



Commodity Investment Structures Workshop

Unraveling the Complexities of the Commodity and Commodity Derivatives Markets

JUNE 2- 3, 2008 • DOWNTOWN CONFERENCE CENTER, NEW YORK CITY

Why You Should Attend

With the sub-prime mortgage debacle taking its toll on the bond and equity markets, investors are now looking toward commodities and commodity derivatives as a way to add value to their portfolios. The sector's impressive returns have piqued the interest of institutional investors who are expected to up their allocations to commodity derivatives in 2008.

This two day intensive workshop will provide delegates with the tools and knowledge they need to understand and effectively invest in this rapidly growing asset class

Key Deliverables

- Negotiate the base and precious metal markets and investment structures
- Better understand the agriculture commodity markets and structures
- Learn about the exciting new carbon emission trading business
- Understand the crude oil commodity business
- Examine the various commodity indices
- Compare OTC and exchange traded funds
- Effectively incorporate commodities into your portfolio
- Identify the main price drivers of commodities and forward pricing

Who Should Attend

- Investment Managers
- Portfolio Managers
- Commodity Derivatives Traders
- Analysts
- Strategists
- Risk Managers
- Researchers
- Lawyers
- Accountants

From:

- Money Management Firms
- Hedge Funds
- Private Equity Funds
- Investment Banks
- Institutional Investors
- Solution Providers
- Commodity Exchanges

Faculty

- **Philippe J.J. Comer**, Director and Head of Commodity Investor Solutions, Americas, **Barclays Capital**
- **Dennis Gartman**, Editor/Publisher, **The Gartman Letter, L.C.**
- **Lenny Hochschild**, Managing Director, **Evolution Markets Inc.**
- **Stephen Ilnitzki**, Head of Commodity Asset Management, **Prudential Bache Global Commodities Group**
- **David Ranson**, President and Director of Research, **H.C. Wainwright & Co. Economics, Inc.**
- **Neil Schofield**, Associate Director, Head of Financial Markets Training, **Barclays Capital**
- **A. Gary Shilling**, Ph.D., President, **A. Gary Shilling & Co., Inc.**

Faculty Bios

Philippe J.J. Comer is a Director and Head of Commodity Investor Solutions, Americas at **Barclays Capital**. Philippe is responsible for Barclays Capital's commodity structuring effort for investors in the Americas. Mr. Comer joined Barclays Capital in 2005 from CIBC World Markets where he headed transaction structuring and managed exotics product trading within the Commodities Products Group both domestically and internationally. Previously, Philippe was at Bank of America where he was recently a Vice President and Manager responsible for Interest Rate Exotics Trading for North America. He also held several positions in the bank's derivative group in Chicago and Tokyo. Mr. Comer received an M.B.A. from University of Chicago, and a B.A., cum laude, from New York University.

Dennis Gartman, the Editor/Publisher of **The Gartman Letter, L.C.** has been directly involved in the capital markets since August of 1974, after finishing graduate work at the North Carolina State University. He was an economist for Cotton, Inc. in the early 1970's, analyzing cotton supply/demand in the US textile industry. From there he went to NCNB National Bank in Charlotte, North Carolina where he traded foreign exchange and money market instruments. In the late 70's, Mr. Gartman became the Chief Financial Futures analyst for A.G. Becker & Company in Chicago, Illinois. Mr. Gartman was an independent member of the Chicago Board of Trade until 1984, trading in treasury bond, treasury note and GNMA futures contracts. In 1984, Mr. Gartman moved to Virginia to

run the futures brokerage operation for the Sovran Bank, and in 1987 Mr. Gartman began producing The Gartman Letter on a full time basis. He continues to do so today. Clients of The Gartman Letter, L.C. include many of the leading banks, broking firms, mutual funds, hedge funds, energy trading companies, and grain trading companies. Mr. Gartman has lectured on capital market creation to central banks and finance ministries around the world, and has taught classes for the Federal Reserve Bank's School for Bank Examiners on derivatives since the early 1990's. Mr. Gartman is presently an outside Director of the Kansas City Board of Trade. He has been the Secretary-Treasurer of the Suffolk Industrial Development Authority since 1998, and now serves on the Investment Committee of the North Carolina State University. Mr. Gartman appears often on CNBC, ROB-TV and Bloomberg television, discussing commodities and the capital markets, and speaks before various associations and trade groups around the world.

