DrobnyGlobalMonitor

October 30, 2009

3701 Highland Ave, Suite 302, Manhattan Beach, CA 90266 andres@drobny.com (310) 545-6996

Biases:

EQUITIES:
BONDS:
FX:
EMG: Bullish Asian EMG FX

Current Exposure:

EQUITIES: Short BKX (Sept 25);
BONDS: Long IRZ0 vs EDZ0 (Sept 9);
FX: Long TWD vs Euro (Sept 21);
COMMODS:

2009 London Conference Review

****Please note latest changes to biases and/or exposure***

Amidst a world of gloom and doom back in late April, the panelists and audience at the 2009 Santa Monica conference were almost universally bullish equities and commodities. Those were more extreme times. Things now are a bit trickier.

Asset markets have mean reverted as economic growth resumed. Equities are up sharply. Long bond yields are also up, accompanied by considerable spread narrowing. Many commodity prices have bounced back, some powerfully. So, it shouldn't be surprising that views have moderated. Many things look more two-sided now.

Nevertheless, the panelists and audience still seemed relatively bullish the growth outlook. The panel presented several optimistic type trades. They included: three long commodity trades (oil, cocoa, platinum), a long equity trade (China), a long credit trade (financials), and a short equity vol trade. Selling the US front end also came up two times; one outright, the other vs receiving Aussie rates.

There was also a generally bullish asset/recovery bias to audience favorite trade and other poll results (Sections 9 & 10). Yet, sometimes the positions seemed inconsistent with views. A fair sized number of the audience expressed a 'very bearish' view on government bonds, but only a moderate short was held (Questions 14 & 15, Section 9). More striking were the answers on equities. Bearish views outweighed bullish ones, yet the group was running a modest long position (Questions 19 & 20). Yikes! They seem to fear an end of year melt up (one panelist reminded us of Type II errors).

Currencies, meanwhile, have not mean reverted as much. And, that's were several panelists and a large section of the audience thought the best trades lie. Some TWI's are at extremes (INR, EUR), and several specific crosses look wrong. There was, however, considerable disagreement as to which were the wrong ones!

One panelist suggested selling the USD against the NJ Asia. Another was buying USD calls against the Euro. Korea was mentioned in the NJ Asia trade. So, combine the two trades to get long Korea/short Euro. And, go take a look at the picture…..yup, another interesting looking extreme. The last currency trade from the panel was an intra-Asia trade: long INR/short TWD.

Currencies also dominated the favorite trade selections of the audience though, here again, there was a wide spread of interests (Section 10). There was a decent sized bearish view, and position, on the USD, largely against EMG (Questions 1 & 2, Section 9 and Section 10). And, with the USD TWI trading near the lows! It makes things look ripe for a decent USD move, whether it breaks lower and gains new momentum or rebounds back. This also suggests that the decline in FX implied vol may well have run its course for now.

The day ended with a new event: the first ever Drobny Debate. Niall Ferguson and Hugh Hendry squared up to make the case: bullish or bearish bonds? Oh wow! It produced many good laughs. And, several powerful moments. One still reverberated at the bar after the event. Niall was asked whether his bear bond view is predicated on rising inflation. He answered 'no'; it is fundamentally a supply issue. Hence real yields should rise as bonds sell off.

The questioner responded sharply: in such circumstances, a rise in price will beget demand. Lower bond prices and higher real returns will bring out more buyers, and an equilibrium will be found at a higher real yield. Hugh Hendry's face suddenly lit up and he pronounced, 'Then Niall and I agree!' This is precisely what happened in 1931, he argued, when real rates rose in a downturn, which became the catalyst for the next steep decline in financial markets and the global economy.

Now, whether rising yields today would produce a 1931-type crack is an interesting question. In 1931, real interest rates rose as fiscal policy was being tightened. That proved a disastrous combo. But, fiscal policy today is aggressively stimulative. That may make the global economy more resilient to higher real yields. As long, that is, as the fiscal stimulus is sustained.

