

*Proudly Presents,*



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*THE 5TH ANNUAL*

# VALUATION OF HARD-TO-VALUE SECURITIES AND PORTFOLIOS

*Mitigating Operational Risk  
Associated with the Valuation  
Process*

**November 30th &  
December 1st, 2006**  
The Princeton Club, New York City

This timely conference will address the challenges you face and help mitigate operational risk. Areas of learning include:

- ◆ The "Ten Commandments" of valuation practices
- ◆ Discussing the role of the auditor, administrator, appraiser, and prime broker in pricing and valuation
- ◆ Alternative methodologies of valuing hedge fund portfolios
- ◆ How do fund of funds address concerns about exotic instruments and marking?
- ◆ Credit derivatives: Credit default swaps, CDO and basket swap valuation
- ◆ Analyzing the key valuation issues surrounding structured products
- ◆ Understanding crucial SEC concerns about valuation
- ◆ Keys to accurate valuation of distressed debt securities and portfolios
- ◆ Market risk factors, pricing model transparency and MBS valuation
- ◆ Valuing loan-only CDS
- ◆ Exploring valuations and pricing of private equity investments
- ◆ Determining PIPE valuations

**PLUS a comprehensive  
3-hour workshop on  
HEDGE FUND VALUATION RED  
FLAGS AND BEST PRACTICES**

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## About the sponsor:

### Financial Research Associates

provides the financial community with access to vital business information and networking opportunities. Offering highly targeted conferences, FRA is a preferred resource for executives and managers seeking cutting-edge information on the next wave of business opportunities. Point your browser to [frallc.com](http://frallc.com) for more information on upcoming events.

## Director's Welcome

Dear Colleague:

The most innovative alternative investment managers seek to exploit little understood market inefficiencies and invest in complex and exotic securities, often utilizing derivatives.

Although complexity brings opportunity, it also brings with it the challenge of accurate valuation. If there is one thing that a manager's reputation depends upon more than anything else, it's the accurate valuation of portfolio holdings. Everyone's watching, most importantly regulators and their enforcers.

Proper valuation depends upon a carefully designed, independent, verifiable process. With the right process in place you can minimize your legal and operational risk. This conference is designed to teach you how to implement the right process.

Our experts will highlight the common issues and problems surrounding the pricing and valuing of complex securities and portfolios, and sharpen your focus on transparency, risk management, investor protection, and regulatory compliance. Issues to be addressed in our advanced discussions include:

- The "Ten Commandments" of Valuation Practices
- Discussing the role of the auditor, administrator, appraiser, and prime broker in pricing and valuation
- Alternative methodologies of valuing hedge fund portfolios
- How do fund of funds address concerns about exotic instruments and marking?
- Credit Derivatives: credit default swaps, CDO and basket swap valuation
- Analyzing the key valuation issues surrounding structured products
- Understanding crucial SEC concerns about valuation
- Keys to accurate valuation of distressed debt securities and portfolios
- Market risk factors, pricing model transparency and MBS valuation
- Valuing loan-only CDS
- Examining technology solutions and future trends in analytics
- Exploring valuations and pricing of private equity investments
- And more...

This is a premier event you won't want to miss and is scheduled for **November 30th & December 1st, 2006** at **The Princeton Club in New York City**.

**Register now** by calling us at **800-280-8440** or visit our website at [www.frallc.com](http://www.frallc.com). Alternatively, you may register by completing the back panel of this brochure, and **faxing it to 704-889-1292**.

