

# The New Generation of Risk Management for Hedge Funds and Private Equity Investments

## Author biographies

**Mark Anson** is the Chief Investment Officer for CalPERS. He has full authority and responsibility for all asset classes in which CalPERS invests. Mark earned his law degree from the Northwestern University School of Law in Chicago. He received his PhD and Master's in Finance from the Columbia University Graduate School of Business in New York City, and his BA degree from St Olaf College. Mark is a member of the New York and Illinois State Bar Associations. He has also earned the Chartered Financial Analyst, Certified Public Accountant, Certified Management Accountant and Certified Internal Auditor degrees. Additionally, Mark has received six NASD securities industry licences.

**Bradley Atkins** is CEO of Franklin Park Associates, LLC, a private equity adviser. In addition to overseeing the firm's strategic direction, management structure and advisory services, Brad shares responsibility for the firm's investment decision-making process through his participation on the investment committee. Brad has over 10 years of corporate finance and financial advisory experience. Prior to co-founding Franklin Park, he was a Principal at Hamilton Lane Advisors, LLC, a global private equity advisor, where he headed the firm's Research Department. Brad is a Chartered Financial Analyst charterholder and a member of AIMR. Brad received an MBA in Accounting and BA in Finance from The American University.

**Peter Blum** graduated from the Swiss Federal Institute of Technology (ETH) with a diploma (MA) in mathematics. He also holds a federal certificate of capability in industrial software engineering. Peter joined Converium in October 2000 as a Research Associate in the financial analysis and risk modelling group. At the same time, he is a PhD student at the ETH. Both Peter's academic and industrial activities are centred around the financial valuation of reinsurance and econometric issues in insurance, reinsurance and investment. Prior to joining Converium, Peter was a software engineer and project leader in the electrical industry for several years.

**Curt Burmeister** is a Director in the products group at Algorithmics Incorporated. In his current role, he manages Algorithmics's asset management solution and is responsible for the product design, business strategy, partner relationships and marketing of the solution. Curt joined Algorithmics in 1997 as a Financial Engineer and has worked extensively with clients in North America, Europe, Asia and Australia to design and implement their risk management solutions. Curt holds an MBA in Financial Engineering from MIT and a BA in Computer Science and Mathematics from Cornell University.

**Martin Conder** is a graduate of Oxford University in Engineering and Economics. In 1986 he qualified as a Chartered Accountant with Deloitte Haskins & Sells. Martin joined Intermediate Capital Group in 1990, where he has built up extensive experience in the

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European Mezzanine market, having invested in 23 companies across Western Europe, with particular emphasis on the United Kingdom and The Netherlands. During 2000/2001 Martin took a 12-month sabbatical to sail around in the world in the BT Global Challenge 'The World's Toughest Yacht Race' on board Logica, finishing fourth out of 12 yachts. Thus Martin was able to fulfil a life long ambition and raise £65,000 for charity.

**Sir David Cooksey** had been involved in the venture capital business since 1981, when he founded Advent Venture Partners with support from TA Associates. He has been responsible for the development of the activities of Advent since that time. In addition to his responsibilities within Advent, he is currently the Senior Director of the Bank of England. He is Chairman of the UK government's Small Business Investment Task Force, which is charged with ensuring that public funds are effectively used to encourage investment in the small firms sector, and Chairman of the Bioscience Technology and Growth Taskforce. Until the end of 1999, he was a Governor of the Wellcome Trust. He holds an MA in Metallurgy from Oxford University.

**Michel Dacorogna** graduated from the University of Geneva in 1980 with a postdoctoral thesis, Doctorate and Master's degree in physics. Before joining Convergium in 2000, he gained extensive experience in the areas of forecasting and risk management models for financial markets. In recent years, Michel has been dedicated to developing a real-time, value-added information system in the field of applied economics. Author of numerous scientific publications, Michel is now the Manager for financial analysis and risk modelling and in charge of analysing balance sheets of insurance companies to determine the best reinsurance structure, taking into account the full portfolio of asset and liabilities. A French native speaker, Michel has good knowledge of English and German.

**Tolga Demir** joined Bricoleur Capital Management in 2001 and serves as the Director of Risk Analysis and as a Research Analyst, focusing on companies in the financial sector. He is 32 years old and has seven years of investment experience. A native of Turkey, Tolga graduated with a BS in Computer Engineering from Bogazici University, Istanbul, and received a MBA in Finance from Lubin School of Business, Pace University. Tolga is also a Chartered Financial Analyst.