But, what about the other tail? The bond collapse, the old Latam type of default and devaluation scenario? The question revealed that the bear bond story ***must*** incorporate a view on inflation. ***For bond markets to truly collapse, and a Latam type financial***

crisis to ensue, you need both rising nominal yields and steady to lower real yields. That is, rising inflation. That's how you get to a bond crisis, since bonds don't actually get cheaper as prices fall. That's the disaster scenario. Without this, rising bond yields leads to higher real yields, which attracts more buyers and/or increasingly restricts borrowing and thus economic activity. Notice, then, that the simple hedge to the bond disaster scenario is to buy BE inflation. That option wasn't really available in Latam-type bond defaults.

Both participants are to be congratulated for taking the event seriously, doing it with humour and, most of all, for helping deepen our understanding of a topic that is all too often handled in a cavalier and sloppy manner. Hugh acquitted himself well against a genuine international heavyweight. Niall is also highly commended for taking on Hugh on his own turf. And, for defending a view initially expressed back in April, when yields generally were 50-100bps lower. A very well played 'away' game. Bravo!

I provide below a review of the 7 presentations and the subsequent discussions (bios of the speakers are provided at the end of this piece). The occasional comments in brackets [……………] represent my own post-conference comments. Suggestions, amendments, complaints, guest pieces, etc, would all be happily received. The more dialogue the better!

1) Bill Callanan of the Fortress Commodity Fund recommended buying oil outright, or buying hard assets and selling financial assets. As an example, he suggested the purchase of a June10 50/100 risk reversal for $3.50. Or a less directional play is to buy the CRB and sell the S&P against it.

We've all heard the story before: oil supply is increasingly limited. But, the events of 2008-09 certainly fit the scenario. It took a very deep contraction in global activity to pull oil prices down. And, a fairly modest recovery in growth seems to have pulled them up again pretty strongly. Bill also pointed out that project start ups peaked in 2009 and are set to decline markedly from here. That is, the supply constraint was masked this year because new projects coming on stream peaked in 2009. He also appealed to increased domestic absorption of oil production in the Middle East, thus leaving less as an exportable surplus.

Bill also argued that the commodity Phillips Curve is shifting higher; he noted that commodity price inflation took place at slower average world growth rates during the past decade. That's similar to the 1970's, and warns that an acceleration in growth towards a pace sufficient to reduce unemployment rates could lead to non-linear reactions in oil prices. So, if China keeps growing at an 6-10% pace, the supply constraint means the marginal consumer of oil will have to be squeezed, and that is likely to be in the OECD. This can occur either via the oil price directly, or through some other mechanism that pulls down overall demand in the OECD countries, and thus their share in to global oil demand. Hence the long CRB/short S&P trade.

But, his core trade seems to be the risk reversal, which captures the essence of the non-linearity of the problem. If the global recovery is sustained for even 2 more quarters, that could produce a further sharp jump up in the oil price. The price of oil may have mean reverted, but Bill's analysis suggests that maybe $145 was not an anomaly at all.

[This also suggests revisiting the old Saudi reval trade. There was a big washout last year, and the 3yr forwards now price in only a ½% reval. The old days where there were fears of Saudi devals due to the fiscal deficits should really be long gone.]

2) Boris Vladimirov of Brevan Howard suggested selling USD vs the NJAsian currencies. The trade stems from what he called the 'Asian reflationary loop' where strong global money growth produces commodity price inflation. This is now especially challenging in Asia where growth has recovered strongly, credit multipliers are unimpaired and output gaps seem small. The result is that the Asian central banks are more likely to let their currencies appreciate to stem inflationary pressures. The share of Asia in the global economy would increase as their economies grow relatively fast and their currencies appreciate, thus enhancing upward pressure on commodity prices. That creates a positive feedback loop for the Asian currencies.

Many questions were asked. How does China fit into this story? They are currently running a fixed exchange rate to the USD. And, why buy the Asian currencies against the USD? It is the European currencies that seem to be trading at an extreme against the Asians.

The answer to the China question was instructive. Boris argued that there are several currencies in Asia that are now actually cheap to China! He mentioned three: Korea, Malaysia and Taiwan. The latter proved controversial (see Section 4, below). But, the main point was these currencies can appreciate, and the export sector of the country can remain reasonably competitive within Asia, even if the Chinese currency remains fixed. And, they can move a long way if China eventually lets the CNY appreciate again.

