

21st SAAJ-CFA Institute/CFAJ Joint Seminar

Managing Investment Risk: Lessons of the Credit Crisis

2-3 March 2009 / Gakushikaikan / Tokyo, Japan

The financial crisis sparked by the U.S. subprime loan problem has been posing a serious threat to global financial markets and all possible measures to ride out the crisis have been explored under close cooperation worldwide. This seminar will focus on insights into causes, unfolding and lessons of the credit crisis, and the problems and more efficient approaches in risk management for investment management firms. A case study will allow participants to discuss how risk should be managed quantitatively and qualitatively in an environment of increasingly complex risks. Experienced global practitioners will discuss:

- Background and lessons of the credit crisis
- Problems and challenges of securitized products
- More efficient risk management in a changing environment
- New business developments: turning risk into opportunity

Simultaneous interpretation in English and Japanese will be available for all sessions except the case study.

This March 2009 Joint Seminar will be the last one of the annual joint seminar series.

Jointly Sponsored By

**The Security Analysts Association of Japan
CFA Institute and CFA Society of Japan**

PROGRAM

Monday, 2 March 2009

09:00 Registration

09:30 Welcome and Opening Remarks

09:45 **Session 1**

Subprime Crisis: Causes, Unfolding and Lessons

Sergey Dyakin, CFA

Structured Credit Specialist
Putnam Investments

- Analysis of factors that have led to poor performance of subprime loans
- Resulting crisis has spread to other sectors of the residential market and eventually grown into a full-fledged credit crisis. Review of market and government response to the events
- Assessment of potential losses for RMBS deals and lessons from the subprime debacle

11:05 Refreshments

11:25 **Session 2**

Background of the Subprime Problem: From a Business Model Perspective

Hisashi Ohgaki

Professor of Laws and Finance
Representative Director, Center for Finance,
Laws and Taxation, Ritsumeikan University

- What caused subprime problem?
Structural issues, financial engineering, and business model constraints
- What happened in each industry segment?
Originators, investment banks, rating agencies, and investors
- What will not change and what will?

12:40 Lunch

13:50 **Session 3**

The Myth of Diversification

Sébastien Page, CFA

Senior Managing Director
Portfolio and Risk Management Group
State Street Associates

- Does diversification disappear when it is needed the most?
- Are unconditional correlations incompatible with investor preferences?
- Can a portfolio be optimized so that it provides both the benefits of diversification on the downside and the benefits of correlation on the upside?

15:05 Refreshments

15:35 **Session 4**

Conditions for Regenerating the Securitization Market

Toshifumi Ikemori, CMA

President and CEO
Mizuho-DL Financial Technology

- Conditions for regenerating the securitization market with respect to instrument design, market information, methodology of rating and risk management, and regulatory issues

16:50 - **Case Study Introductory Session**

17:20

Satoru Kimura, CMA, CIIA

Professor of Graduate School of Global Business
Meiji University

Keisuke Ito, CMA, CFA

Chief Investment Advisor
Mizuho-DL Financial Technology

Instructors will explain how to proceed with case study (sessions 7 and 8).

17:30 - **Reception**

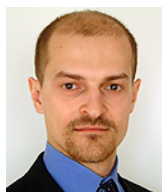
19:00 **Hall 201, Gakushikaikan**

PROGRAM

Tuesday, 3 March 2009

- 09:30 **Session 5**
More Efficient Risk Management in a Changing Environment
Robert B. Litterman
Managing Director
Goldman Sachs and Company
- Exploring more efficient risk analysis/management approaches from practical and multiple perspectives
 - How new techniques can resolve problems in the analysis of downside risk, liquidity risk, and quantitative/qualitative risk
- 10:45 **Refreshments**
- 11:05 **Session 6 – Panel Discussion**
New Business Developments: Turning Risk into Opportunity
Panelists:
- Judy A. Marlinski**
Executive Director
Head of Product Management
Fidelity Investments Japan Limited
- Takahide Mizuno, CFA**
Executive Vice President and
Chief Investment Officer
Nomura Asset Management
- Sébastien Page, CFA**
Senior Managing Director
Portfolio and Risk Management Group
State Street Associates
- Moderator:**
- Naho Kimoto**
Principal, Head of Japan Client Advisory
Solutions Group
Barclays Global Investors Japan
- Can we turn a crisis into an opportunity based on lessons of the credit crisis?
 - Discussion of new business developments for investment management firms from multiple perspectives
- 12:25 **Lunch**
- 13:35 **Session 7 – Case Study: Group Discussion**
Managing Increasingly Diversified and Complex Risk Based on Lessons of the Credit Crisis
Satoru Kimura, CMA, CIAA
Professor of Graduate School of Global Business
Meiji University
- Keisuke Ito, CMA, CFA**
Chief Investment Advisor
Mizuho-DL Financial Technology
- Participants will be divided into groups and, based on a case, discuss how increasingly diversified and complex risk can be managed from qualitative and quantitative perspectives. Approaches applied will include:
- A qualitative/quantitative expected return analysis and risk diagnosis for individual investment products
 - Risk management process, risk monitoring methodology, LDI-type risk budgeting, and practical use of risk hedging vehicles
- 15:35 **Refreshments**
- 15:50 **Session 8 – Case Study: General Discussion**
Managing Increasingly Diversified and Complex Risk Based on Lessons of the Credit Crisis
Satoru Kimura, CMA, CIAA
Professor of Graduate School of Global Business
Meiji University
- Keisuke Ito, CMA, CFA**
Chief Investment Advisor
Mizuho-DL Financial Technology
- General discussion will be made based on the outcome of group discussions on the case.
- 17:50 **Closing Remarks**

