



ZEPHYR  
**StyleADVISOR**<sup>®</sup>

## 12TH ANNUAL CLIENT CONFERENCE 2005

Thursday & Friday, September 15-16  
The Resort at Squaw Creek  
Lake Tahoe, California

### THURSDAY SEPTEMBER 15, 2005

7:00 – 8:00 CONTINENTAL BREAKFAST

8:00 – 8:45 HOW ONE PLAN SPONSOR USES StyleADVISOR FOR MANAGER INTERVIEWS

**Keith Cardoza, CFA** began using StyleADVISOR when he was a portfolio manager for the State of Illinois Retirement System where one of his jobs was to interview potential managers for the fund. More recently Keith has been the Director of Investment Strategy at Boeing. Keith was one of the most popular speakers several years ago at a Zephyr client conference where he explained how he used StyleADVISOR to prepare for meetings with prospective portfolio managers. Keith will talk about how an analysis of a manager's style and performance history can change what would normally be a sales presentation by the manager into a dialogue between the sponsor and manager.

8:45 – 9:45 StyleADVISOR 7– PART I

Zephyr's development team has been working for over a year adding a number of new additions to StyleADVISOR 7.0. This is the biggest change since the new StyleADVISOR was completed in late 1999.

#### **Report Creation**

- PowerPresenter has been expanded to work with Word and Excel
- Expanded notes view allows you to create your own tables
- Dynamic text in notes allows you to import data from Excel or other data bases into StyleADVISOR

- New dynamic text functions allow you to create templates in Excel that can be populated with data from **StyleADVISOR** . Simply change any of the parameters in **StyleADVISOR** and they will be changed in Excel.
- Combining the expanded notes pane, dynamic text and Morningstar's expanded fields allows you to create a report template that combines all the **StyleADVISOR** graphs and tables with such qualitative data as manager tenure, expense ratios and over 200 other Morningstar fields
- Formatting styles for text elements will allow you to change all or groups of fonts in an entire workbook

### Analysis

- We have added a new histogram chart
- We have added new statistics such as skewness, kurtosis, population standard deviation, cash and non cash adjusted alpha, beta and R-Squared
- Expanded blend (fund) dialogue
- A new scan filter for searches allows you to determine, record and save the criteria you use for searches
- Scripting enhancements
- And much more.....

**9:45 – 10:00**

**BREAK**

**10:00 – 10:45**

### **CREATING ORDER OUT OF CHAOS IN THE ANALYSIS OF INVESTMENT MANAGER PERFORMANCE**

**Dave Umstead**, Cape Ann Capital. Dave began using **StyleADVISOR** about eight years ago when he was a partner and co-founder of Boston International, an institutional money management firm later sold to Independence Investment Advisors. Dave was instrumental in developing the first set of international style indexes. In 1999, he started Cape Ann Capital to manage money for high net worth individuals and to apply Bill Sharpe's style analysis using **StyleADVISOR** . Dave will explain how you can separate skill from luck when analyzing managers and the importance of using the right style (blended) benchmark.

## **CONCURRENT WORKSHOP**

### **GRAPHIC EDITING WITH **StyleADVISOR****

Zephyr's **Bob Atkinson** and **Maureen Stolberg** host a workshop on advanced graphic editing. This session will cover some of the more advanced methods of modifying workbooks to achieve your own personal/corporate look and feel.

**10:45 – 11:00**

**BUILD, MAINTAIN AND MANAGE AIMR COMPLIANT COMPOSITES**

Zephyr's **Alseny Bah, CFA**. Zephyr's CompositeADVISOR is a complete investment composite creation, monitoring, management, and verification software solution for investment management firms. Alseny will make a brief presentation on this new program and will host a longer, more comprehensive workshop as well.

**11:00 – 11:15**

**ZEPHYR'S SEPARATELY MANAGED ACCOUNT DATABASE**

Zephyr's **Aaron Moore** and **Hannah Perotti** will introduce the new Zephyr managed accounts database and discuss how it integrates with StyleADVISOR.