Lenny Hochschild is a Managing Director for **Evolution Markets**. Mr. Hochschild manages Evolution Markets' Carbon America's Group, which is the region's most honored brokerage firm. In addition, Mr. Hochschild is a member of Evolution Markets Executive Management Committee. Mr. Hochschild assists a broad base of North American and Latin American clients in assessing risk, establishing market strategies, and executing transactions in the global carbon market. He leads one of the market's largest and most experienced teams of carbon brokers and carbon project originators, which has been at the forefront of carbon market design in the U.S. and a pioneer in carbon trading product development and ground breaking transactions.

Previously, Mr. Hochschild started Evolution Markets' San Francisco, California office in January 2004, where he provided professional brokerage services to the renewable energy market place inclusive of REC transactions and power purchase agreements. Mr. Hochschild joins Evolution Markets with extensive experience in commodity trading and brokerage. At American Electric Power, he specialized in deal origination for the company's coal-fired power plants and negotiation of the company's biomass and Synfuel contracts. Mr. Hochschild also acted as a domestic and international coal trader for Enron Global Markets and as a base metals and precious metals trader in New York and London. In 2007, Mr. Hochschild was re-elected to serve until 2009 on the Board of the Western Renewable Energy Generation Information System (WREGIS), which commenced operation in June 2007. Mr. Hochschild holds Series 7, Series 24 and Series 63 professional licenses and is registered with FINRA. A native South African, Mr. Hochschild graduated cum laude with a bachelor's degree from the University of Rochester.

Stephen Ilnitzki is Head of Commodity Asset Management for the **Prudential Bache Global Commodities Group**. He is responsible for building a global asset management business based on Prudential's strong franchise in the global commodities marketplace. Prior to rejoining Prudential in 2006, he spent six years as a senior executive at OppenheimerFunds (OFI) responsible for creating new products and distribution opportunities for OFI's high net worth group. Prior to joining OppenheimerFunds Steve held senior executive positions at Ameritrade, Van Eck Global, Bankers Trust and Deloitte & Touche. Steve earned his bachelor's degree in Physics from the University of Notre Dame and his MBA in Finance from Rensselaer Polytechnic Institute.

David Ranson is the president of H.C. Wainwright & Co. Economics, Inc., an investment research firm near Boston, Massachusetts. Prior to becoming a general partner of Wainwright in 1977, Mr. Ranson taught economics at the University of Chicago Graduate School of Business. He has been an assistant to then Treasury Secretary William E. Simon, and a member of George P. Shultz's personal staff at the Office of Management and Budget. Prior to his service in Washington, he was a member of the Boston Consulting Group. David Ranson has addressed audiences and published articles on a wide range of economic and investment topics, and has provided testimony to a number of Congressional committees. His work has also appeared in *The Wall Street Journal*, *The New York Times*, *The Christian Science Monitor* and other publications. He holds M.A. and B.Sc. degrees from Queen's College, Oxford, and an M.B.A. in finance and a Ph.D. in business economics from the University of Chicago.

Neil Schofield is currently the head of Financial Markets training at **Barclays Capital**. He trains primarily on the rates business covering all of the major asset classes and their respective derivative products from foreign exchange through to commodities. Before joining Barclays Capital in October 2001, he was a director at Chisholm Roth Training where trained a number of blue chip global investment banks for 4 years. Clients included Citigroup, Deutsche Bank, Goldman Sachs and JP Morgan Chase. He started his training career at Chase Manhattan Bank, where he was employed as an internal auditor for nine years. During this time he conducted numerous internal and external training seminars including the Bank of England and the Federal Reserve System in the USA. He has also held positions with Security Pacific Hoare Govett (now trading as Bank of America) and Lloyds TSB.

Neil holds a B.Sc in Economics from Loughborough University and an MBA from Manchester Business School. He was elected as a Fellow of the IFS School of Finance (formerly the Chartered Institute of Bankers) in 1999. Neil was appointed as a Visiting Fellow at the University of Reading ICMA centre in April 2007. He is author of the book 'Commodity Derivatives' published by Wiley in October 2007.

A. Gary Shilling is President of A. Gary Shilling & Co. Inc., economic consultants and investment advisors, managing individual and institutional accounts. The firm also publishes *INSIGHT*, a monthly report of economic forecasts and investment strategy. He has been a *Forbes* magazine columnist since 1983 and writes the "Financial Strategy" column.

He received his bachelor's degree in physics, magna cum laude, from Amherst College where he was elected to Phi Beta Kappa and Sigma Xi. Earlier, as a high school senior, he ranked twelfth in the nation in the Westinghouse Science Talent Search. Dr. Shilling earned his Master's degree and Doctorate in Economics at Stanford University. While on the West Coast he served on the staffs of the Federal Reserve Bank of San Francisco and the Bank of America.