Ok, but then why not use the Euro (or Yen) as a funding currency rather than the USD? The CNY can appreciate as required if it stays pegged against the USD and the USD starts to recover on trend. The same is probably true of the other Asians. Boris answered this with a statistical analysis that suggests Asian reserve growth tends to lead moves in Euro/USD. This is essentially a statistical verification of the idea of Asian reserve diversification into Euros. It implies that, if the Asian currencies are under upward pressure and even if the central banks let them move higher, this will still likely involve reserve accumulation and thus the need to diversify. That means more demand for Euros by the Asians.

[I don't think this works. The statistical exercise looks at data from the past 10 years. Precisely a time when the Asian policy stance was resisting currency appreciation to maintain competitive currencies. That's partly why many of us, like these currencies.

But, the theory is premised on a change of regime, where inflation pressures build in the fastest growing region in the world. Makes sense. The central banks eventually start to accept currency appreciation as a way to dampen inflationary pressures. But, that also means slower reserve accumulation as well, especially as C/A's adjust to differential growth rates. That could well produce changes in asset diversification strategies. The whole historic relationship then, ***according to the theory***, should change. What happened in the past should thus become an unreliable guide of future patterns.]

3) Michael Wissell and Ziad Hindo of Ontario Teachers suggested selling long dated equity vol. Their preferred version of the trade is to sell Dec 2018 S&P variance swaps at 31%. Selling this contract offers a way to express a directional view on volatility, capturing the difference between implied and realized volatility without the need to delta hedge. The trade also provides a neat hedge for a pension fund like themselves, who tend to be long vol on average.

Now, sure, S&P implied vol is down. This contract peaked at 38% during the worst of the crisis. But, it is still trading anomalously high relative to realized vol. At 31% vol, the rough break even is 2% daily volatility. And, the 10yr rolling realized vol is at around 22%, even though this period includes both the tech crash and the events of the past year. In quieter periods, realized S&P vol tends to run at 12-18%.

Several questions emerged. Why does this anomaly exist? There is an imbalance in the supply and demand for long dated implied vol in the S&P. There is no natural supplier of longer dated implied vol. And, the demand comes from insurance companies, who have sold variable annuity products with upside participation to equity markets and downside floors. This structure makes the companies implicitly short longer dated puts. So, to hedge, they buy puts or variance swaps.

What about counterparty risk? Well, the position is marked to market and cash is exchanged to reflect the market value. So, if the position is in your favor, you will be holding collateral of the counterparty. There is, however, gap risk in the event that a major event takes down your counterparty before collateral is exchanged.

4) Eric Lonergan of M&G Episode presented several trades, perhaps the most intriguing was to buy China A-shares. He also suggested paying US 2yr swaps, in part because it provides a hedge to the rest of his portfolio. And, he also presented a long INR vs TWD trade.

But, it was the long China trade that certainly raised an eyebrow or two. After all, the market is already up more than 50% year to date. Yet, the story rings true. The currency remains exceptionally cheap and the economy has staged a rapid cyclical recovery. And, it is widely believed that the Chinese market is largely uncorrelated with major country equities, though it's probably getting less true day by day.

More important, consistent 6-10% annual real growth compounds very powerfully. That's where the valuation side of the argument fits in. Eric showed how, in real inflation-adjusted terms, the Chinese index is trading near levels achieved in the early 1990's and at the start of the current decade. That certainly doesn't sound expensive especially given the low cost of capital in China. It seems to imply that either the growth of the past 15yrs didn't raise profits much or, more likely, represents a heightened risk premium.

Now, Eric broke some rules and briefly presented two other, unrelated trades. The first was simply to pay US 2yr swaps. This trade has a highly skewed return distribution, and helps hedge a long asset portfolio against a monetary policy shock. Especially in an environment where the presumption is that the FED will stay 'low for long'. And, as a result, with the 2yr swap trading at a similar level to that which prevailed in the spring, when the economy was still in decline.

The long INR vs TWD trade is a positive carry trade premised on several factors. First, there's been a dramatic shift higher in the share of investment spending in overall Indian GDP over the past 5yrs that has not been matched by a revaluation of the currency. In contrast, Taiwan trend growth seems to have declined structurally. In addition, the sharp decline in the INR since late 2007 has left the real exchange rate at around 15yr lows.