**11:15 – 12:00**

**RE-SAMPLING OR BLACK LITTERMAN; WHICH METHOD BETTER AVOIDS THE PITFALLS OF MEAN-VARIANCE ANALYSIS**

Zephyr's **Jill Adroque** will discuss why one of the primary criticisms of mean-variance optimization is that the portfolios on the efficient frontier are poorly diversified and unintuitive. Often this causes the analyst to impose constraints on the asset weights to "force" more diversified portfolios. The more constraints applied to the optimization the further one gets away from an objective optimization. A statistical method for creating efficient frontiers with better diversified portfolios that has gained popularity recently is called "re-sampling". Another, more finance based method uses the Black Litterman model, developed by Fischer Black and Robert Litterman. Jill will discuss both methods and will demonstrate which method results in better, more intuitive portfolios.

**CONCURRENT WORKSHOP**

**CompositeADVISOR WORKSHOP**

Zephyr's **Alseny Bah and Yves Tkaczyk** will showcase CompositeADVISOR, a powerful application that makes creating and managing AIMR-PPS compliant composites easier. CompositeADVISOR improves the accuracy of your composites, reduces the resources required to maintain them, and decreases the cost of verification. Finally, CompositeADVISOR's graphs and analytics can help create reports.

**12:00 – 1:30**

**LUNCH – HOSTED BY ZEPHYR ASSOCIATES**

**1:30 – 2:30**

**StyleADVISOR 7 – PART II**

**Aaron Moore** will continue the explanation of the new features in StyleADVISOR 7.0

2:30 – 3:15

### USING StyleADVISOR FOR ANALYZING NON-TRADITIONAL STRATEGIES AND MANAGERS

**Michael Neal, CFA**, Emerson Electric. Mike is a veteran plan sponsor with over twenty years in the industry. Mike joined Emerson Electric in 2000 as Director of Pension Investment. Before that, he spent 29 years at Eli Lilly where he first began using StyleADVISOR. Mike was one of the first plan sponsors to analyze and use hedge funds and he has continued to do so for over ten years. He gave a presentation on portable alpha at Morgan Stanley's first prime brokerage conference. Mike will discuss some of the unique ways he has used StyleADVISOR's great graphics capability to make presentations to his investment committee.

### CONCURRENT WORKSHOP

#### STATISTICS

StyleADVISOR calculates more than fifty statistics in both the manager analysis and manager search functions. **Marc Odo** from Zephyr has developed a non technical presentation that explains the statistics in more detail and most importantly, how to use them.

3:15 – 3:30

**BREAK**

3:30 – 4:30

### HOW MUCH CONFIDENCE DO YOU HAVE IN YOUR STYLE ANALYSIS?

**Thomas Becker**, Zephyr Associates, Inc. Returns-based style analysis uses a constrained quadratic optimization process. Unlike regression analysis there are no statistical tests of significance such as t-statistics, p values, etc. Bill Sharpe suggested that the best test is to look at out of sample R-squared. More recently Dan DiBartolomeo president of Northfield Information Services has suggested a way to develop confidence intervals for the coefficients or style weights. Thomas will explain these methodologies both pro and con. Those clients who have attended Zephyr's annual conference before know that Thomas is one of our most popular presenters.

### CONCURRENT WORKSHOP

#### AllocationADVISOR

Zephyr's **Jill Adroque** and **Don Harriman** will give an overview of the AllocationADVISOR program including how to use both historical models and the Black-Litterman model with investment views to create efficient portfolios using various asset classes. They will also explain how to use the Monte Carlo simulation to model cash flows and make wealth projections.

**4:30 – 5:15**

**DIFFERENTIATING INVESTMENT PRODUCTS: A STATISTICAL AND ILLUSTRATIVE APPROACH**

**Richard Pacula** of Victory Capital Management began using StyleADVISOR in 1998. He uses StyleADVISOR to help support the Institutional and Retail channels, which include analyzing competitive opportunities and the development of marketing and education material. Richard will present some of the techniques he has used to differentiate products utilizing StyleADVISOR's many features and share how graphic editing enhances the output of documents distributed to external clients.