**Alan H. Dorsey** leads the hedge fund investment and research team for CRA RogersCasey. Prior to joining CRA RogersCasey in 2002, Alan was the Managing Director, Director of Research, at Bryant Park Capital, Inc. Alan graduated with a BA in Economics from Wesleyan University, where he is a current member of the Investment Committee and a past Trustee. He is a holder of the Association for Investment Management and Research (AIMR) Chartered Financial Analyst (CFA) designation and is a NASD licensed Series 7 and 63 Registered Representative.

**Joseph Eagleeye** is co-founder of and Portfolio Manager at Premia Capital Management, LLC, in Chicago. As a principal of the Quartile Group, Joseph also advises investment companies on hedging strategies, benchmark construction, index replication strategies and risk management. Joseph holds a degree in Applied Mathematics from Yale University and an MBA from the University of California at Berkeley.

**Paul Embrechts** is Professor of Mathematics at the ETHZ (Swiss Federal Institute of Technology, Zurich), specialising in actuarial mathematics and mathematical finance. He is an Elected Fellow of the Institute of Mathematical Statistics, Honorary Fellow of the Institute of Actuaries, Corresponding Member of the Italian Institute of Actuaries, Editor of the *ASTIN Bulletin*, on the Advisory Board of Finance and Stochastics, and Associate Editor of numerous scientific journals. He is a member of the Board of the Swiss Association of Actuaries and belongs to various national and international research and academic advisory committees. Paul consults for a number of leading financial institutions and insurance companies, and is a member of the Board of Directors of companies in insurance and finance.

**William Feingold** was an Analyst and Trader for Clinton Group, Inc., until the summer of 2003. He was involved in the management of the Riverside Convertible Fund. Before joining Clinton Group in 2000, William was Vice President and Head of US convertibles research at Lehman Brothers. He has been employed in the securities industry since 1985, trading and analysing convertible securities and equity derivatives at Credit Suisse First Boston and PaineWebber. William holds a BA in Economics from Yale University and an MBA in Finance from the Wharton School at the University of Pennsylvania. He also was an Instructor at Yale University, teaching the acclaimed seminar 'Market Psychology and the Truth about Derivatives' in the autumn of 1999.

**Dr Franz Feldmann** holds a Doctorate in Business Administration from the University of Frankfurt and an MSG form Paris Dauphine. He started his career with AT Kearney Management Consultants in 1996, where he worked for the financial institutions group for leading German banks and banking organisations. In 1999, he joined Union Investment where he is currently Head of Product Development and Strategic Portfolio Management. His special interests lie in index funds/ETFs and absolute return products.

**Simon Firth** is a Partner in the Financial Services and Investment Funds Group of the international law firm Wilmer, Cutler & Pickering, based in London. He advises fund managers and promoters on funds and fund product structuring and marketing, and on UK and EU regulation as well as day-to-day working issues.

**André Frei**, Vice President, is a member of the quantitative management and research team at Partners Group and has been co-responsible for developing the firm's proprietary quantitative management models. Prior to joining Partners Group, André worked for the Zurich Federal Institute of Technology at the Institute for Operations Research. André holds a Master's degree in Mathematics from the Zurich Federal Institute of Technology.

**William Fung** (Visiting Research Professor) has a PhD in Mathematics from the University of London, and a PhD in Finance from the University of Manchester. Prior to joining the investment banking profession in 1985 with Lehman Brothers, he taught Finance for several years in both the United Kingdom and the United States. Bill moved to the investing side of the industry in 1991 and co-founded a hedge fund. During early 1994, he left the hedge fund partnership and founded a consulting firm specialising in the risk management of hedge fund portfolios advising high-net-worth families, international private banks, foundations and

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major insurance companies. In 1997, Bill co-founded PI Asset Management, LLC with Ivy Asset Management, LLC. He also serves on the board of financial services companies and is currently Chairman of the Board of Directors of the Maple Financial Group, Canada.

**Hansjörg Furrer** is a Research Fellow at RiskLab. He has a PhD in mathematics from the ETHZ (Swiss Federal Institute of Technology, Zurich), which he completed in 1997. From 1998 to 2002 he worked as a pricing actuary at Swiss Re. Since joining RiskLab in 2002, he has concentrated on financial risk management issues in connection with the proposed New Basle Capital Accord.

