News from CFALA

For Immediate Release

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CFALA Hosting Seminars on Predicting Risk and Markets

Can Markets Be Predicted?
Two Experts, Two Views

Despite the recent rally, last year's stock market collapse and massive underperformance by many respected portfolio managers are still fresh in the minds of investors. The question of whether markets – and risk – can be predicted and managed is particularly timely. ***Please join us when CFALA hosts presentations by two thought leaders and authors whose views and research are highly valued in the investment community.***

October 27

Method and Madness: Integrating Complexity,
Behavioral Finance, and Efficient Markets

Yes markets can be predicted, given the right tools, according to Edgar E. Peters, Co-Director of Global Macro at First Quadrant. Peters posits that while investors are sometimes rational and sometimes irrational, it is possible to determine how they are behaving and thereby ultimately reach conclusions about market movements. His presentation blends elements of traditional capital market theory, which holds that markets are efficient because investors are rational, and the more recent model of behavioral finance, which contends that investors tend to make biased decisions using pattern recognition techniques. Peters will discuss a non-mathematical model that integrates efficient markets, behavioral finance, and complex systems, and also will present strategies for dealing with rational and irrational markets.

Peters, who speaks frequently on market theory and has taught investment and portfolio management at Babson College, Boston College, andBentley College, is the author *Complexity, Risk, and the Financial Markets; Chaos and Order in the Capital Markets*; *Fractal Market Analysis*, and numerous articles in professional journals.

<u>December 2</u>

The Rules of Randomness

"Be careful" says Leonard Mlodinow, PhD, physicist at the California Institute of Technology. In this presentation, Mlodinow makes the case that both markets and our lives are profoundly informed by chance and randomness. For example, he demonstrates that under rules of probability, chance alone means that some asset manager had 3 out of 4 odds of having the storied 15-year performance record of acclaimed portfolio manager Bill Miller. In 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.

In addition to the best selling *Drunkard's Walk*, Mlodinow is also the author of *Euclid's Window: The Story of Geometry from Parallel Lines to Hyperspace: Feynman's Rainbow: A Search for Beauty in Physics and in Life*, and, with Stephen Hawking, *A Briefer History of Time*.

Method and Madness: Integrating Complexity,
Behavioral Finance, and Efficient Markets

October 27, 12 to 1:30 PM. California Plaza 2
350 S. Grand Ave, **ETC Room**
Los Angeles, CA 90071.

The Rules of Randomness

December 2, 12 to 1:30 PM.
Downtown location, TBD.

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