DrobnyGlobalMonitor

November 4, 2008

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Biases:

EQUITIES: ****Formerly Bearish; *Formerly Bearish financials;***
BONDS: Neutral, Bullish steepeners;
FX: Bullish Swiss Franc;
EMG: Bullish Asian EMG FX; Bearish EMG Equities

Current Exposure:

EQUITIES:
BONDS: ****Formerly Short Dec08 Eurodollar contract;***
FX: ****Formerly Short USD/Yen***
COMMODS:

Budapest 2008 Conference Review

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

An SG at the conference perhaps said it best….'it's the end of the world as we know it'! Big changes are afoot and the result is the violent deleveraging and unwinds that we have been witnessing. And, the dramatic policy changes that are now unfolding.

In a chaotic trading environment like this, you want positive gamma. That leaves you in a pretty good position if illiquidity emerges quickly and when market prices are moving fast. And, when occasional reversals do emerge, they too can be fast and fierce. They just can't price vol high enough in an environment like this.

This theme, largely implicit throughout the conference, became clear after one panelist suggested buying low delta EMG FX puts. An EMG crisis seems to be coming. Of course, this wasn't an easy trade to put on, especially on the day of the conference which was characterized by big moves and illiquid conditions.

A few SG's gathered during the following coffee break to discus the EMG illiquidity problem. One suggested selling the relatively liquid Czech currency. A few others had actually just done this! Another SG mentioned, however, that he had actually bought an ATM call on the Czech against the Euro, delta hedged, and had made a pretty good return despite Euro/CZK going the wrong way! He was wrong on direction, but the positive gamma of his position saved him. [And, if he could have doubled or trebled the profit if he was quick and sold out the delta and run the naked Euro/CZK put though, obviously, that's easier said than done.]

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The trades presented by the panelists fell largely into two groups…those exploiting the anomalies that have emerged as a result of the turbulence and those looking for more trouble. Three fixed income trades were designed to take advantage of seemingly distressed pricing. One panelist advocated buying short dated agency paper at well above swap rates, another looked to buy US TIPs at breakeven inflation rates below zero. And, a third proposed an intriguing longer term and very leveraged strategy based on buying distressed mortgage-based derivatives and funding them at low prevailing market interest rates. Exploit the penalty that now exists for financial engineering.

The only equity trade presented concentrated on the changing capital structure of corporations. This panelist suggested buying preferred shares of selected companies and buying low delta puts on common shares against this. The governments are buying the former at a time when the latter shares are being diluted. And, the only commodity trade was an attempt to exploit the sharp drop in oil and dip a toe into that market by selling put spreads. This proved the most controversial trade of the day. Audience polls revealed that this group was now bearish oil/commodities: 70% were bearish oil and a small plurality were short, though most were running no positions at all (See Questions 6-9, Section 10 and the Favorite Trades in Section 11).

Three FX trades were presented. One exploited the recent run up in the USD, amidst mounting bullish USD sentiment to buy the Chinese currency forward against the USD, earning carry for virtually the first time ever. This captured an interesting shift in the views of the participants revealed in the polls taken through the day. This group was bullish and long the USD short term, yet still bearish over a longer term period (Questions 1-3, Section 10). The other two FX trades fit into this profile, using the USD as the asset currency in trades looking for more trouble. One was to buy call spreads in USD/SGD based on Singapore's unique exposure to a downturn in global trade. The other was the idea of buying low delta EMG puts, discussed above.

I provide below a review of the 8 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 we have the better!

1) John Porter of Barclays Capital was the final speaker for the day, but his presentation captured many of the issues raised throughout the conference. His trade was a simple one: ***buy 3yr agency paper at about 100bps above 2yr swap rates***, and gain your leverage by repoing the bonds.

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The trade is premised on the idea that the TARP facility may well have been necessary, but is hardly sufficient to solve the crisis. Thus, he argued that official rates have to go towards zero in the US and much of Europe, and 2yr yields will need to essentially be capped to get the yield curve down to keep mortgage rates low. The policy outlook is thus favorable for the front end of the curve. Hardly a surprising conclusion.

What is surprising, though, is the fantastic yield pickup offered by these bonds, despite having a virtual guarantee from the government. Fannie and Freddy are not going to be allowed to go bust. As with many fixed income instruments, the explanation lies in illiquid conditions which result from persistent Asian central bank selling of the paper.