Sincerely,

*Donal Murphy*

**Donal Murphy, Conference Director**  
FINANCIAL RESEARCH ASSOCIATES, LLC

## Who Should Attend?

The 5th Annual Valuation of Hard-to-Value Securities and Portfolios conference is designed to be of specific interest to:

- Hedge Fund and Fund of Funds Executives
- Operations Executives
- Quantitative Analysts and Research Directors
- Pricing Committee Members
- Qualified Investors
- Risk Officers
- In-House Compliance Personnel
- Vendors of Risk Management and Pricing/Valuation Software and Systems
- Prime Brokers, Auditors, Administrators, and Appraisers
- Consultants, Attorneys, and Accountants

## Benefit from the Expertise of these Experienced Valuation Professionals

**Anthony Artabane**  
PRICEWATERHOUSECOOPERS

**Marina Lewin**  
THE BANK OF NEW YORK

**Clare McAdam**  
IMS CONSULTING

**Stuart Feffer**  
BLACK RIVER GLOBAL FUND SERVICES

**Christopher Kundro**  
BLACK RIVER GLOBAL FUND SERVICES

**Denise Valentine**  
CELENT

**Elliot Noma**  
ASSET ALLIANCE

**Lisa Roth**  
COMPLIANCEMAX FINANCIAL

**Jeffrey Morton**  
ADVISER COMPLIANCE ASSOCIATES

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**Mike Greenstein**  
PRICEWATERHOUSECOOPERS

**Dr. Susan M. Mangiero**  
BVA, LLC

**Westley Chapman**  
GOLDMAN SACHS & COMPANY

**Mark Szycher**  
WESTON CAPITAL MANAGEMENT

**Joseph W. Bartlett**  
FISH & RICHARDSON

**Jesse Reyes**  
CRANE CAPITAL

**Terence Tchen**  
HOULIHAN LOKEY HOWARD & ZUKIN

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**JR Rieger**  
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**Dr. Perry Beaumont**  
CSV INC.

**Timothy Milton**  
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**Serge Troyanovsky**  
BNP PARIBAS

**Peter J. Leitner**  
NUMERIA MANAGEMENT, LLC

**Raj Gupta**  
CENTER FOR INTERNATIONAL SECURITIES AND DERIVATIVES MARKETS

**Warren Hirschhorn**  
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**Bruce Altman**  
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Standard & Poor's Securities Evaluations provides timely and independent mark-to-market price evaluations used by our clients to help monitor portfolios, price statements, calculate margin, analyze holdings and fulfill various regulatory requirements. Our extensive coverage of over 4 million securities includes CMBSs, CMOs, ABSs, MBSs, U.S. corporates, treasuries, agencies, municipals, global equities, CDs, International fixed income, syndicated loans, swaps/swaptions, municipal performance indices, and odd-lot/retail pricing. Our team of evaluators, proprietary-pricing systems, methodology and customer support uniquely position us as a leader in global pricing services to service customer needs in evaluating hard to price securities.

Day 1  
**THURSDAY, November 30, 2006**

7:30 AM  
*Conference Registration & Continental Breakfast*

**8:00 AM**  
**Conference Chairman's Welcome and Opening Remarks**

**8:15 AM**  
**The "Ten Commandments" of Valuation Practices**

- ♦ An inside look at valuation practices and the supporting operations and technology infrastructure:
  - Investor due diligence
  - Advising managers on how to improve their infrastructure controls
- ♦ How does a hedge fund implement sound valuation processes and controls?
- ♦ Learn how to mitigate operational risk associated with the valuation process

**Stuart Feffer, Co-CEO**  
BLACK RIVER GLOBAL FUND SERVICES

**Christopher E. Kundro, Co-CEO**  
BLACK RIVER GLOBAL FUND SERVICES

**9:00 AM**  
**An Overview of Pricing and Valuing Hard-to-Value Portfolios**

- ♦ Risk and return characteristics of non-traditional securities
- ♦ What to ask for as an investor and what to share as a fund manager
- ♦ Understanding markets and pricing risks
- ♦ Market liquidity changes and pricing
- ♦ Securities-level analysis of pricing risks
- ♦ Statistical checks on pricing

*Moderator:*  
**Denise Valentine, Senior Analyst, Securities & Investments Group**  
CELENT