**CONCURRENT WORKSHOP**

**MANAGER SEARCHES WITH StyleADVISOR**

Zephyr's **Bob Atkinson** and **Curtis Jordan** will show how to use StyleADVISOR to conduct a manager search. This session will cover both the scan search and the search table functions. Bob and Curtis will demonstrate different ways to use StyleADVISOR's search tools to find superior managers and funds.

**6:00 – 7:30**

**COCKTAIL RECEPTION – SPONSORED BY ZEPHYR ASSOCIATES**

## FRIDAY SEPTEMBER 16, 2005

**7:30 – 8:30**            **CONTINENTAL BREAKFAST**

**8:30 – 9:30**            **ARE YOU GETTING MAXIMUM USE FROM THE ZEPHYR SOFTWARE?**

Zephyr's **Marc Odo, CFA**. Marc's job at Zephyr Associates is to help our clients get the most out of **StyleADVISOR** and **AllocationADVISOR** in terms of meeting their goals, whether it's marketing for managers, or due diligence, asset allocation and manager searches for sponsors and consultants. Prior to joining Zephyr, Marc was a client using the software both as a consultant and as a money manager. Marc will give some examples of how he has been able to help Zephyr clients better meet their objectives.

**9:30 – 10:15**            **ANALYZE YOUR COMPETITION**

**Katherine Gavin**, T. Rowe Price Investment Services. T. Rowe Price was one of the first money management firms to subscribe to **StyleADVISOR** over ten years ago. As a quantitative analyst, Katherine supports global sales and client services as well as investment management. She will share some of the unique ways she uses **StyleADVISOR** to compare her firm's products with those of her competitors. She will also show how **StyleADVISOR** can be used to build portfolios of multiple products in order to maximize diversification.

### CONCURRENT WORKSHOP

#### USING **StyleADVISOR** TO LAND THE BIG ACCOUNTS

During this workshop, which will be primarily for RIA's and Consultants, Zephyr's **Bob Atkinson** and **Marc Odo** will show how **StyleADVISOR** can be used as a prospecting tool to help land the large HNW clients, 401(k), and pension plans.

**10:15 – 10:30**            **BREAK**

**10:30 – 11:15**            **TIPS & TRICKS**

Zephyr's **Bob Atkinson** and **Curtis Jordan** will cover little known features that will help you get more out of **StyleADVISOR**. This session will cover everything from dynamic text, macros, chart editing and much more.

**11:15 – 12:00**

**MONTE CARLO SIMULATION AND BLACK LITTERMAN, A VERY PRACTICAL APPLICATION**

**Beau Taylor**, Clark Consulting. Beau is a twenty year veteran in the financial services industry, and a long time **StyleADVISOR** user. He consults with plan sponsors of non-qualified defined benefit plans. Along with analyzing mutual fund manager style and performance with **StyleADVISOR**, Beau uses **AllocationADVISOR** to model assets and liabilities for their client's plans. He has developed some unique ways to incorporate our Monte Carlo simulation capability to model expected cash flows and to use the Black Litterman model to develop reasonable return assumptions for the assets in his asset allocation.

**CONCURRENT WORKSHOP**

**BUILDING CUSTOM REPORTS**

Zephyr's **Bob Atkinson** and **Stanley Vealé** will demonstrate how the new features in **StyleADVISOR 7** such as dynamic text, expanded notes and extended fields, can be used to create custom reports and one page fact sheets.

**12:00 – 12:30**

**CLOSING COMMENTS, QUESTIONS, SUGGESTIONS, AND OPEN DISCUSSION**

**12:30**

**CONFERENCE CONCLUDES**

**PRODUCT SUPPORT CENTER**

Our support staff will be available to answer questions about the Zephyr products. Make an appointment to go over a specific topic or ask questions about projects you may be working on.

**INTERNET CAFÉ**

Stay productive and answer your e-mail at the Zephyr internet café.