Eric was asked whether the currency trade was implicitly short oil. Doesn't a rise in the price of oil badly damage India's trade position? Yes, but higher oil would also increase the need for tighter monetary policy. And, with the currency down hard, any tightening could well occur through FX appreciation. Another question was why not buy the INR against the Yen, rather than TWD. The latter depreciated as the 2008 crisis emerged; the Yen TWI has appreciated towards all time highs.

5) Luke Spajic of PIMCO suggested selective and careful buying of corporate bonds, especially financials. The powerful stimulus policies enacted at the start of 2009 has allowed fear to be replaced by confidence. As a result, corporate bonds have enjoyed record performance this year. Nevertheless, credit remains relatively attractive versus other fixed income sectors, with risk premia still elevated and implied default risk well above likely default rates. But, the easier part of the trade is over so it will now pay to be selective.

That's where financials come in, especially the systemically important, high quality 'super club' banks. Financials yield considerably more than industrials, which is already is unusual. And, the big banks have been the beneficiaries of government support. So, while there has been record issuance by industrials this year, financials have actually paid down a substantial amount of debt.

Moreover, the new regulatory environment ahead could make the banks start looking and behaving more like utilities. Regulated, controlled, and highly rated. This suggests that the risk premia for these super banks could in fact fall to new lows, and below other credits. Yet, they remain very elevated.

The presentation generated considerable discussion and debate. One audience member suggested a long bank credit/short equity trade. It's possible that bank profits will get taxed more in future, yet the credit will remain good due to government support. The idea drew a mixed response. Another questioned whether the big supranational banks can be effectively regulated at all. Luke responded that it seems there is now considerable agreement across the G20 on a path to increased regulation. Many thought that sounded hopeful. There was more agreement, however, that the long financials credit trade was better in Europe; the US is considerably more volatile it was argued.

6) Kathleen Kelley of Kingdon Capital Mgmt also presented a bull commodity story; she made the case for buying cocoa and platinum. In both cases, significant supply shortages still loom, which means prices can go up even in a depressed global economic environment. And, think what can happen if the global economy turns out OK.

The supply problem for cocoa involves potential shortages due to political conflict in the major producing countries. But, the new twist for this year is el Niño, which has the potential to severely limit supplies next year. And, this is occurring at a time when stocks are already exceptionally low. There is thus potential for further sharp increases in the cocoa prices, despite the big gains already achieved this year.

Platinum also faces significant supply challenges, in part because 75% of the supply comes from South Africa. Changes to mining laws, power supply limitations, and a very strong currency are all placing upward pressure on the supply price. But, there's also a new demand element to the story. Demand for platinum used for auto production fell pretty sharply last year in the crash, yet 'investment' demand for platinum (presumably jewelry), primarily from China, made up the slack. Demand thus looks set to increase as auto production recovers, and as new tougher auto emission standards for cars are introduced which will require increased use of platinum.

7) I also presented a trade: pay US 2yr swaps, receive equivalent Aussie swaps, and buy USD calls. The idea is that the US yield curve looks set to ratchet higher, led by the front end. This could prompt a neat USD reversal. If that's wrong, then any new breakdown could well have consequences on monetary policy abroad. The Euro TWI is already at a very elevated level. And, some other TWI's have appreciated very sharply already (eg, AUD). Pretty steep hikes are priced into the Aussie curve; that could change quickly in the event of a sharp USD drop.

Behind the trade is the Obama fiscal stimulus, which is only now coming on stream. The maximum boost apparently occurs in H1 2010. In some other countries the stimulus effect starts to diminish next year. The US stimulus has been on slow fuse, gradually building up force. That creates conditions for a growth surprise in the US.

Yet, the US money market curve is about the flattest around, apart from the Yen and Swiss curves. It is even flatter than in Euroland, even though US rates were cut by more. And, it seems likely that, if they start to go up, US rates will go up by more. This also means, incidentally, that the policy makers may be able to prompt a rebound in the USD simply by changing rate expectations to ratchet the US curve up or the Euroland curve down. Hence the USD calls.

