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INTEGRATING HEDGE FUNDS INTO A PRIVATE WEALTH STRATEGY

Tuesday | 7 October 2003

Newport Beach Marriott Hotel | Newport Beach, California, USA

AIMR®

Association for Investment Management and Research®
560 Ray C. Hunt Drive
PO Box 3668
Charlottesville, VA 22903-0668
USA

Integrating Hedge Funds into a Private Wealth Strategy

Tuesday
7 October 2003
Newport Beach Marriott Hotel
Newport Beach, California, USA

Hedge funds have long been a popular investment for wealthy individuals and families. Today, approximately 70 percent of the assets invested in hedge funds belong to high-net-worth clients. Private clients, like institutions, have used hedge funds to diversify and stabilize their portfolios and to take advantage of market inefficiencies.

But selecting and managing a portfolio of hedge funds is a complex process for any investor, and the unique circumstances of the private client must be considered. With more than 6,000 hedge funds available, covering more than 20 different types of strategies (with new variants every day), and roughly 600 funds of funds, investors must carefully weigh the risks and rewards of each fund and combine strategies in a cohesive manner. Investors need the right tools to distinguish among different styles, select sound strategies, combine them in a meaningful way, and successfully evaluate performance. A critical part of the task is measuring, monitoring, and forecasting risk.

This conference seeks to address the special challenges of investing in hedge funds for private clients and to offer an objective view of critical issues facing private clients, their intermediaries, and their managers. Key topics will include the following:

- Managing client expectations for future returns.
- Determining the appropriate allocation to hedge fund strategies.
- Evaluating direct investments versus funds of funds.
- Ascertaining the manager's added value.
- Assessing risk management—both for funds of funds and individual managers.
- Determining the right level of transparency.
- Managing the tax and legal aspects of hedge funds for private clients.
- Benchmarking hedge funds and funds of funds.
- Gauging the future of hedge fund management.

Join us for this important event to discuss with industry leaders the latest thinking on investing in hedge funds for private clients.

FEATURED SPEAKERS

Douglas T. Allison, CFA
Beacon Pointe Advisors

William K.H. Fung
Center for Hedge Fund Research, London Business School

David A. Hsieh
Fuqua School of Business, Duke University

Alexander M. Ineichen, CFA
UBS Warburg

Kenneth F. Kroner
Barclays Global Investors

R. McFall Lamm, Jr.
Deutsche Bank Private Wealth Management Group

Felix T. Lin
Beacon Pointe Advisors

Joseph H. Nesler
Gardner Carton & Douglas, LLC

María E. Núñez
Baker & McKenzie

LORI R. RUNQUIST

Lori R. Runquist
Northern Trust Global Investments

Scott C. Schweighauser
Harris Alternatives, LLC

Michael J. Serota
Deloitte & Touche

TUESDAY, 7 OCTOBER 2003

6:45 AM

Registration and Continental Breakfast

7:15 AM

Breakfast Presentation: Recent Country-Specific Developments in Wealth Planning for Private Clients

María E. Núñez
Partner
Baker & McKenzie
San Diego, California, USA

8:00 AM

Conference Welcome and Introduction: The Evolution of Hedge Fund Investing for Private Clients

Lori R. Runquist
Conference Moderator
Vice President,
Director–Hedge Funds
Northern Trust Global Investments
Chicago, Illinois, USA

8:30 AM

Managing Client Expectations for Future Returns

Kenneth F. Kroner
Managing Director, Global Market Strategies
Barclays Global Investors
San Francisco, California, USA

KENNETH F. KRONER

- What is the outlook for the equity risk premium, valuation, and traditional asset classes?
- Should the policy portfolio be more flexible in the future?
- Where should investors seek excess return in the future?

9:30 AM

The Role of Hedge Funds in the Client's Portfolio and Determining the Appropriate Allocation

Douglas T. Allison, CFA
Managing Director
Beacon Pointe Advisors
Newport Beach, California, USA

Felix T. Lin
Managing Director
Beacon Pointe Advisors
Newport Beach, California, USA

- Determining the link between client objectives, investment policy, and asset allocation strategy.
- Forecasting expected returns and correlations.
- Choosing appropriate constraints.
- Dealing with problems in the data—survivorship bias, valuation, and illiquidity issues.

10:30 AM

Refreshment Break

10:45 AM

Performance Evaluation and Benchmark Selection

William K.H. Fung
Visiting Research Professor of Finance
Center for Hedge Fund Research,
London Business School
London, United Kingdom

David A. Hsieh
Professor of Finance
Fuqua School of Business, Duke University
Durham, North Carolina, USA

Scott C. Schweighauser
Partner and Executive Vice President
Harris Alternatives, LLC
Chicago, Illinois, USA

SCOTT C. SCHWEIGHAUSER

- Hedge fund benchmarks that reflect client objectives.
- Systematic risk factors in hedge fund strategies.
- A risk-factor-based model for benchmarking hedge fund portfolios.
- Alternative alphas and alternative betas: a framework for integrating hedge funds into conventional asset allocation models.

