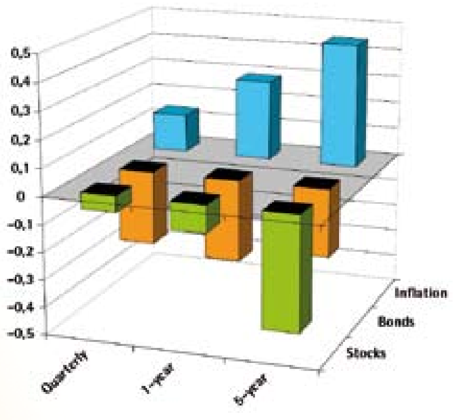
B. Choice of Benchmark

C. Selection of Investment Vehicles

D. Due Diligence

- Mitigation of business risk via background checks and verification of track records
- Investing through a managed account
- Fraud and weak infrastructure considerations

VI. CASE STUDIES: LESSONS FROM RECENT ENERGY TRADING DEBACLES



Correlation of Commodity Futures with Stocks, Bonds and Inflation (1957-2004)
Gorton and Rouwenhorst (2005)

Hilary Till is the co-founder of Premia Capital Management, LLC, a principal of Premia Risk Consultancy, Inc., and a research associate with the EDHEC Risk and Asset Management Research Centre. She also sits on the advisory board of the Tellus Natural Resources Fund, a fund of hedge funds.

Ms. Till has over 15 years of experience in the commodity derivatives markets. Established in 1998, Chicago-based Premia Capital Management is a proprietary trading firm with a natural resources focus which specialises in using statistical techniques to detect pockets of predictability in derivatives markets. Premia Risk Consultancy advises investment firms on derivatives strategies and risk management policy. Before co-founding Premia Capital, Ms. Till headed derivatives strategies at Putnam Investments and also served as the company's commodity portfolio manager for institutional clients. Prior to joining Putnam, Ms. Till was with Harvard Management Company where she set up the commodity investment programme of the university's endowment.

Ms. Till has written articles on commodities, risk management, and hedge funds in refereed academic and practitioner journals. She serves on the examination committees of professional designations in alternative investment and risk management.

Ms. Till has authored many articles on commodities, derivatives and risk management in industry publications and contributed to ten books in the last four years including *The Handbook of Inflation Hedging Investments* (McGraw Hill), *Fund of Hedge Funds: Performance, Assessment, Diversification and Statistical Properties* (Elsevier), and *Energy and Environmental Markets* (PRMIA). She is the co-editor of *Intelligent Commodity Investing* (Risk Books).

Ms. Till has a BA in statistics from the University of Chicago and an MSc in statistics from the London School of Economics.

François-Serge Lhabitant is Associate Professor of Finance at EDHEC Business School, Professor of Finance at the University of Lausanne and Chief Investment Officer at Kedge Capital.

Professor Lhabitant is responsible for the investment management of the Kedge Capital Funds and investment mandates operated by the Kedge Group. Before joining Kedge, he was a senior executive at UBP where he was in charge of the quantitative analysis and the management of dedicated hedge fund portfolios. Previously, Professor Lhabitant was a director at UBS Private Banking Division and Global Asset Management where he developed quantitative models for hedge fund analysis and performance measurement.

At EDHEC Business School, Professor Lhabitant teaches the Hedge Funds, Commodities and Managed Futures course in the MSc in Risk and Asset Management programme and contributes to the work of the EDHEC Risk and Asset Management Research Centre. His research has been published in refereed academic and practitioner journals such as the *Journal of Alternative Investments*, *European Finance Review*, and the *Journal of Risk Finance*. He is a Member of the Scientific Committee of the AMF, the French financial markets' regulatory body.

Professor Lhabitant has authored a large number of articles on finance and economics in industry publications as well as several books on alternative investments and emerging markets, including three hedge fund bestsellers. He has recently co-edited *Commodity Trading Advisors: Risk, Performance Analysis, and Selection* (Wiley Finance). He is a seasoned presenter and keynote speaker at top industry events.

Professor Lhabitant holds graduate degrees in engineering, banking and finance and a PhD in Finance from the Ecole des Hautes Etudes Commerciales of the University of Lausanne.

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EDHEC Asset Management Education is registered with CFA Institute as an Approved Provider of professional development programmes.
This programme is eligible for 14 PD credit hours as granted by CFA Institute.

With over 110 permanent professor and researchers and some 4,700 students spread over three campuses in Lille, Nice and Paris, the EDHEC Group is the largest provider of business education in France and one of the leading business schools in Europe.

EDHEC Business School has been offering management training and development programmes since 1906 and is a member of the select group of academic institutions worldwide to have earned the triple crown of international accreditations (AACSB, EQUIS, AMBA).

EDHEC Business School set up the Risk and Asset Management Research Centre to conduct world-class academic research and highlight its applications to the industry. The centre's team of 35 researchers carries out six industry sponsored programmes focusing on asset allocation and risk management in the traditional and alternative investment universes.

In keeping with its mission, the centre systematically seeks to validate the academic quality of its research through publications in leading scholarly journals, implements a multifaceted communications policy to inform investors and asset managers on state-of-the-art concepts and techniques, and develops business partnerships to launch innovative products.

To optimise exchanges between the academic and business worlds, the Risk and Asset Management Research Centre maintains a website devoted to asset management research for the industry: www.edhec-risk.com, circulates a monthly newsletter to over 125,000 practitioners, conducts regular industry surveys and consultations, and organises annual conferences for the benefit of institutional investors and asset managers.

EDHEC has also created a consultancy, EDHEC Investment Research, and a continuing-education arm, EDHEC Asset Management Education. EDHEC Asset Management Education helps investment professionals to upgrade their skills with advanced risk and asset management training across traditional and alternative classes.

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Attendance Options and Fees
January 21: Commodities as an Asset Class and Fundamentals of Commodities Investing with François Serge Lhabitant and Hilary Till
January 22: Designing and Implementing Commodity Programmes with Hilary Till
Two day course: €3,500 / £2,500 + VAT where applicable.
One day course: €2,000 / £1,400 + VAT where applicable.

Fees include documentation, refreshments, lunch, and drinks.

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Online: http://store.edhec-risk.com
By email: AMeducation@edhec-risk.com
By phone: Mélanie Ruiz on + 33 (0) 493 187 819

EDHEC BUSINESS SCHOOL
Lille - Nice

393-400 promenade des Anglais
BP 3116 - 06202 Nice Cedex 3 - FRANCE
Tel. +33 (0)4 93 18 78 19
Fax +33 (0)4 93 18 78 44
www.edhec-risk.com
research@edhec-risk.com