SPEAKERS



Sergey Dyakin, CFA, is a structured credit specialist at Putnam Investments, where he helps to manage residential mortgage-backed securities (RMBS) portfolio. He also builds delinquency, default, and severity models for subprime and Alt-A loans, and develops RMBS valuations. Previously, he has been in Fixed Income Quantitative Research, where he built quantitative tools for investment grade credit and emerging market debt portfolios and managed a team of associates. He holds a Master's degree in applied mathematics and physics from the Moscow Institute of Physics and Technology and an MBA from the University of Chicago.



Toshifumi Ikemori, CMA, is president and CEO of Mizuho-DL Financial Technology. Previously, he was senior manager of risk management department at Mizuho Holdings. After joining the Industrial Bank of Japan (IBJ) in 1977, he served in various positions, including joint general manager of risk management department, director and general manager of financial technology department 1 at IBJ Financial Technology, and senior manager of financial engineering department. He holds a BS from the University of Tokyo.



Keisuke Ito, CMA, CFA, is chief investment advisor of Mizuho-DL Financial Technology. In 1991 he joined the financial engineering department of Industrial Bank of Japan (which became Mizuho-DL Financial Technology) and oversees R&D in quantitative asset management field. He is a member of SAAJ's Securities Analysts Journal Editing Committee, vice president of the CFA Society of Japan, as well as part-time lecturer at Waseda University's Graduate School of Finance, Accounting and Law and also Meiji University's Graduate School of Global Business. He is a recipient of the 1996 Securities Analysts Journal Prize. He holds an ME in Electrical Engineering from Waseda University and an MBA from Stanford University.



Naho Kimoto is a head of Japan client advisory solutions group at Barclays Global Investors (BGI) Japan, responsible for providing overall strategic solutions to pension funds and financial institutions. Prior to joining BGI, she was vice president and research strategist in the global investment strategies group at Goldman Sachs Asset Management Japan, advising pension funds and institutional investors in Japan on strategic investment issues, ALM, asset allocation, and risk budgeting. Previously, she served as a senior proprietary trader at Fuji Securities, and as a member of the U.S. fixed income arbitrage group at Goldman, Sachs & Co. She is a member of SAAJ's Seminar Planning Committee. She holds a BS in mathematics from Tokyo Woman's Christian University.



Satoru Kimura, CMA, CIIA, is professor of the Graduate School of Global Business at Meiji University. Previously, he served as director of Mizuho-DL Financial Technology, and chief of the investment technology development group in the financial engineering department of the Industrial Bank of Japan. He is a member of SAAJ's Curriculum Committee, and a director of the Japanese Association of Financial Econometrics and Engineering. He holds a BS in science and engineering from Waseda University.

SPEAKERS



Robert B. Litterman is a managing director at Goldman Sachs and Company, where he oversees the Quantitative Investment Strategies and Global Investment Strategies groups in Goldman Sachs Asset Management. Previously, he was head of the firmwide risk department and served as co-director in the fixed-income division's research department. Before joining the firm, Dr. Litterman was an assistant vice president in the research department of the Federal Reserve Bank of Minneapolis and an assistant professor in the economics department at Massachusetts Institute of Technology. He is the co-developer, along with the late Fischer Black, of the Black–Litterman Global Asset Allocation Model, and in 2008 he was awarded the Nicholas Molodovsky Award for his significant contributions that have changed the direction of the profession and raised it to higher standards of accomplishment. Dr. Litterman holds a BS in human biology from Stanford University and a PhD in economics from the University of Minnesota.



