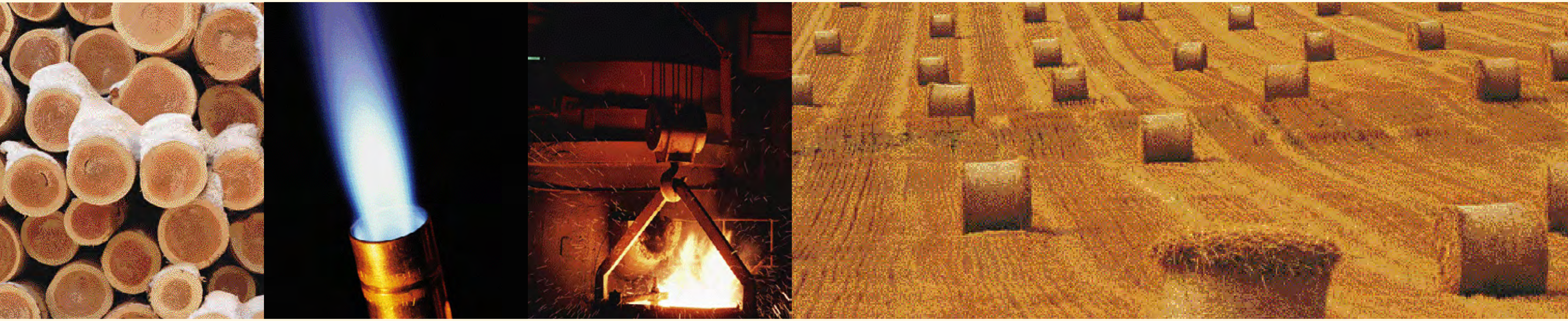
State-of-the-Art Commodities Investing Seminar

Singapore, 23-24 April 2012



> Drivers and risks of commodity markets

> Integrating commodities into global portfolios – strategic and tactical asset allocation with commodities

> Maximising the diversification potential of commodities

> Commodities for inflation protection and systematic risk factor hedging

> Capturing the commodities futures premium with long-short dynamic strategies

> Evaluating active and passive commodity investment opportunities

> Latest evidence on the financialization of commodity markets

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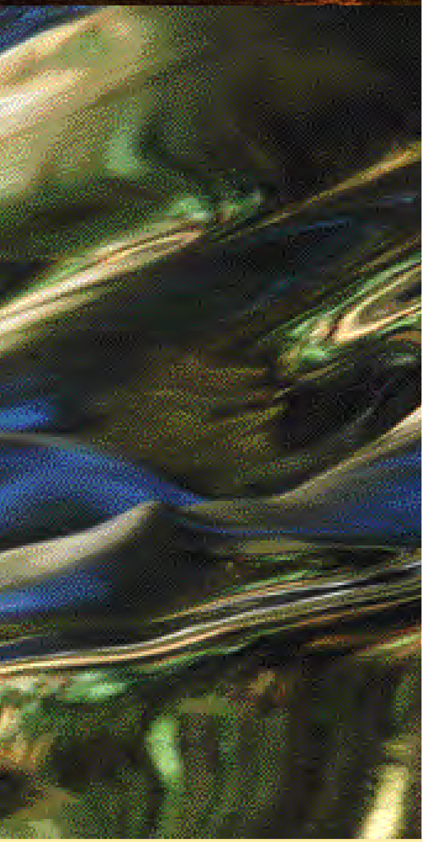


Rationale and Objectives

The structural features of the commodity markets offer opportunities for both investors and traders. However, accessing those opportunities demands an in-depth understanding of commodity-market pricing, products and strategies.

The last five years have seen tremendous innovation in investable commodity strategies, leading to a proliferation of new investment opportunities. Investors seeking exposure to commodities can buy into natural resource companies, track long-only futures indices, and invest in systematic or discretionary long-only or long-short commodity futures strategies in house or via commodity trading advisors (CTAs), natural resources hedge funds, funds of funds, mutual funds or exchange-traded funds.

Financial investment in consumable and transformable assets is a very recent phenomenon. 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 investment- 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, and select appropriate vehicles from an expanding set of products.

Of particular interest to investors and traders is how to capture the commodities premium in the context of highly volatile commodity markets. Whereas the Standard & Poor's Goldman Sachs Commodity Index waved around 190 index points in the decade ending in 2002, it then started appreciating sharply to reach a high of 891 in July 2008. It subsequently made a dramatic slide to reach a low of 306 in February 2009, prior to staging a rebound that took it to a high of 757 in April 2011. The roller-coaster ride experienced over the last decade calls for the design of long-short dynamic trading strategies that perform well in both up and down markets. The high volatility in commodity prices observed over the period has also led to contentious political pronouncements on the role of speculation in commodity markets and to calls for further regulation. Research-based evidence on this sensitive issue is not only of relevance to regulators and industry associations but also to institutional investors whose investment committees need to factor social responsibility considerations into their investment decisions.