John's presentation covered a variety of issues, and stimulated much discussion. He was deeply involved in the negotiations between the banks and the governments as the financial crisis emerged, and he provided a neat insider's guide of how events unfolded. He described various policy errors as they emerged ('too many measures taken by the authorities'). And, he redefined 'libor' as '***lie***bor'; there is virtually no trading in 'liebor' these days. It's been fixed lower by banks recently to show they are not in trouble and don't have a big cash need. 'Liebor'!

Many questions came up. Shouldn't swap spreads be zero, or even negative? Banks are guaranteed, and there is tremendous supply of Treasuries in the pipeline. For near dated swap spreads, John noted that problem again is the high level of 'liebor'. And, at the longer end, yes this can and has been happening and, as we saw in Japan, this could well persist for a considerable period.

But, if Asians are persistent sellers of Agency debt, then wouldn't this supply also threaten to push these yields higher in absolute terms? John didn't think so. The underlying problem is mortgage rates and the authorities will do everything they can to keep them down. If short term rates were to go up again, that would only deepen the economic downturn and thus lengthen the time rates will have to stay exceptionally low. So, one way or another, there is likely to be a ceiling on these yields.

What about inflation risk due from all the monetary stimulus? One answer is to avoid this risk by selling Treasuries or pay swaps against buying Agency paper. But, John's answer was that people will likely be shocked next summer when inflation prints at around or below zero. And, to this point, an audience poll revealed surprisingly high inflation expectations by participants (See question 10, Section 10). Almost ½ believe that inflation will average above 2% over the next 5 years.

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2) ***Joao Poppe of Nau Capital also stuck with the distressed fixed income theme, recommending the purchase of front end US TIPs.*** This was a popular trade idea, and came up several times as a favorite trade of the audience (see Section 11, below).

Disinflation is taking place, and expectations of inflation may be too high (question 10, Section 10). But, a lot of this is already in the price after the recent big shake out in TIPs. As a result, Breakevens for US TIPs up to 5yrs in maturity are now all below zero. Or, in other terms, many US TIPs are now trading at ***real yields*** that are well above the ***nominal*** yields that were sustained during Japan's lost decade of stagnation/deflation.

The reason for anomalously high TIPs yields is, again, liquidity. There has obviously been forced selling of this paper, which accelerated sharply after Sept 15th. And, the danger with TIPs, of course, is that it is a relatively thin market and the Treasury will be selling more and more of this stuff. Ultimately, increased supply will make the TIPs market generally more liquid and will likely prompt greater interest in this sector, helping to bring real yields back down. But, the path could well prove very bumpy indeed.

These problems aside, the underlying idea is that TIPs and all Treasury products are guaranteed. And, although they will likely underperform nominal Treasuries if deflation emerges and is sustained, TIPs should still provide good yield and capital gains as well in such an environment. Moreover, if/when market conditions normalize and liquidity re-emerges, TIPs should prove powerful outperformers.

This led to an interesting trade suggestion from the audience: buy TIPs and sell periodic CPI swaps against it. This yields a synthetic nominal Treasury bond which, due to the illiquidity premium attached to TIPs, offers a yield nicely above nominal Treasury bonds. You can hold this synthetic Treasury outright, or buy it against nominal bonds to capture the illiquidity premium.

3) ***Mike Winchell of VCL Asset Management suggested buying REMIC interest only reverse floaters.*** The derivative MBS market is probably the most illiquid of all, and thus this is a longer term strategy that may well suffer from periodic and potentially nasty bouts of market-to-market losses. But, the trade exploits the fundamental anomaly that has emerged in fixed income markets by buying previously-issued now-distressed MBS-based derivatives at exceptionally cheap prices. Interest-only floaters exploit cheap funding of the floater class in a REMIC deal. This allows you to fund these assets at current low interest rates with no counterparty risk or margin calls. The 'built-in' leverage recreates the purchase, say, of $4 of MBS and then issuing $3 of floaters which effectively finances the entire $4 of assets to maturity).

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The trade is essentially a leveraged spread trade, where you exploit the current penalty imposed on financially engineered products. MBS were previously placed into a REMIC trust which then created a class of floaters and class of inverse floaters. The resulting carry is enormous and, although you can buy the assets easily and cheaply, you won't be able to sell until the mortgage market stabilizes. This is therefore a strategy with a likely 18-24mth gestation period.