Judy A. Marlinski is executive director and head of product management of Fidelity International Japan. Previously, she was chief operations officer for the Japanese investment management business for three years before taking responsibility for product management. She also served as a senior vice president of investment operations in the US. She has been with Fidelity Investments for 23 years while serving several domestic and global roles within the investment team. She holds a BS in business and marketing from Cornell University and an MBA from Boston University.



Takahide Mizuno, CFA, is executive vice president and chief investment officer of Nomura Asset Management since 2003 with ultimate responsibility and accountability for investment results. Previously, he served as chief investment officer of pension division, head of the Pacific Basin equity team, and senior portfolio manager. Prior to joining Nomura Asset Management in 1981, he served as financial analyst at Nomura Securities. He holds a BA in economics and political science from Waseda University and an MBA from the University of Chicago.



Hisashi Ohgaki is professor of laws and finance, representative director of center for finance, laws and taxation at Ritsumeikan University. Previously, he served as executive director of AXA Life Insurance Japan and director of IBJ Financial Technology after joining the Industrial Bank of Japan. He also serves as chairman of the Mortgage Bankers Association of Japan, chairman and director of the executive committee at the Mortgage Corporation of Japan, and representative director of Japan Trans-Housing Institute. His publications include “Lectures on Structured Finance” (1997), “Securitizing the Finance Industry in Japan” (2004), and “e-Credit: Laws and Finance on Negotiable Credit” (2005). He holds an LLB from the University of Tokyo and an LLM from Columbia Law School.



Sébastien Page, CFA, is senior managing director and head of the portfolio and risk management group at State Street Associates. Previously, he worked at CDP Capital. Mr. Page received first prize in the Montreal CFA Society's 2000 August Hagedorn Contest for his research article on value at risk. In 2003, he won the Bernstein Fabozzi/Jacobs Levy Award for Best Article in the *Journal of Portfolio Management*. Mr. Page is a frequent presenter at various academic and practitioner conferences. He has published articles in the *Journal of Asset Management*, the *Journal of Portfolio Management*, the *Journal of Investing*, and the *Canadian Investment Review*. He holds an MSc in finance from Sherbrooke University in Canada.

Registration and Seminar Information

Registration

Please complete and return the [registration form](#) by 13 February 2009 (online or fax/mail).

Registration Fee

SAAJ individual members (CMA, CIIA, General Member), SAAJ corporate members, candidates for chartered membership of SAAJ, SAAJ correspondence course students, SAAJ IR Club members, and university students; CFA Institute/CFAJ members and CFA candidates; and ASIF(ASAF)/ACIIA/EFFAS members:

JPY80,000 or US\$800

Other than the above: **JPY120,000 or US\$1,200**

Payment in US dollars is acceptable for applicants from overseas.

Registration fee includes seminar materials, lunches, and reception.

Please remit payment to the following bank account by 13 February 2009 at latest:

Bank:	Resona Bank Limited, Nihombashi Branch 1-11-1 Nihombashi, Chuo-ku, Tokyo 103-0027
Swift code:	DIWAJPJT
Account number:	1566960
Account name:	The Security Analysts Association of Japan

Any bank charge for remittance should be paid by applicants.

Payment is due at time of registration. Confirmation e-mails will be sent within two weeks of receipt of registration payment.

Cancellation Policy

Ten percent of the registration fee will be deducted for all cancellations received on or before 13 February 2009. No refunds will be made for any cancellations received on 14 February 2009 and after.

Seminar Venue

Gakushikaikan - Conference Hall 210 [MAP](#)

3-28 Kanda-Nishikicho, Chiyoda-ku, Tokyo, 101-8459, Japan Tel: 81-3-3292-5936 Fax: 81-3-3292-0882

One minute walk from Jinbocho Station (Subway - Mita, Shinjuku, and Hanzomon Lines), Exit A9

Five minute walk from Takebashi Station (Subway - Tozai Line)

Ten minutes by taxi from Tokyo Station (JR Line)

Hotel Information

Recommended hotel:

Marunouchi Hotel

1-6-3, Marunouchi, Chiyoda-Ku, Tokyo 100-0005, Japan Tel: 81-3-3217-1111 Fax: 81-3-3217-1115

URL (English): <http://www.marunouchi-hotel.co.jp/english/index.html>

Ten minutes by taxi from the hotel to the seminar venue

Please contact the hotel directly to make a reservation.

Contact Information



The Security Analysts Association of Japan

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