Media Advisory from CFALA

For Immediate Release

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What's Next for Investment Management?

LOS ANGELES – Please be our guest as the Applied Behavioral Finance Group of CFALA presents two programs addressing the future of investment management. With the models and analytical approaches of the past under heavy scrutiny, these highly respected speakers ask: "What's next?"

On March 10, Andrew Lo, Harris & Harris Group professor of finance at MIT's Sloane School of Management and director of MIT's Laboratory for Financial Engineering, and Chairman and Chief Investment Strategist at the quant investment management firm AlphaSimplex Group LLC, talks about the new paradigm suggested by his Adaptive Market Hypothesis.

On April 13, Caltech Professor Leonard Mlodinow and author of the *Drunkard's Walk* will discuss how randomness can affect market dynamics, and the illusions that keep us from being able to factor randomness into decisions.

Adaptive Markets and the New Investment Paradigm
March 10, 2010. 12-1:30 PM Omni Hotel

The recent financial crisis has called into question every major tenet of modern investment theory and practice, from long-only passive investing to "stocks for the long run" to diversification and portfolio optimization. In this talk, Andrew Lo will present a different perspective in which behavioral and rational market dynamics can co-exist. In the new investment paradigm, alphas routinely morph into myriad types of betas, more powerful indexes and passive investment strategies are made possible by technological innovations, and the risk/reward trade-off is not a static relation but can vary greatly across time and market conditions.

Are Stock Markets Random? CalTech Physicist To Speak On Rules of Randomness
April 13, 2010. 12-1:30 PM Omni Hotel

In this presentation, Leonard Mlodinow makes the case that both markets and our lives are profoundly informed by chance and randomness. Being attuned to investor biases heightens awareness, especially to "fat tail" events, decreasing the likelihood of being surprised by randomness. With examples from his book,*The Drunkard's Walk*, he presents the mathematical basis of the true nature of chance and reveals the psychological illusions that cause us to misjudge the probabilities. Combined with insights from his upcoming book on cognitive neuroscience and behavioral economics, Mlodinow gives us the tools we need to make more informed decisions. Sponsored by Analytics Investors.

Analytic Investors provides quantitatively-driven investment management services to corporations, public funds, foundations, and other institutional investors. Based in Los Angeles, Analytic employs over 70 professionals and manages approximately $9 billion. Since its founding in 1970, the firm's mission has been to fulfill clients' objectives through rational, systematic identification of market opportunities, while minimizing the impact of human emotions that often dominate investment decision making. Analytic manages a range of equity and derivative-based assets for clients in relative benchmark and absolute-return-driven strategies.

Please RSVP to Steve Fox at (805) 647-8225 or by return email. Members of the media are also welcome to simply arrive.

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