

News from the Centre

Welcome to the 2nd Melbourne Centre for Financial Studies' e-newsletter. It contains details and updates about MCFS activities and events. The various links to our website also allow you the opportunity to delve deeper into topics of greater interest.

Please let us know what you think – we welcome your feedback, to enable us to provide you with the information you find most valuable.

What's in this edition?

1. AIST-MCFS Superannuation Fund Governance Conference - Tuesday May 5
2. Janus Funds Forum Friday May 1 with Robert Garvy, Chairman and CEO, Enhanced Investment Technologies (US)
3. Popular MCFS Chairman John Unkles steps down
4. Melbourne Mercer Global Pension Index
5. Australian Equities Database
6. Other events
7. Website updates

1. AIST-MCFS Superannuation Fund Governance Conference 2009 Search for a Super Model – Season 2

Date/Time: Tuesday 5 May, 2009 (8.30am – 5.10pm)

Venue: Arthur Streeton Auditorium, Sofitel Melbourne On Collins, 25 Collins Street, Melbourne

Program:

http://www.aist.asn.au/Pages/Events/SubPage_SFSGC/documents/AISTFundGovProgram.pdf

Registration and other details:

<http://www.aist.asn.au/Pages/Events/SuperFundGovernConf.aspx>

Key note address:

- Why good governance and an ethical approach to investing is obligatory under a mandatory superannuation regime,
with **Dr Simon Longstaff of St James Centre for Ethics**

Topics:

- What are the governance challenges and risk factors facing trustees in 2009?
- Beyond the sole purpose test: ESG & trustee responsibilities post the Global Financial Crisis
- Governance of Investments– What have we got right and what can we do better?
- The VFMC Governance Model – from v1.0 toward v3.0

- Panel discussion: Guardians of Governance – When tomorrow comes
- Regulator Radar – A Super Update
- Fund Governance research: MCFS and AIST Academic working papers

Speakers include:

- David Atkin, Chief Executive Officer, Cbus
- David Sarkin, Partner, Holding Redlich
- The Hon. Peter Collins AM QC, Director, HOSTPLUS
- Fiona Trafford-Walker, Managing Director, Frontier Investment Consulting
- Justin Pascoe, Chief Investment Officer & Acting Chief Executive Officer, VFMC
- Graeme Russell, Chief Executive Officer, First Super
- Senior super industry specialists from the regulators APRA, ASIC and AASB

...and a cast of senior Fund Executives, Trustees, Finance Academics and Service-providers

Need one more reason to attend? 2008 saw trustees and senior super professionals make up in excess of 80% of the delegates.

....MCFS and the Australian Institute of Superannuation Trustees look forward to seeing you there!

2. MCFS-Janus Capital Funds Forum Series 2009

Topic: Stochastic Portfolio Theory – Using Maths to Generate Alpha

Speaker: Mr Robert Garvy, Chairman and Chief Executive Officer, Enhanced Investment Technologies (US)

Date: Friday May 1st 2009, 12.15pm for 12.30pm – 2.00pm (light sandwich lunch provided)

Venue: Thomson Reuters Markets, 43/80 Collins Street, Melbourne (opposite MCFS and Finsia office)

Cost: Free (Thanks to our series sponsor Janus Capital Asia Ltd and venue sponsor Thomson Reuters Markets)

[Click here](#) to download the flyer.

Mr Robert Garvy, Chairman and CEO of Enhanced Investment Technologies LLC, will provide an in depth look at Stochastic Portfolio Theory, a unique and powerful mathematical approach to active investing within a risk controlled framework. Mr Garvy will discuss the specifics of how Enhanced Investment Technologies has successfully applied Stochastic Portfolio Theory to large cap equity portfolios in the US and how the firm has expanded that to global portfolios around the world. Mr Garvy will also address various statistical measures that may be useful in an investor's assessment of a manager's ability to generate alpha over the long term.

About our speaker –

Mr Robert Garvy MBA has recently been elected to the board of directors of the Institute for the Study of Quantitative Finance (Q Group).

Mr Garvy is Chairman and Chief Executive Officer of Enhanced Investment Technologies. Prior to joining Enhanced Investment Technologies in January of 1991 Robert was Senior Vice President and Principal at Wilshire Associates, a leading global independent investment consulting organisation based in the US. At Wilshire for 12 years, he was a co-founder of Wilshire's consulting division and assisted in the growth and development of the division into one of national prominence. Mr Garvy's broad exposure to plan design, asset allocation, manager selection, and performance analysis provided a diverse background and unique perspective leading to the

direction and development of Enhanced Investment Technologies. Since 1991, he has helped build the firm from a single product company into a global venture.

Mr Robert Garvy earned an M.B.A. in Finance from Georgia State University with special emphasis on investment theory. He is a well-known speaker at investment conferences and seminars and has been invited to present Enhanced Investment Technologies research work at universities and consultant gatherings across the world.

To register, please [click here](#). (And please advise us well in advance if you then can't make it....you know, for catering etc).