*Panelists:*  
**Elliot Noma, Senior Vice President & Chief Risk Officer**  
ASSET ALLIANCE

**Warren Hirschhorn, Managing Director, Product Valuation Group**  
DUFF & PHELPS

9:45 AM  
*Mid-morning refreshment break*

**10:00 AM**  
**Best Practices in Pricing and Valuation Verification and Review for Complex and Illiquid Securities**

**Part I: Exploring the Role of Compliance, Pricing Committee and/or Internal Audit Staff in Verifying Proper Pricing**

- ♦ The latest SEC initiatives regarding pricing services
- ♦ Using audit and compliance tools to track price evaluations for difficult-to-value securities

- ♦ SEC pronouncements on liquidity and tools to track/measure liquidity for difficult-to-value securities

*Moderator:*  
**Clare McAdam, Managing Director**  
IMS CONSULTING

*Panelists:*  
**Lisa Roth, President**  
COMPLIANCEMAX FINANCIAL

**Jeffrey Morton, Partner**  
ADVISER COMPLIANCE ASSOCIATES

**Aileen Doherty, Engagement Management**  
JEFFERSON WELLS

**10:45 AM**  
**Part II: Q&A on the Role of External Administrators, Appraisers and Auditors in Reviewing Pricing and Valuation**

- ♦ What do institutional investors want? Independent pricing! How do we get there?
- ♦ Differing approaches to independent participation in and review of pricing:
  - Auditor "agreed upon procedure" reviews
  - Administrator pricing functions: From competitive advantage to necessary evil
  - Key concerns: Financial instrument expertise and liability

*Moderator:*  
**Mike Greenstein, Partner**  
PRICEWATERHOUSECOOPERS

*Panelists:*  
**Dr. Susan M. Mangiero, Managing Member & Founder**  
BVA, LLC

**Marina Lewin, Managing Director**  
THE BANK OF NEW YORK

**Westley Chapman, VP & Head of Operational and Business Risk Due Diligence**  
GOLDMAN SACHS & COMPANY

11:30 PM  
*Luncheon for Conference Attendees*

**12:45 PM**  
**Valuation as a SEC "Hot Button" Issue**

- ♦ Key focus points of the SEC regarding valuation:
  - Policy and procedures for valuing investments
  - Fair valuation
  - Valuation committee
- ♦ What documents are SEC examiners reviewing?
- ♦ Valuation best practices

**Anthony Artabane, Partner**  
PRICEWATERHOUSECOOPERS

**1:30 PM**  
**Alternative Methodologies of Valuing Hedge Fund Portfolios**

- ♦ Valuation risk: Past, present and future
- ♦ Replicating fund net asset value
- ♦ The role of investable indices in eliminating valuation risk (daily pricing, separate accounts, etc.)
- ♦ The relationship between valuation risk and liquidity risk

**Raj Gupta, Ph.D., Research Director**  
CENTER FOR INTERENATIONAL SECURITIES AND DERIVATIVES MARKETS

2:15 PM  
*Mid-afternoon Refreshment Break*

Day 2

FRIDAY, December 1, 2006

2:30 PM

## How do Fund of Funds Address Concerns about Exotic Instruments and Marking?

- ◆ Challenges associated with auditing investments in other funds
- ◆ Summary of new auditing guidance
- ◆ Implications for investors in funds and underlying fund managers
- ◆ What is it that you're looking for in a manager?
- ◆ What does the existence of complex securities signify?
- ◆ Is 'complexity' a function of your systems/risk engine?
- ◆ Complexity vs. illiquidity
- ◆ Focus on risk assessment and effective valuation process

### Moderator:

**Mark Szycher**, *Director of Research & Chief Risk Officer*  
WESTON CAPITAL MANAGEMENT

### Panelists:

**Mike Greenstein**, *Partner*  
PRICEWATERHOUSECOOPERS

*Additional Panelists to be Announced*

3:15 PM

## Exploring Valuation and Pricing of Private Equity Investments

Valuation is a crucial element in fund administration. This session will explore:

- ◆ What the latest PEIGG guidelines mean for you in practical terms
- ◆ Understanding the latest trends in valuing private companies
- ◆ Examining the importance of international valuation guidelines
- ◆ Gaining insights into how to comply with performance measurement and reporting guidelines
- ◆ An update on fair value

**Joseph W. Bartlett**, *Of Counsel*  
FISH & RICHARDSON

**Jesse Reyes**, *Managing Partner*  
CRANE CAPITAL

4:00 PM

## PIPE Valuation: How do Issuers and Investors Make Determinations?

- ◆ What are the common ways to value securities received in a PIPE transaction?
- ◆ Making PIPE valuations you are confident with
- ◆ What are reasonable discounts for unregistered stock?
- ◆ Dividends and interest: Should they accrue or should they be booked upon receipt?
- ◆ Bids & offers vs. closing prices: What is appropriate to use for markers?

### Moderator:

**Eleazer Klein**, *Partner*  
SCHULTE ROTH & ZABEL LLP

### Panelists:

**Bruce Altman**, *Managing Director*  
KPMG CORPORATE FINANCE LLC

**Terence Tchen**, *Managing Director*  
HOULIHAN LOKEY HOWARD & ZUKIN

**Peter J. Leitner**, *Founder/CEO*  
NUMERIA MANAGEMENT, LLC

4:45 PM

*Day One Concludes*

7:30 AM

*Continental Breakfast*

8:00 AM

## Conference Chairman's Opening Remarks

8:15 AM

## Distressed Debt Securities and Portfolios: Keys to Accurate Valuation

- ◆ Factors that influence valuations:
  - Technical
  - Fundamental
  - Last trade
- ◆ Dealers' Axe
- ◆ Understanding how pricing services create valuations
- ◆ Methodology for getting consensus on valuation
- ◆ Regulatory cautions for valuations

**Deborah Hicks Midanek**, *President*  
SOLOON GROUP, INC.

9:00 AM

## Market Risk Factors, Pricing Model Transparency, and MBS Valuation

- ◆ Structural characteristics of MBS - WAM, WAC, WALA
- ◆ Dynamics of mortgage prepayments - CPR, PSA, SMM
- ◆ Bond math basics of MBS - yield to maturity, cash flow yield and bond equivalent yield
- ◆ Analysis of MBS securities - prepayment, convexity, OAS and duration measures
- ◆ Structured securities - IOs and POS, REMICs
- ◆ MBS trading - TBAs and dollar rolls
- ◆ Pricing models and approaches
- ◆ Market risk factors

**Jeffrey Green**, *Principal, Capital Markets*  
DELOITTE & TOUCHE, LLP

9:45 AM

*Mid-morning Refreshment Break*

10:00 AM

## Addressing Key Steps in Valuing Structured Products

### Moderator:

**Keith Styracula**, *Chairman & Founder*  
THE STRUCTURED PRODUCTS ASSOCIATION

### Panelists:

**Arthur J. O'Connor**, *Global Liaison, Audit & Risk Review*  
CITIGROUP

**David T. McIlwain**, *Managing Director*  
JP MORGAN EQUITY DERIVATIVES

**Serge Troyanovsky**, *Director, Equities and Derivatives*  
BNP PARIBAS

## Administrative Details

### Four Easy Ways to Register:

-  Fax: 704-889-1292
-  Mail: Financial Research Associates  
18705 NE Cedar Drive  
Battle Ground, WA 98604
-  Call: 800-280-8440
-  Online: [www.frallc.com](http://www.frallc.com)

### Date & Venue Information:

November 30 - December 1, 2006

### The Princeton Club of New York

15 West 43rd Street  
(between 5th and 6th Avenues)  
New York, NY 10036  
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If you require overnight accommodation for this conference, please contact any of the following nearby hotels to check their best available corporate rate over this time frame or consult your local travel agent. Please note that FRA has not negotiated rates with any of these hotels.