4) Gerald Cohen of Ziff Brothers also looked to exploit recent market unwinds but looked to the currency markets suggesting the purchase of the CNY on a forward outright basis against the USD. The USD rally combined with an apparent sharp slowing of growth in China has produced stability in spot USD/CNY, and a pretty sharp back up in USD/CNY forwards. In fact, the forwards now build in a ***depreciation in the CNY vs the USD over the next few years.*** Buying China forward outright against the US has, for the first time in years, become a positive carry trade.

And, these forwards seem inconsistent with underlying growth trends and still sizeable imbalances in US/China trade. Sure, China has slowed considerably and inflation is down. Nonetheless, growth is likely to still be a good deal stronger than elsewhere and, unlike most other countries, the savings surplus means the authorities have considerable room to pursue fiscal reflation. Moreover, even with deflation elsewhere and reduced exports, China is still likely to enjoy a substantial trade surplus. And, less noticed has been a rising invisibles surplus for China, the result of years of capital outflows matching accumulated trade surpluses.

One question that emerged was why China and not other Asian currencies? The USD has appreciated very sharply against many of the Asians. That means that China has already appreciated considerably against these currencies. Wouldn't a better trade be to buy the free-floating Asians against the USD? They now have considerable room to recover and would likely rally anyway should China start appreciating again. After all, unlike the Asian crisis of 1997-98, this is largely a US and other major country crisis. Haven't those currencies overshot? Gerald's reply was that he too likes the other Asian currencies, but felt that selling USD/CNY is a safer trade in an environment of such high volatility.

5) Cameron Crise of Nylon Capital took a different tack on the global crisis, looking to play for more trouble ahead. He proposed buying USD/SGD which, he argued, is a transparent and liquid way to buy a pretty cheap put on global growth. His preferred approach is to buy, say, 6mth 1.50-1.60 call spreads which, off a 1.4750

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spot rate and depending of course on where vol is at the time, should cost something like 1%. That's a decent risk/reward profile.

Global growth is turning down, and that makes for a grim global trade outlook. As a small open economy, Singapore is particularly exposed to a downturn in global trade flows, with especially high exposure to demand for goods from the G3 countries. It has about the highest share of exports in GDP of any country in the world. And, this trade downturn has only just started to pull down Singapore growth. There's a nasty bump coming.

This means that Singapore will likely need an easier policy regime, and an exchange rate basket is the main instrument the MAS use to manage monetary policy. As a result, the basket should start going down either via a trend move down or, as seems more likely, by a step drop in the targeted basket. This step drop would likely occur at the next semi-annual monetary policy meeting in April. Hence the reason for the 6mth maturity of the trade.

But, why buy the USD against the Sing, and not sell it on a basket basis? One reason is that this way you get positive carry on the trade. And, Cameron seemed unsympathetic with the idea that the other Asian EMG currencies are now at attractive levels against the USD. In this new world of extreme illiquidity combined with a mounting economic downturn, he was implicitly suggesting there was considerable room for a further big leg down in the Asian currencies against the USD.

[But, perhaps worth considering is a combination of Cameron's long USD/SGD trade with Gerald's short USD/CNY trade (Section 4, above). This provides exposure to a further run on the Asian currencies with some protection should the USD turn down again (especially if led by China). And, with both legs earning positive carry in what should be relatively low vol currency pairs.]

6) Colm O'Shea of COMAC Capital suggested buying low delta puts on selected EMG currencies as a trade theme. His concept was a simple one: the financial crisis leaves the world on the precipice of an economic crash.

As a result, a potential crisis in EMG is only in its infancy. EMG countries will not be able to decouple from the rest of the world, whether it's the 'good' ones or the 'bad' ones. Capital is likely to repatriate back to the center countries from the periphery, in part due to de-leveraging and redemptions, but also because of the increased attractiveness of core country assets due to government debt guarantees.

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Moreover, although it may ***feel*** as if many of these currencies have already moved a long way, they actually haven't moved anything like what has happened in previous EMG crises. Colm presented a neat table, showing the moves to date in selected EMG currencies – between 11% in the IDR up to 85% in the ZAR. He then compared them to the size of moves that took place in previous crises which ranged from just over 50% (the ZAR in 2000-01) to almost 300% (ARS in 2001-03), to close to 400% in two cases (IDR in 1996-99 and RUB in 1998-2000). The average move for his sample so far in this crisis…..46%. The average for his sample in previous EMG crises……213%. The size of potential moves here is thus substantial.