3. John Unkles steps down from chairmanship of Melbourne Centre for Financial Studies

John Unkles of Guild Insurance has stepped down from chairmanship of MCFS to pursue an exciting opportunity as director of the major charitable institution, Anglicare. The long-time Executive Director of the Australasian Institute of Banking and Finance, and latterly Executive GM with Finsia is one of the founding fathers of MCFS and invested much of his considerable energy in making it a success. As inaugural chairman commencing in July 2005, John has provided strong yet convivial leadership and guidance much appreciated by the Board, MCFS Directors Profs Kevin Davis and Deborah Ralston, and MCFS staff. While still expected to drop in unannounced and crack jokes, his regular presence around the Centre will be greatly missed.

We thank John for his wonderful contribution to our Centre and wish him the best for the future.

Stay tuned for an announcement about the new chairman of Melbourne Centre for Financial Studies.

If you would like more information on who is involved in what at the Melbourne Centre, please go to www.melbournecentre.com.au/people.html

4. Melbourne Mercer Global Pension Index

On 2 March, the Victorian Treasurer Mr John Lenders announced that The Melbourne Centre has been contracted by the Victorian Government to undertake a pilot study of a Melbourne Mercer Global Pension Index (MMGPI).

The MMGPI will allow an international comparison of national retirement income systems to be undertaken for the first time. It will use a basket of countries from the Americas, Europe and from the Asia Pacific region including Australia.

Two sub-indices will be reported for each country. The adequacy sub-index will compare the gap between the retirement income objective and the level provided by each country's social security system and then the extent to which the gap is being filled by private sector arrangements. The integrity sub-index will consider issues related to governance, regulation, taxation support and legislation of pension fund arrangements.

The Index will highlight those countries that have superannuation or pension models in place that are innovative and that are meeting the needs of people. It is expected that when complete the Index report will be widely disseminated and generate strong interest in Australia and internationally, including with organisations such as the World Bank and OECD.

The project has at its heart a subcontracting arrangement between the MCFS and Mercer. Mercer will be responsible for the design and construction of the index, and collection of data through the Mercer Worldwide network. The Melbourne Centre will convene and coordinate an external expert reference group to advise on the design and construction of the index and will have direct involvement at all stages to ensure the validity and independence of the final outcome. The Centre will also be responsible for the publication and dissemination of the Index, including maintaining an appropriate website.

The first meeting of the expert reference group will be held on 28th April and the Index will be complete by mid September.

5. Australian Equities Database

With the support of ANZ Trustees, the Melbourne Centre is developing an electronic database of Australian Equities for the years 1966 to 1980. The database will present all monthly pricing, capital, earnings, dividend, turnover, and related data for all listed Industrial companies and major Mining and Oil companies. The database is an internal research project designed to fill gaps which presently exist in available electronic databases of Australian shares as well as to provide a more comprehensive base for the analysis of portfolio formation strategies and capital asset pricing models.

6. Other events

Academic Seminar – Lessons Learnt from the Crisis: The NYU Stern Whitepaper Series

Lead speaker: Stephen J. Brown, David S. Loeb Professor of Finance, NYU Stern School of Business

Date: July-August 2009 (tbd)

(Available for sponsorship!)

2009 Finsia – MCFS Consumer Finance, Investment & Regulatory symposium and research workshop

Date: Week commencing 24 August 2009

Venue: To be confirmed, Melbourne CBD

Call for papers, participation [click here](#)

14th Finsia-MCFS Banking and Finance Conference

Date: 28-29 September 2009

Venue: The University of Melbourne, Melbourne

Call for Papers: [click here](#). The first deadline for academic submissions has been extended to 11 May 2009.

Keep your finger on the pulse at www.melbournecentre.com.au/events.html for updates on all of MCFS' upcoming events.

7. Website updates

- The presentation by Jeremy Connor, Director and Portfolio Manager, Attalus Capital – **The Future of Hedge Funds** – from the MCFS Finance Forum on March 31st has been posted at <http://www.melbournecentre.com.au/events.html> (Past events)

- You can now view the presentation by MCFS to 2008 Rotman ICPM conference **Pension Fund Collaboration in Australia: The Industry Super Holdings Model** at <http://www.melbournecentre.com.au/index.html> (section: Publications)
- We have added **MCFS-related articles from inFinance** to the News section <http://www.melbournecentre.com.au/index.html> (you can also download them directly using the links below)

Mark Lawrence on Risk,

<http://www.melbournecentre.com.au/MLawrence%20article%20from%20Dec%2008%20inFinance.pdf>

Michael Ullmer on Financial Centres,

http://www.melbournecentre.com.au/MUllmer_inFinance_Dec08.pdf

Robert Eisenbeis on Causes of Financial Turmoil

http://www.melbournecentre.com.au/eisenbeis_mar09_web.pdf

Steve Blackhall on Gearing SMSFs,

http://www.melbournecentre.com.au/SBlackhall_inFinance_Dec08.pdf

Alan Laubsch on Black Swans, http://www.melbournecentre.com.au/laubsch_mar09_web.pdf

John Fraser on Lessons from Financial Crisis

http://www.melbournecentre.com.au/fraser_mar09_web.pdf

Stay tuned to www.melbournecentre.com.au as we're continually updating information and uploading new papers and presentations as they are developed.

Questions or comments? Email us at info@melbournecentre.com.au or call +61 (03) 9666 1050

Sponsorship enquiries? [Sponsors and Partners webpage](#) Or, to discuss opportunities to work with MCFS, please contact David Michell, Business Development Manager, on +61 (03) 9666 1050 & info@melbournecentre.com.au

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