

Active Forex Management

Institutional
Investors:
50%
discount

Practical currency management as a critical component of the investment process and source of active alpha

**Two-day conference: 25th-26th October 2004
The Café Royal, London, UK**

Objective

This conference shows you why currency is now being considered as an asset class in its own right, and how forex can be managed to generate alpha returns. Familiarise yourself with the benefits of generating attractive returns from a diversified currency portfolio. Rise above the many investors that have historically tended to view currency exposure as a residual from their overall asset allocation.

Why attend this conference?

- Macroeconomic analysis of forex markets
- Use currencies to generate alpha and diversify your portfolio
- Achieve optimal asset allocation
- Choose the most appropriate Currency Trading Advisor or fund manager
- Discover the benefits of specialist active and passive management
- Investigate the various overlay models for both fundamental and tactical approaches
- Recognise the inefficiencies and correlations inherent in the market for forex
- Benchmarking currency management
- Fundamental valuation analysis in a quantitative forex model

Finance IQ's forum will bring you insight from:

- **Jessica James, Citigroup**, who will address active overlay models: designing a portable alpha engine
- **Brian Strange, JP Morgan Fleming Asset Management**, on the role of active currency management in the overall fund investment strategy: removing uncompensated risks
- **Emmanuel Acar and Amy Middleton, Bank of America**, who will present a style analysis of currency managers
- **Gerben de Zwart, Robeco Asset Management**, investigating tactical analysis and behavioural assessment: exploiting volatility through market timing
- **Ido de Geus**, who will take you through a practical case study of **PGGM Investment's** currency fund strategy

Official Publications:



GLOBALpensions



Official Website:

**PGGM
Investments**

**Lombard Street
Research**

Bankpension

**Credit Suisse
Asset
Management**

ABN Amro

IKOS Partners

**Bank of
America**

**IPM – First
Quadrant**

Merrill Lynch

**Flintshire
County Council**

C-View Limited

Quay Capital

**Robeco Asset
Management**

**SEB Merchant
Banking**

**JP Morgan
Fleming Asset
Management**

Citigroup

**Watson
Wyatt**

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Day One – 25th October

- 08.30 Registration and coffee
- 09.00 Chairperson's welcome and opening remarks
Jessica James, Director Fx Risk Advisory Group, Citigroup
- 09.15 **The re-emergence of forex management; macroeconomic drivers and risk preferences**
Increased volatility in the currency markets, together with the slowing of the equity market, has re-established the demand for portfolio diversification using foreign exchange. This presentation will examine how currencies have re-emerged to sell themselves as a return class.
- Re-emerging focus on risks and returns in the forex market
 - Reflationary central policies and building inflationary pressures
 - The impact of debt growth and trade deficits
 - Long-term interest rate cycles
 - Market timing
 - Currency drivers:
 - Macroeconomic developments, geopolitical risks and other behavioural factors
- Thanos Papasavvas, Currency Strategist, Credit Suisse Asset Management**
- 10.00 **Currency crises, past & present: Chinese yuan peg as a global road-block**
- The shifting forces driving foreign exchange markets
 - Market shocks: past, present and future
 - US financial adjustment needs
 - Internal strains from the external deficit
 - China's dollar peg: chief obstacle to adjustment
 - Euroland's jeopardy and passiveness
 - Japan and the yen's much improved prospects
 - Efficient market theory: how it works and its inefficiencies
 - Long-term catch-up: a source of real forex appreciation
- Charles Dumas, Head of International Service, Lombard Street Research**
- 10.45 Coffee and networking break
- 11.15 **Determining the role of active currency management in the overall fund investment strategy: removing uncompensated risks**
- Embedded currency exposure as an uncompensated risk source
 - Settlement risk and simultaneous irrevocable settlement systems
 - Historical return expectations from currency management
 - Separating currency effects from foreign assets
 - Using forex either to achieve active returns or to immunise your portfolio from currency risk
 - Risk, returns, cash flows and governance
 - Uncorrelated market returns
 - Exploiting inefficiencies to generate alpha
 - A non-correlated source of active returns
 - Sources of inefficiencies
 - Non-profit orientated participants
 - Central Bank intervention
- Brian Strange, Portfolio Manager, Currency Management Group, JP Morgan Fleming Asset Management**
- 12.00 **Case study: A practical examination of an institutional fund's currency strategy**
Leif Hasager holds a Ph.D. in economics from the University of Copenhagen. He presently occupies a position as senior vice president in Bankpension. He has been head of fixed income, LDPensions, and associate professor, Department of Finance, Copenhagen Business School
Leif Hasager, Vice President, Bankpension
- 12.45 Networking lunch
- 14.00 **Optimal asset allocation for active return strategies**
- Assessing forex exposures in the international equity/bond/cash portfolio
 - benchmarks and tracking error
 - Using a risk budget to create a balanced portfolio
 - Benefiting from covariance analysis
 - Assessment of risk capital and cash allocations
 - Potential cash flows from active and passive management
 - Expected risk-adjusted returns and the allocation decision
 - Distinguishing between alpha and beta returns
 - Optimal diversification and dynamic management
- David Buckle, Director, Fixed Income, Merrill Lynch**
- 14.45 **Case study: Implementation of strategic allocation to currencies**
This practical demonstration will examine the approach PGGM have taken towards implementing a currency structure within their portfolio. It will analyse PGGM's choices and experiences, and examine topics such as benchmarking, liquidity and currency fund managers.
Ido de Geus, Senior Investment Manager, PGGM Investments
- 15.30 Coffee and networking break
- 16.00 **Case study: The rationale behind investing in currency hedge funds**
Flintshire County Council is extremely progressive in its focused approach towards alternative investments. This presentation will appraise their motives for investing in currency hedge funds, and their achievements to date.
Dave Bamber, Assistant County Treasurer with responsibility for the Clwyd Pension Fund, Flintshire County Council
- 16.45 **PANEL SESSION: Style analysis of currency strategy**
This interactive discussion will allow you to participate in compelling debate, and share your insight into active forex management with your peers.
Jessica James, Director Fx Risk Advisory Group, Citigroup
James Binny, Director of Fx Analytics and Risk Advisory, ABN Amro
Sam Gover, Fund Manager, IKOS Partners
Peter Eerdmans, Senior Investment Management Consultant, Manager Research, Watson Wyatt
- 17.30 Chairperson's summary and close of day one

