

FUNDS MANAGEMENT FORUM SERIES

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Forum 1, 2009: Stochastic Portfolio Theory – Using Maths to Generate Alpha

with Robert Garvy, Chairman and CEO of Enhanced Investment Technologies (US)

Date and Time: **Friday 1st May 2009, 12:15 for 12.30 - 2.00 pm** (sandwich lunch provided)

Venue: **Thomson Reuters Markets, 43/80 Collins Street, Melbourne**

The Melbourne Centre for Financial Studies has invited Enhanced Investment Technologies' Chairman and Chief Executive Officer, Mr Robert Garvy, M.B.A., to present 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.

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, Mr Garvy was Senior Vice President and Principal at Wilshire Associates, a leading global independent investment consulting organisation based in the US. 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.

This will be the first for 2009 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. The series is sponsored by Janus Capital Asia Ltd. and the venue sponsor is Thomson Reuters Markets.

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 with subject "Stochastic Portfolio Theory" by noon **Wednesday 29th April**. (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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