The inaugural Australasian Investment Management Conference: a resounding success

Portfolio management, equities, valuation and corporate accountability were high on the agenda at the recent inaugural Conference.

Feedback from the inaugural Australasian Investment Management Conference was very positive, with almost all attendees rating it very good to excellent. The Conference, held on 23-24 September 2002 at the Sheraton on the Park in Sydney jointly with the Association for Investment Management & Research (AIMR) and their local chapters, the Sydney Society of Financial Analysts (SSFA) and the Melbourne Society of Financial Analysts (MSFA), indicates that members and the industry in general were delighted with the opportunity to hear such a range of impressive local and international speakers, all recognised subject experts. A press interview with Lynn E. Turner, former Chief Accountant, US Securities and Exchange Commission, brought corporate accountability into high visibility, with a report from Commonwealth Treasury on the Tuesday, countering Turner's view as reported the previous day.

Day one

Senator the Honourable Ian Campbell, Parliamentary Secretary to the Treasurer, opened proceedings on the first morning. Lynn Turner followed with strong support for the tough stance the US has taken on corporate accountability in the Sarbanes-Oxley Act. He said tougher rules on off-balance sheet reporting would prevent the development of overly-cosy relationships between auditors and directors and the buying of pension liabilities, and would force the expensing of all stock options.

ASX Managing Director, Richard

Plenary session, Day One

Keynote speaker Lynn E.Turner

Humphry, expressed the view that mergers of regional stock exchanges were not likely to occur, given the recent nation status of most countries in the Asia Pacific region, which were thus loath to give up their sovereignty over corporations laws.

Two separate streams of presentations occupied most of the rest of the first day. Heading up the equity stream, Michael Sharpe criticised the US approach to governance issues. Black letter law was not an appropriate response in Australia, he said, and he supported the current approach to best practice governance and accounting standards. In the portfolio management stream, Lochiel Crafter, Chief Investment Officer, State Street Global Advisers, presented global management as a strategic approach to international investing.

The equity stream then featured Steve McClintock, Partner, PricewaterhouseCoopers, on the subject of valuation of intangible assets, and Rohan Walsh, Head of Equities, Invesco, on growth and value investing.

The portfolio management stream was addressed by Simon Romijn, Principal, Mercer Investment Consulting, on the changing role of fixed income in a modern portfolio, followed by Dr Dennis Sams, Head of Investment Research & Senior Consultant, Intech Financial Services, who gave an up-to-date take on asset/liability management in the current climate of low returns on investment.

The final plenary session was presented by Mark Kritzman, Managing Partner, Windham Capital Management, USA, who spoke on common misconceptions in portfolio and risk management.

An evening cocktail party featuring the JBWere Martini Bar and a strong Bond theme was enjoyed by many of the delegates at the Art House Hotel, Pitt Street, Sydney.

Day two

First up on Tuesday morning was a live cross to Abby Joseph Cohen at Goldman Sachs in New York, who gave delegates a succinct update on US markets and economic indicators. H. Gifford Fong of Gifford Fong & Associates, USA, followed with a presentation on new frontiers in credit analysis. Peter Ritchie, Managing Director, Barra International, then gave a detailed analysis of integrated risk modelling.

The equity stream opened with a controversial and hard-hitting paper on expensing stock options from Wayne Lonergan, Managing Director, Lonergan Edwards & Associates. Paul Davis, Joint Managing Director & Chief Investment Officer, Techinvest Pty Ltd, whose presentation on assessing methods of valuing high growth companies, was well received, followed on.

A complete change of tack followed with Dr Peter Slezak of the School of Science & Technology, University of New South Wales, talking on behavioural finance and fundamental analysis: paradigm shift or overreaction?

In the portfolio management stream, Tim Batho, Regional Director, Research & Marketing, ITG Australia, used his broad experience in three countries to discuss trading and execution costs. Chris Heasman, Director, Lazard Asset Management, New York, was unable to travel to Australia due to a recent sporting injury. His Sydney-based colleague, Robert Clarke, Director, Marketing & Client Services, presented Chris' paper, with Chris live via a phone link from New York, discussing growth and sustainability of hedge funds and their place in an investment portfolio. Brad Holzberger, Executive General Manager, Strategy, Queensland Investment Corporation, presented a challenging paper on strategic currency management and its significance in an investment portfolio.

Dr Jack Gray, Strategist, Grantham Mayo Van Otterloo, USA, presented the final session of the Conference. He challenged the historical estimates of the Equity Risk Premium, arriving at a conclusion that the ERP had been overstated in the past.

The Institute's President, Ian Neal, made the concluding remarks, commenting on the high standard of content and presentations, and thanked delegates, sponsors and Institute staff for their presence, support and contribution to the success of this inaugural event. J

Selected papers presented at the conference will be included in subsequent *JASSA* issues.

Australasian Investment Management Conference 2002

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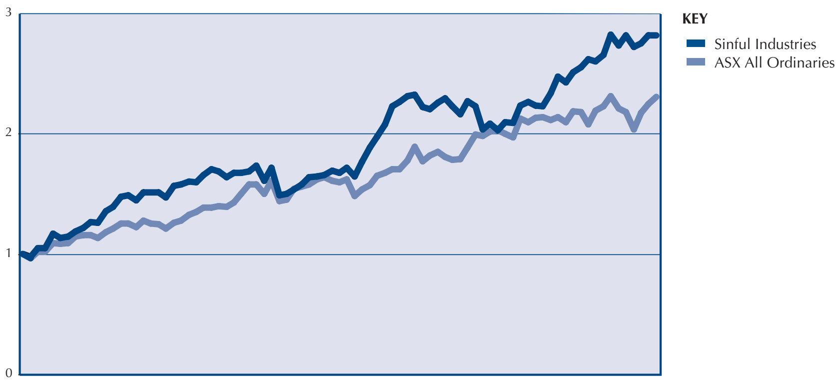
Erratum

The Securities Institute apologises for the incorrect graph on page 13 of the Spring 2002 *JASSA* in the article by Martin Gold and Paul Ali entitled Analysing the cost of ethical investment, Figure 3b: The Returns from Sinful industries vs the Broad Market, December 1994 to December 2001. The correct graph follows.

FIGURE 3b: **THE RETURNS FROM SINFUL INDUSTRIES VS THE BROAD MARKET DECEMBER 1994 TO DECEMBER 2001**



Total returns indexed to a common base for comparison purposes

Sources: Datastream, Stellar Capital

www.securities.edu.au