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For more details, please contact katie.westray@iqpc.co.uk quoting Exclusive Client Relationship Service.

Who should attend?

This conference will benefit all those with a vested interest in actively managing their currency exposure, and is especially aimed at Institutional Investors, Asset Managers, Bankers, Corporates and Brokers.

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Day Two – 26th October

08.30 Registration and coffee

09.00 Chairman's opening remarks
Emmanuel Acar, Principal Risk Management Advisor, Bank of America

09.15 Active overlay models: designing a portable alpha engine

- Out-sourcing to specialist manager or in-house
- Inputs driving model selection
 - Strategic/tactical horizons
 - Economic variables and currency area
 - Volatility
- Flow models
- Positioning models
- Trend-following or trend-switching overlay models
- Interest rate differentials
- Combining multi-factor models

Jessica James, Director Fx Risk Advisory Group, Citigroup

10.00 Which forecasting factors complement fundamental valuation analysis in a quantitative forex model?

- The controversy over currency valuation
 - What other fundamental factors drive alpha?
 - To measure or forecast capital flows?
 - How do changes in a country's trade balance affect the currency?
 - Thinking laterally: options prices and currency moves
- Alex Gioulekas, PhD, CIO & Head of Research, IPM - First Quadrant**

10.45 Coffee and networking break

11.15 A trend-focused approach in tactical analysis

- Tactical currency allocation
 - Trend-following approach
 - Low volatility
 - High volatility
- Uncovering the trend-following strategy
 - What makes trend-following work?

Gerben de Zwart, Senior Quantitative Researcher, Robeco Asset Management

12.00 A style analysis of currency managers

- Simple active strategies based on trends, carry and fundamentals
- Monthly returns for benchmarking purposes
- Commodity Trading Advisors
- A study of individual fund managers
- The overlay case

Emmanuel Acar, Principal Risk Management Advisor, Bank of America
Amy Middleton, Associate Risk Management Advisor, Bank of America

12.45 Networking lunch

14.00 Benchmarking currency management

- The optimal benchmark for currency overlay
 - Unhedged, fully hedged or somewhere in between?

- Assessing the performance of currency managers
 - Risk focussed managers
 - Return focussed managers
 - Currency hedge funds
- What is the best index of currency managers' performance?

James Binny, Director of FX Analytics and Risk Advisory, ABN Amro

14.45 Case study: Diversification in currency trading

- Exploiting a variety of opportunities within one program
 - Fundamental, technical, quantitative and market flow approaches
 - Incorporating non G7 currencies in a portfolio
 - Relative value currency exposures

A. Paul Chappell, Founder and Director, C-View Limited

15.30 Coffee and networking break

16.00 Case study: How to use currency to generate alpha

Paul Phelan, one of the Principals of Quay Capital Management, was instrumental in developing the alternative asset management business. Quay Capital manages and distributes a range of alternative investment products suitable for high net worth individuals, institutions, private banks and government agencies.

Paul Phelan, Director, Quay Capital

16.45 Exploring the implications of e-forex technologies and arbitrage opportunities

- How is the increased use of technology effecting forex trading?
- Driven forex strategies
- Examining trading opportunities
- The importance of execution strategies
- Practice changes in banking and effects on client activity

Olof Paulson, Head of Product Development – E – TCM, SEB Merchant Banking

17.30 Chairman's closing remarks and end of conference

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