Colm did have to acknowledge, of course, that this was a difficult theme to implement in the chaotic conditions at that moment. His preferred way to trade this is via high notional/low delta puts. So, although corrections to the move had been very brief and rare, any such event will provide an opportunity to pick up some of these options. Otherwise, an alternative is to pick on less pressed/ less obvious EMG currencies. After all, that's what some hard pressed EMG longs are trying to do….if you can't sell what you own due to illiquidity, sell something liquid that is similar. This is what generated the coffee break discussion on the CZK.

7) ***Max Trautman of Stoneworks Asset Mgmt suggested selling $65/$55 put spreads in Dec09 oil contracts.*** The oil price has come down a long way and substitute sources of oil supply such as sand based production aren't profitable under about $70 per barrel. Moreover, Max argued that demand may now be underestimated for next year. Sure, the major economies are going into a downturn. But, China will still likely be growing next year, albeit much more slowly. Thus, it will be hard to achieve a big drop in the demand for oil, and supplies will likely be more restrained from here.

This presentation was the most controversial of the day. Several issues were raised. First, why assume to know how far growth is going to drop globally? If the current downturn is indeed the worst since at least 1981, as many experts suggest, then we may actually be witnessing the beginning of a trend decline in commodity prices. Moreover, one commodity expert noted that the latest weekly data from China showed a drop in oil imports, so why can't oil go to $20 or $30? All this did reveal, however, the extent of the change in sentiment in the group. There was a bullish consensus on commodities at the April conference. The group now was very bearish oil and other commodities, though admittedly mostly without position (see questions 6-9, Section 10).

A second set of questions concerned Max's expression of his bullish oil view. Why simply sell a put spread and not use some of the premium to buy a low delta oil call? It seems that Max's trade performs best if nothing happens for a while and vol comes down relatively quickly. Of course, the trade also performs if the oil price bounces

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here, but that would then seem a missed opportunity if he only sells a put spread. An example of why this is an environment to have positive gamma, not negative gamma.

Given Max's view of supply, and the uncertainty about demand over the near term, why then did he sell dec09 put spreads and not, say, dec12's? The answer was that the premium received wasn't interesting enough. But, this raised the issue of oil curve steepening. Max's underlying argument seems attached to the peak oil concept. So, under current conditions of demand destruction, wouldn't a better trade be to sell 2009 contracts and buy those further out the curve? Nice idea. But, look at where, say, the 1yr forward contract is trading relative to the 3yr forward contract (cl13 vs cl37): its gone from flat in early September to almost $10 steep today, the steepest ever. That makes it seem dangerous to put on the steepener here.

8) Dave Berry of Drobny Global presented the only equity trade of the session. His idea exploits an emerging anomaly in the capital structure of corporations by buying preferred shares and buying low delta puts on the common against it. A specific example was with JPMorgan, where the preferred shares yield 7.5%, while the common shares yield 4% based on a trailing dividend which is likely to be cut.

Buying preferreds places you higher in the capital structure, and the return looks pretty good should the corporation survive. The put on the common offers decent protection should the company experience further big losses in its loan portfolio. In that case, there is a heightened risk of increased dilution of common shares as the company is forced to raise additional capital. Hence, against a spot price around $40, you can buy Dec08 $30 JPM puts for around $1.15, or Mar09 $7.50 puts for 11 cents. Of course, the trading challenge is to manage the option position and there was some discussion of the best way to do this.

Andres Drobny

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

9) Drobny Award Recipients

The following Drobny Award was presented at this conference:

Best Trade at 2008 Santa Monica Conference: ***Michael Wexler, Maple Leaf Capital***, who suggested buying 3yr fwd 3yr USD/SFr vol. This trade exploited a deeply inverted vol curve which pushed down vol at the longer end of the vol curve close to

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the bottom of a long term trading range, providing a neat way to purchase vol cheaply in an environment of generally rising volatility.

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

1) What is your current view regarding the USD?

Very bullish	9	16%
Moderately bullish	20	36%
Neutral	9	16%
Moderately bearish	10	18%
Very bearish	8	14%
	Total Votes --56	

2) What is your current positioning regarding the USD?

Very long	4	7%
Moderately long	18	32%
Neutral	26	46%
Moderately short	7	13%
Very short	1	2%
	Total Votes --56	

3) Where will the USD index be trading a year from today?

A lot higher	4	7%
Moderately higher	16	29%
Unchanged	8	15%
Moderately lower	13	24%
A lot lower	14	25%
	Total Votes --55	

4) Have you ever invested in mortgage-backed securities?