Designed and delivered by a leading expert in commodity research, this intensive seminar equips participants with a comprehensive overview of commodities markets and investments, detailed knowledge of commodity futures pricing, and state-of-the art techniques for strategic and tactical asset allocation to commodities. It also sheds academic light on the financialisation of commodity markets and the role of speculators.

Presented in a highly accessible manner and drawing from the latest results of alternative investment and commodity trading research, the seminar should appeal to commodity fund managers wishing to keep abreast of the latest commodity research, to investment professionals and administrators working for institutional investors and family offices that are considering or have implemented commodity investment programmes, and to consultants and key account representatives advising high net worth individuals and institutions on commodity investments.

Seminar Instructor

> **Joëlle Miffre, PhD** is Professor of Finance at EDHEC Business School and a Member of EDHEC-Risk Institute. Her work focuses on asset management, with special emphasis on commodities, active strategies and asset pricing. Her research has appeared in leading academic and practitioner-oriented scientific journals such as the *Journal of Banking and Finance*, the *Journal of Business Finance and Accounting* and the *Journal of Futures Markets*. It has also received financial support from financial market participants such as CME Group and INQUIRE and has been featured in *The Economist* and *The Financial Times*, among others.

She also acts as scientific advisor to a CTA and is on the Chartered Alternative Investment Analyst® (CAIA®) curriculum committee for Commodities and CTAs. She teaches Portfolio Management, Fixed-Income Analysis, Derivatives and Commodities at postgraduate and executive levels. She is a seasoned presenter at international academic conferences and industry events.

Before joining EDHEC Business School, she was associate professor of finance at Cass Business School, City University London. Previous appointments include research and teaching positions at the University of Technology, Sydney, the ICMA Centre and Brunel University.

She holds graduate degrees in management and finance and a Ph.D. in Finance from Brunel University.

Content and Outline

The seminar addresses such questions as:
> What are the fundamentals of commodity futures pricing?
> How incidental are backwardation, contango and inventory levels at capturing the risk premium present in commodity futures markets?
> How to integrate commodities in strategic asset allocation decisions?
> How to optimise the diversification properties of commodity programmes?
> How to use commodities as hedge against inflation?
> What is the case for commodities as a tactical asset class?
> How to decide between active and passive commodity investing?
> How to choose between competing commodity indices?
> Is there a justification for investing through CTAs?
> Shall we hold speculators or fundamentals responsible for the recent volatility spikes observed in commodity markets?

Part I: Commodities Fundamentals

1. Commodity markets and outlook

2. Fundamentals of commodity futures pricing
   – The asset pricing perspective: CAPM and APT
   – The insurance perspective: Normal backwardation
   – The hedging pressure hypothesis: Backwardation and contango
   – The theory of storage

Part II: Commodities as a Strategic Asset Class

1. Performance: Is there a risk premium in long-only commodity futures markets?
   – The case of commodity futures indices
   – The case of individual commodity futures

2. Total and systematic risk
   – High volatility of commodity futures
   – Commodity futures as a hedge against inflation
   – Other traditional systematic risk factors

3. Commodity futures as a source of diversification
   – Efficient frontiers with and without commodities
   – Optimal allocation with and without commodities
   – Conditional correlations of commodity futures with traditional asset classes

Part III: Commodities as a Tactical Asset Class

1. Hedging pressure strategy
2. Term structure strategy
3. Momentum strategy
4. Double-sort strategy combining term structure and momentum signals
5. Performance of single and double-sort portfolios relative to a hedging pressure benchmark
6. Idiosyncratic risk strategy
7. Economic strategy
8. Contrarian strategy

Part IV: Investment Opportunities

1. Investment vehicles
   – Underlying commodities
   – Commodity futures
   – Natural resources companies
   – Mutual funds, ETFs
   – OTC commodity return swaps
   – Commodity-linked notes and medium-term notes
   – Non-financial CTAs and Natural resource sector hedge funds

2. Commodity futures indices
   – Comparative review of traditional indices
   – Second generation commodity futures indices

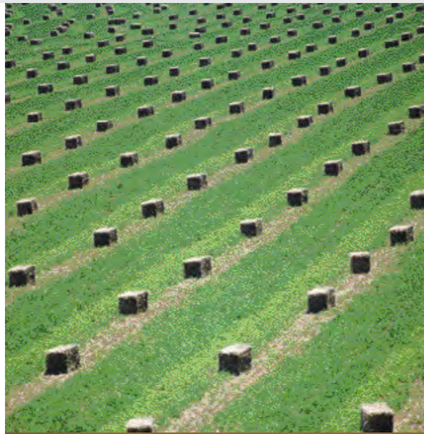
Part V: The Financialization of Commodity Markets

1. Setting up the debate

2. Do fundamentals justify record high prices? Evidence from the oil market

3. Did the financialization of commodities create a speculative bubble?
   – Relation between Commodity Index Traders and futures prices
   – Correlations across commodities and across asset classes
   – Was speculation excessive compared to hedging demand?