**Mario Giannini** is CEO of Hamilton Lane Advisors, LLC, a recognised leader in global private equity investment services and information. Mario has over 23 years of operating, management and legal experience in the financial services industry. He was Executive Vice President and General Counsel of Industry Valley Insurance Company, Deputy General Counsel of Fidelity Bank in Philadelphia, and Senior Attorney at Continental Illinois Bank, Chicago. Mario received a Master of Law degree from the University of Virginia, a JD from Boston College and a BA from California State University. He is a member of the state bars of California and Illinois.

**David Hsieh** is a Professor at the Fuqua School of Business at Duke University in Durham, North Carolina, where his research focuses both on the dynamics of asset prices and their implications for financial risk management, and risk and return in hedge funds and commodity funds. David is a member of the American Finance Association and the Society of Financial Studies. He is the Finance Editor of *Management Science* and an Associate Editor of *Economic Letters* and the *Journal of Empirical Finance*. David is the recipient of many prestigious awards, including the Fischer Black Memorial Foundation and the Robert J. Schwartz Memorial Prize for the best paper on hedge funds. David also received the best paper of the year award with the late Nobel Prize winner Merton Miller from the *Journal of Finance*. David has a PhD in Economics from the Massachusetts Institute of Technology and a BS in Economics and Mathematics from Yale University.

**Richard Hrvatin** is a Managing Director in the credit products group at Fitch Ratings. Richard is responsible for the analysis, structuring and rating of cash flow, market value, and synthetic CDOs backed by a variety of asset classes, including alternative investments, asset-backed securities, and corporate debt, as well as developing rating criteria and cash flow models. Richard earned his MBA in international finance at St John's University graduate school of Business. In addition, he holds a BS in Manufacturing Engineering from Rochester Institute of Technology. Richard also lectures on various finance topics at St John's University and the New York Institute of Finance.

**Alexander M. Ineichen**, Managing Director, is Global Head of AIS research at UBS. He started his financial career in origination of risk management products at Swiss Bank Corporation (which today is UBS Investment Bank) in 1988 and has been in equity derivatives research from 1991 to May 2003. In his current role, he oversees research on alternative investment strategies and a research product on capital flows. Alexander holds a federal diploma in Economics and Business Administration from the School of Economics and

Business Administration (SEBA) in Switzerland and is a CFA. He is in the Index Advisory Committee of STOXX and is a member of AIMR and the United Kingdom Society of Investment Professionals (UKSIP).

**Dr Lars Jaeger** holds a PhD degree in theoretical physics from the Max-Planck Institute for Physics of Complex Systems, Dresden. He studied Physics and Philosophy at the University of Bonn, Germany, and École Polytechnique, France. After his post-doctorate studies in Dresden, Lars began his finance career as a Quantitative Researcher on econometric and mathematical modelling of financial markets at Olsen & Associates AG in Zurich in 1997. After two years, he joined the hedge fund group of Credit Suisse Asset Management, where he was responsible for risk management and quantitative strategy analysis. Lars is a founding Partner of saisGroup, an investment firm specialising in alternative investment strategies. The firm subsequently introduced the concept of daily liquidity and full transparency for fund of hedge funds to the market, and launched the first worldwide fund of hedge funds product with daily liquidity at net asset value. At the end of 2001, saisGroup merged with Partners Group, where Lars now heads the risk management and quantitative analysis group within Partners Group's hedge fund business group. Lars holds the CFA charter and is a certified Financial Risk Manager (FRM). He is the author of numerous research publications and the book *Risk Management of Alternative Investment Strategies*, published in May 2002 with Financial Times Prentice Hall.

**Sohail Jaffer** is a Managing Director of Premium Select Lux SA, an asset management subsidiary of the FWU Group. He is also a Partner and CIO within the FWU Group, an independent financial services group headquartered in Munich. Sohail is currently a council member of the Alternative Investment Management Association (AIMA) and Chairman of the Middle East chapter. He also served as Chairman of the Association for two consecutive terms for the period of 1997 to 2000.

**Allan M. Malz** is Head of Research at RiskMetrics Group. He joined RiskMetrics Group at its spin-off from JP Morgan in September 1998. Allan spent most of his earlier career at the Federal Reserve Bank (Fed) of New York as a Researcher and Foreign Exchange Trader. He headed up the Fed open-market and foreign-exchange desks' efforts to improve market monitoring and analysis. Along the way, Allan was a Risk Manager at Credit Suisse First Boston. Allan's research has been published in a number of industry and academic journals, including *Risk*, *The Journal of Risk*, *Journal of International Money and Finance*, and *The Journal of Derivatives*. He has a Doctorate in Economics from Columbia University.