Andres Drobny ****Past reports can be accessed at www.drobny.com***

8) Drobny Award Recipients

The following Drobny Award was presented at this conference:

1) Best Trade at 2009 Santa Monica Conference: ***Michael Dooley of Cabizon Capital and the architect of the BWII Theory,*** suggested the simple trade of buying the Bovespa. It appreciated some 45% since that time (roughly 65,000 vs 45,000).

9) ***Audience Poll Results*** (Questions asked during the Conference)

1) What is your current view regarding the US dollar?

Very bullish	4	5%
Moderately bullish	19	26%
Neutral	3	4%
Moderately bearish	37	51%
Very bearish	10	14%
	Total Votes --73	

2) What is your current positioning in US dollar?

Very long	1	1%
Moderately long	15	19%
Neutral	21	27%
Moderately short	32	41%
Very short	10	12%
	Total Votes --79	

3) What will the Fed Funds rate be in June 2010?

0-0.25%	48	58%
0.25-0.50%	13	16%
0.50-0.75%	10	12%
0.75-1.0%	7	8%
Above 1%	5	6%
	Total Votes --83	

4) What was your view on the Long Oil trade presented by Bill Callanan?

Like	62	79%
No Opinion	11	14%
Dislike	5	7%
	Total Votes --78	

5) What was your view on the long CRB, Short SPX trade presented by Bill Callanan?

Like	54	72%
No Opinion	11	14%
Dislike	11	14%

Total Votes --76

6) What was your view on the Long Indian Rupee, Short Taiwan dollar trade presented by Eric Lonergan?

Like	27	35%
No Opinion	39	50%
Dislike	12	15%

Total Votes --78

7) What was your view on the Long Chinese A Shares trade presented by Eric Lonergan?

Like	28	38%
No Opinion	33	45%
Dislike	13	17%

Total Votes --74

8) What was your view on the Short 2 year US swaps trade presented by Eric Lonergan?

Like	35	48%
No Opinion	14	19%
Dislike	24	33%

Total Votes --73

9) What was your view on the Short 2 year US swaps versus Long 2 year Australian swaps trade presented by Andres Drobny?

Like	19	29%
No Opinion	29	44%
Dislike	18	27%

Total Votes --66

10) What was your view on the Long USD calls trade presented by Andres Drobny?

Like	27	38%
No Opinion	19	26%
Dislike	26	36%
	Total Votes --72	

11) What was your view on the Long USD volatility trade presented by Andres Drobny?

Like	32	49%
No Opinion	14	21%
Dislike	20	30%
	Total Votes --66	

12) What was your view of the Long Asian FX versus USD trade presented by Boris Vladimirov?

Like	59	82%
No Opinion	8	11%
Dislike	5	7%
	Total Votes --72	

13) What is your view of shorting S&P 500?

Like	23	34%
No Opinion	24	36%
Dislike	20	30%
	Total Votes --67	

14) What is your current view regarding major country Government Bonds?

Very bearish	13	18%
Moderately bearish	25	34%
Neutral	20	27%
Moderately bullish	13	18%
Very bullish	2	3%
	Total Votes --73	

15) What is your current positioning in Major Country Government Bonds?

Very short	1	1%
Moderately short	24	36%
Neutral	28	42%
Moderately long	11	17%
Very long	3	4%
	Total Votes --67	

16) What is your current positioning in Oil?

Very long	8	12%
Moderately long	24	34%
Neutral	35	50%
Moderately short	3	4%
Very short	0	0%
	Total Votes --70	

17) What is your current view regarding commodities in general (CRB)?

Very bullish	22	33%
Moderately bullish	38	57%
Neutral	4	6%
Moderately bearish	3	4%
Very bearish	0	0%
	Total Votes --67	

18) What is your current positioning regarding commodities in general (CRB)?

Very long	9	15%
Moderately long	18	30%
Neutral	34	55%
Moderately short	0	0%
Very short	0	0%
	Total Votes --61	

19) What is your current view regarding Major Country Equities?

Very bullish	4	6%
Moderately bullish	20	30%
Neutral	8	12%
Moderately bearish	29	44%
Very bearish	5	8%
	Total Votes --66	

20) What is your current positioning regarding Major Country Equities?