4. Lessons from history



Continuing Education Credits

As a participant in the CFA Institute Approved-Provider Programme, EDHEC-Risk Institute has determined that this program qualifies for 14 credit hours. If you are a CFA Institute member, continuing education credit for your participation in this programme will be automatically recorded in your CE Diary.

Registration, Fee and Funding Information

Fees

Seminar Fees are SGD4,000 exc. GST. GST at a rate of 7% applies to all sales to Singapore entities and to all sales to individual (i.e. non-corporate) customers. Fees include instruction, documentation and lunch. Other meals and accommodation are not included.

Funding

The Monetary Authority of Singapore (MAS) administers grants to financial sector organisations that sponsor eligible participants to training programmes that meet qualifying criteria. For enquiries, please contact the MAS at +65 6229 9396 or via email at fsdf@mas.gov.sg.

Billing and payment

The fee is billed following registration and must be settled before the seminar begins. Payment can be made by wire transfer or cheque drawn on a Singapore bank.

Transfer or cancellation

Transfer of registration to a colleague, upon written notice, is allowed and free of charge. Transfer of registration fees to another EDHEC-Risk Institute programme must be requested in writing and is subject to the following charges: 45 to 30 days' notice: 15% of the tuition fee; 29 to 11 days' notice: 30% of the tuition fee; 10 days' notice or less: 50% of the tuition fee.

Cancellations of confirmed seats must be received in writing and are subject to the following charges: 45 to 30 days' notice: 25% of the tuition fee; 29 to 11 days' notice: 50% of the tuition fee; 10 days' notice or less: 100% of the tuition fee.

Further Information and Registration

To register, use our online boutique or send the completed registration form to: karen.sequeira@edhec-risk.com or by fax to +65 6438 9891.

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About EDHEC and EDHEC-Risk Institute

Since 2001, EDHEC has been pursuing an ambitious policy in terms of international research. This policy, known as "Research for Business", aims to make EDHEC an academic institution of reference for the industry in a small number of areas in which the school has reached critical mass in terms of expertise and research results.

Among these areas, asset and risk management have occupied privileged positions, leading to the creation in 2001 of a major research facility: EDHEC-Risk Institute. This institute now boasts a team of 80 permanent professors, engineers and support staff, as well as 18 research associates from the financial industry and 6 affiliate professors.

EDHEC-Risk Institute is located at campuses in Singapore, which was established at the invitation of the Monetary Authority of Singapore (MAS), the City of London in the United Kingdom, and Nice, France. In addition, it has a research team located in the United States.

The philosophy of the institute is to validate its work by publication in prestigious academic journals, but also to make it available to professionals and to participate in industry debate through its Position Papers, published studies and conferences. Each year, EDHEC-Risk organises two conferences for professionals in order to present the results of its research, one in London (EDHEC-Risk Days – Europe) and one in Singapore (EDHEC-Risk Days – Asia), attracting more than 2,000 professional delegates.

To ensure the distribution of its research to the industry, EDHEC-Risk also provides professionals with access to its website, www.edhec-risk.com, which is entirely devoted to international risk and asset management research. The website, which has more than 50,000 regular visitors, is aimed at professionals who wish to benefit from EDHEC-Risk's analysis and expertise in the area of applied portfolio management research. Its monthly newsletter is distributed to more than 1,000,000 readers.

EDHEC-Risk Institute also has highly significant executive education activities for professionals. In partnership with CFA Institute, it has developed advanced seminars based on its research which are available to CFA charterholders and have been taking place since 2008 in New York, Singapore and London. EDHEC-Risk Institute has an original PhD in Finance programme which, in addition to its highly selective residential track for young talents worldwide, has an executive track for high level professionals who already have masters degrees from prestigious universities and significant industry experience. These professionals are looking to go beyond their usual activities in order to develop research on the concepts that are relevant to their occupation. Complementing the core faculty, this unique PhD in Finance programme has highly prestigious affiliate faculty from universities such as Princeton, Wharton, Oxford, Chicago and CalTech.

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