Yes	11	22%
No	39	78%
	Total Votes – 50	

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5) Do you think that investing in mortgage-backed securities will ever return to its former glory?

Yes	21	42%
No	29	58%
	Total Votes – 50	

6) What is your current view regarding the price of Oil?

Very bullish	2	4%
Moderately bullish	7	14%
Neutral	5	10%
Moderately bearish	20	39%
Very bearish	17	33%
	Total Votes --51	

7) What is your current positioning regarding Oil?

Very long	0	0%
Moderately long	4	9%
No Position	32	73%
Moderately short	4	9%
Very short	4	9%
	Total Votes --44	

8) What is your current view regarding the prices of commodities generally?

Very bullish	2	4%
Moderately bullish	3	6%
Neutral	6	12%
Moderately bearish	26	52%
Very bearish	13	26%
	Total Votes --50	

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9) What is your current positioning in commodities?

Very long	0	0%
Moderately long	7	14%
No Position	27	54%
Moderately short	12	24%
Very short	4	8%
	Total Votes --50	

10) What will the average reading of the CPI be over the next five years?

Over 2% annually	22	41%
Between 0 and 2% annually	21	39%
Between 0 and -2% annually	9	17%
More than -2% annually	2	3%
	Total Votes – 54	

11) Where will the MSCI World equity index be trading in one year?

Up 25% or more	7	15%
Up 10-25%	13	27%
In a range of 10% to minus 10%*	11	23%
Down 10-25%	6	12%
Down more than 25%	11	23%
	Total Votes --48	

*Alas, this question was poorly articulated, and many respondents ignored the 10% range took this choice as representing volatility with no net direction.

12) Where will the MSCI World equity index be trading in five years?

Up 25% or more	26	57%
Up 10-25%	6	13%
In a range of 10% to minus 10%*	11	24%
Down 10-25%	2	4%
Down more than 25%	1	2%
	Total Votes --46	

*See qn 11, above

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13) What is your favorite equity market?

US	24	56%
Europe	2	4%
Asia	14	33%
Emerging Latin America	3	7%
Emerging Europe	0	0%
	Total Votes --43	

14) Which of the following best represents the current level of risk in your portfolio?

Maximum risk	2	4%
Moderate risk	3	6%
Average risk	10	18%
Low risk	20	37%
Very low risk	19	35%
	Total Votes – 54	

15) If there is going to be a new Bretton Woods agreement/structure, which of the following would be the best anchor for the new currency system?

US dollar	9	20%
Euro	1	2%
Yen	0	0%
Chinese Yuan	3	7%
Other (e.g. FX Basket)	32	71%
	Total Votes – 45	

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

<u>Fixed Income Total: 20</u>

Largest samples:

6 Long TIPs (5 in US including 3 in BEI terms (one using payer swaptions); 1 in Japan)
3 Long Front Ends (2 in Europe, 1 Long FED FUNDs)

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3 Swap Spread Tighteners (2 at the front end, one in US 30yr)
3 Pay EMG rates

Most interesting/unusual: Long 2-10 Fwd steepener in HK; Long senior distressed debt

FX: Total: 17

Largest samples:

6 Long USD Index (vs 1 short)
3 Short SGD
3 Short Euro (vs PLN, GBP, USD)
2 Long AUD (AUD/JPY; AUD/BRL)

Most interesting/unusual: Long fwd-fwd USD/Yen vol (exploiting steeply inverted vol curve)

Commodities Total: 7

Largest samples:

3 Gold trades (2 long, 1 short)
2 Short Oil

Most interesting/unusual: 5 of 7 were short commodity trades

Equities: Total trades: 2 (including EMG equities)

Largest samples:

1 long Russian oil & gas shares
1 short equities

Most interesting/unusual:

Other Favorite Trades: 1

Long Cash

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PANEL BIOGRAPHIES
Budapest - 2008

Gerald Cohen ~ Ziff Brothers

Gerald is Senior Vice President of Macro Strategy at Ziff Brothers Investments. His primary responsibility is to monitor and analyze global macroeconomic conditions to develop new investment strategies and to help determine the firm's future investment decisions. Gerald joined Ziff Brothers in 2004 after working for seven years as a Senior Economist at Merrill Lynch. Before his employment at Merrill Lynch, Gerald worked at the Federal Reserve Bank of New York for four years. During his tenure at the Federal Reserve he served as an Economist in the Domestic Research Function, where he studied the transmission mechanism of monetary policy, and at the Open Market Trading Desk where he helped implement monetary policy. He received a Bachelor of Science in Economics from the Massachusetts Institute of Technology and a Ph.D. in Economics from Harvard University. Gerald is a co-author of Political Cycles and the Macroeconomy (MIT Press, 1997), a book which analyzes the impact of politicians on the economy. He also has published articles in various economics journals.

