

## **FUNDS MANAGEMENT FORUM SERIES**

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### **Forum 3: Beyond Modern Portfolio Theory: Generating Alpha Without Picking Stocks**

*with David Schofield, President, International Division, Enhanced Investment Technologies, LLC*

**Date and Time: Tuesday 28th October 2008, 12.30 - 2.00 pm (sandwich lunch provided)**

**Venue: Deloitte Touche Tohmatsu, Level 14, 180 Lonsdale Street, Melbourne**

The Melbourne Centre for Financial Studies has invited the President of the International Division of Enhanced Investment Technologies LLC, David Schofield, to provide informed insight into the process modern Stochastic Portfolio Theory uses to generate alpha at low levels of risk, without picking stocks.

David Schofield the London-based President of the international division of Enhanced Investment Technologies. He is responsible for developing, implementing and managing the international business effort for Enhanced Investment Technologies outside the United States. David is an investment specialist, having spent 15 years in investment banking focusing on major institutional investors in Germany, France and the UK. During this time he worked for Salomon Brothers, Lehman Brothers and UBS in New York, London and Frankfurt. Prior to focusing on Enhanced Investment Technologies in 2001, David was responsible for developing Janus Capital Group's institutional activities in Europe and the Middle East, and had further responsibility for international consultant relations. David received a Joint Honours Masters degree in French and German from the University of Oxford. He is also a published author.

This will be the third for 2008 in a topical series of Funds Management Forums which the Melbourne Centre arranges with the objective of improving industry-academia contacts, identifying research projects and opportunities for research partnerships. It is expected that those attending will be keen to participate in discussion. The series is sponsored by Janus Capital Asia Ltd.

The event is free of charge and there are a **limited number of places**. If you are interested in attending, please email [info@melbournecentre.com.au](mailto:info@melbournecentre.com.au) with subject "*Finance Forum – David Schofield*" by noon **Monday 27<sup>th</sup> October**. (If you then discover you are unavailable, please advise us so that we can offer the place to others).

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The Melbourne Centre for Financial Studies is a partnership between public and private sectors, and between industry and academe. The Centre was launched with seed funding from the Victorian Government. Members of the consortium are Melbourne, Monash and RMIT Universities, and Finsia. They have joined together to enhance Melbourne's national and international reputation for excellence in financial practice, research and education. The Centre facilitates knowledge transfer between, and builds research synergies between, industry and academe by undertaking finance research, providing consulting services, and organising research focused conferences, workshops, public lectures and other educational activities.

Enhanced Investment Technologies was founded in 1987 by Dr E Robert Fernholz, a former mathematics professor at Princeton, who remains the company's CIO today. Dr Fernholz developed the mathematical principle (Stochastic Portfolio Theory) that lies behind the process in the early 1980's. His aim was to show that – by analysing the volatility of stocks and how they move relative to an index – it's possible to create an investment portfolio that has the potential to deliver above-index returns while retaining index-like levels of risk. This unique approach to investment management involves no prediction of alpha and no specific sector or security selection decisions based on fundamentals. Instead, Enhanced Investment Technologies applies its pure mathematical investment process with all stock decisions resulting from a mathematical algorithm. It has successfully managed mathematically-based investment strategies on this basis for the past 20 years, offering one of the longest continuous records of mathematically-driven equity investment in the world.

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