**Helmut Mausser** is a Senior Mathematician at Algorithmics Incorporated, where he develops models and methods for risk management. Helmut joined Algorithmics as a Natural Sciences and Engineering Research Council of Canada (NSERC) Industrial Research Fellow in 1997, after completing his PhD in Operations Research at the University of Colorado. He is a former Editor of *Algo Research Quarterly* and currently teaches in the Mathematical Finance programme at the University of Toronto.

**Dr Pierre-Yves Moix** is Chief Risk Officer of RMF Investment Management and a member of the management committee and the investment strategy committee. He started at RMF in

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2000 as a Quantitative Analyst and built up the quantitative analysis group. He holds a PhD in Finance and a Master's degree in Economics from the University of St Gallen, Switzerland, as well as a Master's degree in Statistics from the University of Neuchâtel, Switzerland. Pierre-Yves has successfully completed the Chartered Financial Analyst (CFA) and Financial Risk Manager (FRM) programmes. He has published many articles on finance related topics and he is the author of the book *The Measurement of Market Risk*.

**Oleg Y. Movchan** is a Director of Risk Management at Ritchie Capital Management, LLC, a multi-strategy hedge fund. In this role, he is responsible for formulating and implementing firm-wide risk management strategy, and developing and implementing risk analytics, measurement and the reporting system across all strategies of the fund. Oleg earned an MS degree in Applied Mathematics and Physics, an MS degree in Financial Mathematics from the University of Chicago and an MBA degree with concentration in Analytic Finance from the University of Chicago Graduate School of Business.

**Michael Pintar**, CFA, is a Portfolio Manager with Clinton Group. He is involved in all aspects of the management of the Clinton Arbitrage Fund and Clinton Global Fixed Income Fund. Prior to joining Clinton Group, Michael was employed at Deutsche Bank where he was a member of the global relative value group, a derivatives strategy and marketing group. His responsibilities included advising relative value hedge funds on arbitrage and general market strategy. Michael holds a BS degree in Finance from DePaul University.

**Achim Pütz** is a Partner in the Munich office of SJ Berwin Knopf Tulloch Steininger, having formerly been founding Partner at Gerlack, Putz & Partner. With 10 years of experience, he advises German and foreign clients in capital markets and investment law with a special focus on investment funds, hedge funds, structured alternative investment products and regulatory issues. Achim is credited with various publications and frequently gives speeches on questions of investment-law-related issues. Achim is founder and Chairman of the German Alternative Investment Association (BAI) and is a Council Member of the Alternative Investment Management Association (AIMA). Achim was educated at the university in Bonn.

**Leslie Rahl** founded Capital Market Risk Advisors, Inc., (CMRA) in 1994. CMRA has become the preeminent risk advisory firm in the financial markets, having served over 220 institutional clients on six continents. In April 2003, Leslie Rahl and Lisa Polsky reunited and formed L2 Alternative Asset Management. L2 will provide a family of 'institutional quality' funds of funds. Leslie Rahl was a pioneer of the swaps and derivatives business. She is the author of *Hedge Fund Transparency: Unravelling the Complex and Controversial Debate*, published in March 2003 by Risk Books and the Editor of *Risk Budgeting a New Approach to Investing* published in November 2000 by Risk Books. Her articles have appeared in a wide range of publications. She received her undergraduate degree in Computer Science from MIT in 1971 and her MBA from the Sloan School at MIT in 1972.

**Michael Romer** is a Senior Director in Fitch's European structured finance group. Michael is involved in the rating of collateralised debt obligations (CDOs) throughout Europe with responsibility for alternative investment CDOs and SIVs. Prior to joining the London team at

Fitch in 2002, Michael worked with Fitch's Credit Products Group in New York, assigning ratings to leveraged loans, asset-based loans and debtor-in-possession loans to US corporations. Michael earned a BS degree from Fairfield University in Connecticut and an MBA from Fordham University in New York.

**Dr Dan Rosen** is Vice President of Strategy at Algorithmics Incorporated, where he is responsible for setting the strategic direction of Algorithmics's solutions, business models for new initiatives and strategic alliances. Prior to his current role, he was Vice President of Product Marketing and Vice President of Research and New Solutions. Since joining Algorithmics in 1995, he has headed up the design, positioning and marketing of various market risk management tools, credit risk solutions, advanced simulation and optimisation techniques, as well as their application to several industrial settings. Dan is also an Adjunct Professor for the University of Toronto's programme of Mathematical Finance. He holds several degrees, including an MASc and a PhD in Applied Sciences from the University of Toronto.