Cameron Crise ~ Nylon Capital

Cameron Crise is a partner at Nylon Capital LLC and a portfolio manager for the Nylon Flagship Master Fund, where he manages a global macro portfolio. Prior to joining Nylon, he managed an absolute return currency strategy within the global fixed group at Fortis Investments. He started his career at Swiss Bank Corporation, where he worked as a currency options trader and senior currency strategist. Cameron graduated from Duke University with an A.B. degree in Public Policy Studies and History.

Colm O'Shea ~ COMAC Capital

Colm O'Shea is the Founder and Chief Investment Officer of COMAC Capital, a London based global macro hedge fund. Colm was a Managing Director at CitiGroup Fixed Income from 1992 to 2003. In 2003 he joined Soros Fund Management as the Senior Macro Portfolio Manager for the Quantum Fund, and in 2004 he joined Balyasny Europe Asset Management LLP as a Portfolio Manager. Prior to CitiGroup, Colm worked as an Economist at Oxford Forecasting. He received an Economics degree from Girton College, Cambridge in 1992.

João Poppe ~ Nau Capital

João Poppe is a Founding Partner and Portfolio Manager of Nau Capital LLP, a London-based investment management company which currently manages one hedge fund, Nau Fund LP, with a global macro strategy and c. €200mio under management. João is responsible for the investment activity for the fund. Prior to joining Nau Capital, from January 2001 to November 2007, João was a Senior Director of Banco Espirito Santo coordinating proprietary trading, structuring and sales. João graduated in 1993 from the Universidade Católica Portuguesa with a degree in Business Administration.

John Porter ~ Barclays Capital

John H Porter, CFA is a Managing Director at Barclays Capital responsible for the global strategic bank portfolio as well as a member of the Management Committee. Previously, Mr. Porter was principal and chief economist at Summit Capital Advisors. Mr. Porter was a principal and in charge of the European office at Moore Capital from 1993-1996. Prior to that, Mr. Porter was CIO at the World Bank responsible for the management of a US$30 billion international bond portfolio. He received his B.A. from Harvard University in

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1976, PhD in cognitive psychology from the Sorbonne in 1980, and M.A. in international economics from Columbia University in 1983.

Max Trautman~ Stoneworks

Max Trautman is managing partner at Stoneworks Asset Management, a London based Global macro hedge fund manager. Stoneworks currently has $335m under management. Portfolio management is based on a bottom up approach with individual portfolio managers managing separate capital allocations within a collaborative trading environment and a rigorous risk management structure. Prior to founding Stoneworks in 2006, Mr. Trautman co-founded Peloton Partners in 2005. Mr. Trautman spent 11 years at Goldman Sachs and 2 years at Citibank. He started his career in the financial markets in 1987 as an independent floor trader at SIMEX in the Nikkei pit. Mr. Trautman holds a BA in International Studies from the American University and an MA in international politics and finance from Columbia University.

Michael L. Winchell ~ Mariner

Mr. Winchell is a founding principal of VCL Asset Management, an affiliate of Mariner Investment Group. He joined Mariner this year after serving as both managing partner of Hunter Partners LLC and Chief Operating Officer of Bear Wagner Specialists LLC from 1999 through 2007. Prior to joining Hunter, Mr. Winchell served as senior managing director and global head of Risk Management at Bear Stearns from 1989 through 1999. From 1995 through 1998, Mr. Winchell also ran the firm's International Fixed-Income Trading division and served on the firm's Funding and Credit Committees. In 1997, Mr. Winchell was elected to the firm's Board of Directors. Mr. Winchell joined Bear, Stearns in 1985 as a director of Mortgage-Securities Research and was a proprietary trader from 1987 through 1989. He worked at Merrill Lynch Mortgage Capital from 1984 through 1985, and before that was an economist at Merrill Lynch Economics. Mr. Winchell graduated from UNC Greensboro in 1978, where he also earned a MA in English in 1980. He earned a MA in Economics from North Carolina Statue University in 1982, and was a lecturer in economics at the University of North Carolina at Charlotte from 1982 to 1983. Mr. Winchell is a member of the Columbia University, College Board of Visitors.

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