Very long	3	5%
Moderately long	24	37%
Neutral	35	55%
Moderately short	2	3%
Very short	0	0%
	Total Votes --64	

21) What is your current positioning in Gold?

Very long	3	4%
Moderately long	26	38%
Neutral	18	27%
Moderately short	19	28%
Very short	2	3%
	Total Votes --68	

22) What percentage of your portfolio is in commodities?

0%	25	36%
0-10%	22	32%
10-25%	10	15%
More than 25%	12	17%
	Total Votes --69	

23) What is your current positioning in USD versus Non-Japan Asia?

Very long	3	5%
Moderately long	6	9%
Neutral	24	38%
Moderately short	26	41%
Very short	5	7%
	Total Votes –64	

24) Who won the debate concerning the outlook for US government bonds?

Niall Ferguson	35	48%
Hugh Hendry	38	52%
	Total Votes –73	

10) ***Summary of Audience Favorite Trades*** (Asked at start of the Conference)

FX: Total: 27(!)

Largest samples:

10 Short USD (8 vs EMG currencies, eg 2 each x NJA, CNY, MXN, BRICs)
6 Short Yen (4 vs USD; 2 vs NJA)
3 Long BRL
2 Short Euro

Most interesting/unusual: short forward vol in JPY curve (5yrs plus)

Fixed Income Total: 21 (including EMG)

Largest samples:

7 Short Gov't bonds (2 x US front end; 2 x US 30yr; 2 x 10yr duration generally)
8 Long fixed income (6 x front ends)
4 steepeners (3 x 1-2yr forwards)

Most interesting/unusual: US butterfly: receive 5's, pay 2's & 10's; pay mortgage bonds

Commodities Total: 9

Largest samples:

6 Long (2 x long CRB)
1 Short (Dec09 NY Coffee futures)

Most interesting/unusual: reverse hog crush (long hogs, short Mew, short corn)

Equities: Total trades: 7 (including EMG equities)

Largest samples:

2 Long Equity Vol
3 Short Stocks (2 x European bank stocks)
2 Long Bovespa vs S&P

Most interesting/unusual: Big reversal in the bullish consensus from April conference

Other Favorite Trades:

Long Gold, short S&P

PANEL BIOGRAPHIES: LONDON 2009

Bill Callanan ~ Fortress
Bill Callanan is the Chief Investment Officer of the Fortress Commodities Fund. He Joined Fortress Investment Group as a Portfolio Manager in August 2007. Immediately prior to joining Fortress, Mr Callanan was Partner and CIO of the Rubicon Equity and Commodity Fund. Previously, he was Principal and Managing Director of Duquesne Capital Management from 2000-2003. From 1998 to 2000, he was a Commodity Portfolio Manager at Soros Fund Management LLC. Prior to Soros, Mr Callanan was an Associate Portfolio Manager with Furman Selz Asset Management. He holds a B.S. from The Wharton School of the University of Pennsylvania.

Niall Ferguson ~ Harvard University
Niall Ferguson, MA, D.Phil., is Laurence A. Tisch Professor of History at Harvard University and William Ziegler Professor of Business Administration at Harvard Business School. He is also a Senior Research Fellow at Jesus College, Oxford University, and a Senior Fellow at the Hoover

Institution, Stanford University. His most recent book is the best-selling Ascent of Money: A Financial History of the World (Penguin, 2008). It aired on PBS this year. He has just completed a biography of the banker Siegmund Warburg and is now working on the life of Henry Kissinger. Ferguson is a contributing editor for the Financial Times and a regular contributor to Newsweek. In 2004 Time magazine named him as one of the world's hundred most influential people.

Hugh Hendry ~ Eclectica Asset Management
Hugh Hendry is the founder and CIO of Eclectica Asset Management. He has 19 years' industry experience and established Eclectica in 2005, along with a team of four former colleagues from Odey Asset Management LLP. They acquired the management contract for Hugh's global macro hedge fund, The Eclectica Fund, which was launched by Odey in October 2002. Hugh is a regular contributor to CNBC and Bloomberg as well as publishing research papers for practitioner and industry journals. Hugh Hendry graduated from University of Strathclyde with a 2:1 degree in Accounting & Economics and he also received a degree from the Institute of Investment Management & Research. Hugh wrote and starred in Channel 4's recent special "Don't Bank on the Bailout."