**Book early! Hotels will sell out early because of tree lighting.**

### AREA HOTELS

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| Mansfield Hotel (212) 944-6050 | Royalton Hotel (212) 869-4400 |
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### Fees and Payments:

The fee for attendance at the conference and workshop is \$1995.  
The fee for attendance at the conference only is \$1695.

Please make checks payable to Financial Research Associates, LLC, and write code B386 on your check. You may also pay by Visa, MasterCard, Discover, or American Express. Purchase orders are also accepted. Payments must be received no later than November 23, 2006.

Group discounts are available; for more information, please call Mary Applegate at 704-889-1290 or email [mapplegate@frallc.com](mailto:mapplegate@frallc.com).

### Cancellations:

If we receive your request to cancel 30 days or more prior to the conference start date, your registration fee will be refunded minus a \$175 administrative fee. Cancellations occurring between 29 days and the first day of the conference receive either a 1) \$200 refund; or 2) a credit voucher for the amount of the original registration fee, less a \$175 administrative fee. No refunds or credits will be granted for cancellations received after a conference begins or for no-shows. Credit vouchers are valid for 12 months from the date of issue and can be used by either the person named on the voucher or a colleague from the same company.

**Please Note:** For reasons beyond our control it is occasionally necessary to alter the content and timing of the program or to substitute speakers. Thus, the speakers and agenda are subject to change without notice. In the event of a speaker cancellation, every effort to find a suitable replacement will be made.

### Thank You to Our Media Partners:



10:45 AM

### Credit Derivatives: Credit Default Swaps, CDO and Basket Swap Valuation

JR Rieger, *Vice President, Global Evaluations*  
STANDARD & POOR'S SECURITIES EVALUATIONS

Dr. Perry Beaumont, *Global Head of Marketing*  
CSV INC.

11:30 AM

### Valuing Loan-Only CDS

- ♦ Learning the mechanics of Loan CDS
- ♦ Understanding embedded options
- ♦ Uncovering valuation approaches and calibration

Timothy Milton, *Associate, Loan & LCDS Trading*  
GOLDMAN SACHS

12:00 PM

*Conference Concludes / Luncheon for Workshop Attendees*

1:30 pm - 4:30 pm

### Hedge Fund Valuation Red Flags and Best Practices

This in-depth workshop is designed to complement, solidify and copper-fasten the insights gained from the main conference. It is specifically tailored to compliance and risk officers at hedge funds who require a detailed understanding of valuation best practices. To avoid operational missteps and improve current policies and procedures, this is a terrific opportunity to learn first-hand from an independent accredited appraiser.

*Workshop Leader*

Dr. Susan M. Mangiero, *Managing Member & Founder*  
BVA, LLC

1:30 pm to 3:15 pm

### Understanding What's At Stake in Valuation Land

1. Describing the importance of valuation processes and procedures.
2. Identifying current industry valuation practices.
3. Explaining competing valuation standards.
4. Identifying relevant regulatory issues.
5. Describing common valuation problems.

3:15 pm to 3:30pm *Refreshment Break*

3:30 pm to 4:00pm

### Getting Started

1. Assessing MUST HAVE policies and procedures.
2. Identifying liability insurance underwriter concerns.

4:00 pm to 4:30pm

### Cranking the Numbers

1. Reviewing methodology issues by asset class.
2. Describing model risk.
3. Discussing computational considerations.

### Enhance Your Marketing Efforts by Sponsoring this Event!

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**The 5th Annual Valuation of Hard-To-Value  
Securities and Portfolios**



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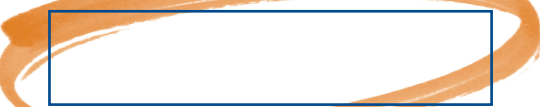
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