12:45 PM

Luncheon

1:45 PM

Risk Management, Transparency, and Achieving a Comfort Level for Private Clients

R. McFall Lamm, Jr.
Chief Investment Strategist
Deutsche Bank Private Wealth
Management Group
New York, New York, USA

- Transparency: hedge fund strategy and position information that needs to be communicated to investors and their intermediaries.
- Risks of hedge funds: understanding the risk–return profiles of individual hedge fund styles and quantifying and monitoring them.
- Risk analysis and management for funds of funds or custom-tailored portfolios of hedge funds.
- Best practices for risk measurement and management at the hedge fund firm.

2:45 PM

Refreshment Break

3:00 PM

The Nuances of Manager Selection

Alexander M. Ineichen, CFA
Managing Director and
Head of Derivatives Research
UBS Warburg
London, United Kingdom

- Understanding the trade-offs among different types of hedge funds.
- Choosing direct investment versus funds of funds: selecting the right approach for your client.
- Combining hedge funds and developing asset allocation strategy for funds of funds or direct investments.
- Discovering the best new managers.

4:00 PM

Managing the Tax and Legal Side of Hedge Funds for Private Clients

Joseph H. Nesler
Principal
Gardner Carton & Douglas, LLC
Chicago, Illinois, USA

Michael J. Serota
Partner
Deloitte & Touche
Chicago, Illinois, USA

JOSEPH H. NESLER

- Legal issues for private clients: compliance, fiduciary law, trust law restrictions, regulatory changes.
- Management strategies that may improve the tax efficiency of hedge funds.
- "Due diligence" from the investor's standpoint—analyzing the terms of an investment.

5:30 PM

Reception

CONFERENCE REGISTRATION POLICIES

Payment is due at time of registration. Forms received without payment will be confirmed on a space-available basis when payment is received. All fees are payable in U.S. funds. Confirmation letters will be mailed within two weeks of receipt of your paid registration. *Attendance is limited—please register early.*

HOTEL INFORMATION: AIMR has arranged for a special group rate at the **Newport Beach Marriott Hotel**. Reservations should be made directly with the hotel. You must refer to the "AIMR group" when contacting the hotel, and reservations should be made by **Tuesday, 16 September 2003** to take advantage of our discounted rate. The AIMR rate at the Newport Beach Marriott Hotel is US$129.00, subject to availability.

Newport Beach Marriott Hotel
900 Newport Center Dr.
Newport Beach, CA 92660

Telephone: 949-640-4000
Guest Fax: 949-640-5055

SPECIAL NEEDS: Please contact AIMR for services to accommodate a disability or to inform AIMR if you have any dietary restrictions. (Please give at least 48 hours advance notice.)

TRAVEL RESERVATIONS: AIMR has arranged for discounted travel rates within the United States for both United Airlines and Avis Car Rental. When traveling to and from Newport Beach, California, you or your travel agent must contact the United Airlines Meeting Reservation Center or the Avis Meeting Reservation and Information Desk directly to determine eligibility and to make reservations.

Contact United Airlines at 800-521-4041 and refer to Meeting ID#550WD.

Contact Avis at 800-331-1600 and refer to Meeting Discount #J096294.

CANCELLATION POLICY: A cancellation fee of US$150 applies for all cancellations received after **30 September 2003**. No refunds will be issued for any cancellations received within **24 hours of program start**. Substitutions from the same company are accepted with fee adjustment, if appropriate. Sharing of registrations is not permitted.

YOUR REGISTRATION FEE COVERS: A notebook containing extensive conference materials, continental breakfast, refreshment breaks, luncheon, reception, and opportunities to meet with investment colleagues from throughout the world.

AIMR QUALIFIED ACTIVITY PD PROFESSIONAL DEVELOPMENT

9 CREDITS

This conference qualifies for credit under the guidelines for the Professional Development Program. If you are an AIMR member, your participation at this conference will be automatically entered in your CE Diary. Please see www.aimr.org/memservices/continuing/ceprogram/ for more information.

CPE SPONSORS

This conference qualifies for 11 CPE credits—no course prerequisites are required. AIMR is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Suite 700, Nashville, TN 37219-2417. NASBA phone number: 615-880-4200, website: www.nasba.org.

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AIMR® Members and CFA® Candidates: ☐ US$995
Nonmembers: ☐ US$1195

TO REGISTER BY FAX OR MAIL, COMPLETE THE FOLLOWING FORM. FAX TO 434-951-5398 OR MAIL TO: AIMR CONFERENCES, P.O. BOX 3668, CHARLOTTESVILLE, VA 22903-0668, USA. REGISTER BY PHONE BY CALLING 800-247-8132 OR 434-951-5500. *See registration/cancellation policies at left.*

☐ Mr. ☐ Mrs. ☐ Ms. ☐ Dr.

PLEASE PRINT Last Name (Family Name) First Name Middle Initial

Title AIMR Member Number/CFA Candidate Number

Firm

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