Ziad Hindo ~ Ontario Teachers
Ziad Hindo is responsible for foreign exchange execution, commodity indexing and a value added program across asset classes. Mr. Hindo joined OTPP in 2000 and was most recently Director, Foreign Exchange & Commodities. A CFA charterholder, he earned an M.Dc. from the University of Warwick and a B.Sc. from the University of York.

Kathleen Kelley ~ Kingdon Capital Management, LLC
Kathleen Kelley is a Portfolio Manager for macro investments at Kingdon Capital Management., a privately owned investment firm founded in 1983 that specializes in global long/short equity investments. She has over 21 years of investment experience. Prior to joining Kingdon in March 2005, Kathleen was a Macro Strategist/Trader for Vantis Capital Management. Prior to that she spent 10 years at Tudor Investment Corporation where her roles included economic research and proprietary trading. Kathleen started her career as an Assistant Economist for the Federal Reserve Bank of New York. Kathleen received a BA in Economics with a minor in Math from Smith College in 1987. She also received a General Course Diploma from the London School of Economics, where she studied econometrics. She serves on the boards of Bedford Stuyvesant "I Have A Dream Program", the High Water Women Foundation, BELL "Building Educated Leaders for Life" and ReServe.

Eric Lonergan ~ M&G Investments
Eric is a macro hedge fund manager at M&G Investments. He joined M&G in August 2006. Prior to joining the team he was a Managing Director and Head of Macro Research at JP Morgan Cazenove, responsible for generating structural macro research ideas and identifying the mispricing of assets. He joined Cazenove in 1996, initially as emerging markets economist, and subsequently as global economist and global strategist. Eric has a BA in Politics, Philosophy and Economics from Oxford University and an MSc in Economics from LSE. He is also author of the forthcoming philosophy book, Money, published by Acumen.

Luke Drago Spajic ~ Pimco
Luke is Head of Pan European Credit & ABS Portfolio Management at PIMCO. Luke joined PIMCO from Goldman Sachs where he worked on the Global Macro Proprietary Trading desk. Prior to Goldman, he worked for Highbridge Capital, a division of JP Morgan. Before Highbridge, Luke worked in research at Lehman Brothers. He also spent part of his career as a consultant to the European Commission and Bankers Trust. Luke holds a PhD in Economics from Cambridge University.

Boris Vladimirov ~ Brevan Howard
Boris Vladimirov is partner at Brevan Howard, trading emerging markets macro with focus on EMEA and Asia. Prior to Brevan Howard, he worked at a trader, strategist and economist at UBS in London, Dresdner Kleinwort in Frankfurt and Creditanstalt in Vienna. His BAs are in economics, linguistics and political science and he holds M.A. in Applied Economics and Econometrics from the Institute of Advanced Studies, Vienna.

Michael Wissell ~ Ontario Teachers
Michael Wissell manages the tactical asset allocation portfolios at Ontario Teachers' Pension Plan. In addition to executing equities trades, commodities and foreign exchange on behalf of the fund, the department uses quantitative tools and discretionary analysis to build a diversified basket of assets with a global focus. Wissell joined OTPP in 2002, with more than 15 years of capital markets experience and has helped build the Tactical Asset Allocation program. He was most recently Vice-President, Tactical Asset Allocation. He holds a B.Comm from Carleton University and an MBA from McMaster University, and is a CFA charterholder.

Andres Drobny ~ Drobny Global Advisors
Andres Drobny is the founder of Drobny Global Advisors, a financial markets research boutique based in Manhattan Beach, California that advises a select group of hedge funds, proprietary traders & global money managers on world markets. Before starting Drobny Global Advisors, Drobny served as Strategist & Proprietary Trader at Credit Suisse First Boston in London & NY and was on the Global Foreign Exchange Management Committee. Drobny also served as Chief Economist & Head of Research for Bankers Trust Company, London. Prior to entering the financial markets, Drobny was an academic economist at the Universities of Cambridge & London and holds a PhD in Economics from King's College, Cambridge.