**Michael Rulle** is the President and a Principal of Graham Capital Management (GCM). As President of GCM, Michael is responsible for the management of GCM in its ordinary day-to-day course of business. Michael received his MBA from Columbia University in 1979, where he graduated first in his class. Prior to entering Columbia Business School, he spent five years studying the history of political philosophy in a doctoral programme at Columbia. He completed his Master's thesis with a university fellowship from William & Mary in 1973 and all course requirements towards a PhD. He received his Bachelors degree from Hobart College. He was a member of the Board of Directors of the New York City Partnership for two years.

**Dr Patrik Säfvenblad** is Head of Portfolio Management at RPM Risk & Portfolio Management. In this role he manages the firm's investment team and has overall responsibility for research, due diligence and investment analysis. Patrik is an Adjunct Professor of Finance at the Stockholm School of Economics. In addition to a regular course on Price Formation, 'Information and Prices in Financial Markets', he lectures on behavioural finance and hedge fund strategies. He holds a PhD in Finance from the Stockholm School of Economics.

**Markus Schaub** is responsible for structuring alternative investment solutions at Union Alternative Assets in Frankfurt. Prior to that he was Head of Asset Structuring and Repackaging at DZ Bank and worked in the risk management department of LBBW, where he was responsible for structured and leveraged finance. He holds a Master's degree in Finance from BA Stuttgart and is a CFA candidate.

**William Schmidt** has 16 years of private equity and venture capital experience. He joined Advent in Boston in 1988 and two years later moved to the firm's London office. As leader of the technology investment team, his areas of emphasis are the communications and late-stage technology sectors. He is a member of the Advent's Global Executive Committee, and sits on the Western European and Central European Investment Advisory Committees. William graduated from Williams College with a BA in Economics and received an MBA, with distinction, from Harvard Business School.

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**Victoria Schonfeld** is resident in Wilmer, Cutler & Pickering's New York office. She advises investment advisers on US regulatory issues, hedge fund structures and offerings, and retail investment products.

**Geoff Singleton** joined Hymans Robertson after a career in local government, mainly in Finance and Treasury Management. He was responsible for all aspects of the Strathclyde Pension Fund, which is valued in excess of £5 billion. As a result, Geoff has a wide experience of the mainstream UK pension fund managers, together with detailed knowledge of property and private equity. He has particular responsibility for corporate governance issues and socially responsible investment as well as working with a range of clients.

**John St Hill**, CFA, FRM, is a Senior Investment Strategist at SEI Investment Company, focusing on European fixed income, manager selection and monitoring. Previously, he worked as Portfolio Strategist for IKANO Advisory Management, where he developed quantitative tools for identifying outperforming fund managers, as well as interviewing and selecting managers for inclusion in IKANO funds. Additionally, he has worked as Head of Asset Management for Mummert, the German management consulting firm. John holds a BSc in Mathematics with Statistics from Imperial College and an MBA from the University of Chicago. He is currently pursuing a PhD part-time at Lancaster University, focusing on the determinants of mutual fund performance.

**Dr Michael Studer**, Assistant Vice President, is a member of the quantitative management and research team at Partners Group and has been co-responsible for developing the firm's proprietary quantitative management models. Prior to joining Partners Group in 2001, Michael worked as an assistant in the Department of Mathematics at the Zurich Federal Institute of Technology, where he specialised in financial and insurance mathematics. He holds a Doctorate degree from the Zurich Federal Institute of Technology.

**Hilary Till** is co-founder and Portfolio Manager of Premia Capital Management, LLC, in Chicago. Hilary is also a principal of Premia Risk Consultancy, Inc., which advises investment firms on derivatives strategies and risk management. Prior to Premia, Hilary was Chief of Derivatives Strategies at Boston-based Putnam Investments. She holds a BA with general honours in Statistics from the University of Chicago and an MSc degree in Statistics from the London School of Economics (LSE). She studied at LSE under a private fellowship administered by the Fulbright Commission.

**Isha Youhas** is an Associate in Wilmer, Cutler & Pickering's Washington, DC, office. Isha has a general securities practice with an emphasis on investment management matters, including providing advice to broker-dealers and investment advisers on compliance with federal securities laws and regulations, and the rules of self-regulatory organisations.