Before establishing his own firm in 1978, Dr. Shilling was Senior Vice President and Chief Economist of White, Weld & Co., Inc. Earlier, at age 29, he set up the Economics Department at Merrill Lynch, Pierce, Fenner & Smith and served as the firm's chief economist. Prior to Merrill Lynch, he was with Standard Oil Company – NJ (now ExxonMobil) where he was in charge of U.S. and Canadian economic analysis and forecasting.

A frequent contributor to the financial press in addition to his regular *Forbes* column, he is a member of *The Nihon Keizai Shimbun* (Japan Economic Journal) Board of Economists and of the *Investment Advisors* magazine panel of investment strategists. He appears frequently on radio and television business shows. Recognized as an effective and dynamic speaker, he often addresses national and international business groups including the Young Presidents' Organization and the Bohemian Grove in a Lakeside Talk.

Dr. Shilling has published numerous articles on the business outlook and techniques of economic analysis and forecasting. He serves as Associate Editor of *Business Economics*, the journal of the National Association of Business Economics. His fourth book, Deflation – Why it's Coming, Whether it's Good or Bad, and How it Will Affect Your Investments, Business and Personal Affairs, was published in June 1998. Korean and Chinese editions have also been published. Its sequel, Deflation: How to Survive and Thrive in the Coming Wave of Deflation, was published by McGraw Hill in July 1999 and has been translated for a Chinese edition. His latest book is Letting Off Steam – A Collection of Commentaries on Matters Great and Small, Complex and Mundane, Serious and Frivolous. He is also the creator of "The Deflation Game", a board game that illustrates and reinforces his long-term forecast that deflation is a greater likelihood than a return to high inflation. Twice a poll of financial institutions conducted by the *Institutional Investor* magazine rated Dr. Shilling as Wall Street's top economist. *Futures Magazine* ranked him the country's number one Commodity Trading Advisor. In 2003, *MoneySense Magazine* named him the third best stock market forecaster in the world, right behind Warren Buffett.

Dr. Shilling is on the Board of Directors of the American Productivity and Quality Center, Palm Harbor Homes, the Episcopal Preaching Foundation, Inc., of which he is Chairman, Advisory Director of Austin Trust Company and a member of the New York Society of Security Analysts. In 1999 he was awarded an Honorary Doctor of Law by Tiffin University and in 2006, an honorary Doctor of Humane Letters by Church Divinity School of the Pacific.

He is a former member of the New York Stock Exchange, former Director of the American Republic Life Insurance Co. of New York, the Henry H. Kessler Foundation, Inc., The Episcopal Church Foundation, Kent Place School, National Life of Vermont, Aim Packaging, Inc., and was a Trustee and Treasurer of the General Theological Seminary (Episcopal), and a former Chairman and Trustee of the New Jersey Shakespeare Festival, a former Trustee of Bates College, a former Director of the Heartland family of mutual funds and former Chairman of the New Jersey State Revenue Forecasting Advisory Commission. He was formerly a member of the National Commission on Jobs and Small Business and the New York Stock Exchange. Dr. Shilling has served as an informal economic advisor to President George Bush and as Executive in Residence at the Amos Tuck School of Business Administration, Dartmouth College. He has testified before various Congressional Committees including the Joint Economic Committee and the House Banking Committee.

Monday, June 2nd, 2008

8:00 Registration and Breakfast

8:30 What is the Rationale for Investing in Commodities?

- Are commodities typically negatively correlated with traditional financial assets?
- Are they a good asset class for diversification?
- What proportion of funds should be invested in commodities?

9:30 Determining the Main Price Drivers of Commodities and Forward Pricing

- Describing the key factors that influence the price of different types of commodities
- Discussing how forward prices are derived
- Issues of convenience yield, contango and backwardation

10:30 Morning Break

11:00 Commodity Indices and Total Return Swaps

- Describing the different commodity indices:
 - S&P GSCI; Rogers International Commodity Index
- Understanding the respective indices components and main features; roll yield
- Using total return swaps referenced to a commodity index; key terms possible payoffs; key risks Defining the main option building blocks used in structured solutions
- Binary options, barrier options, basket options, outperformance options

12:00 Lunch

1:00 Understanding the Metals Markets

- Base metals vs. precious metals
- A description of the physical supply chain
- What are the different metals used for?
- What is the demand and supply for metals on a global basis?
- How are metals priced?
- What are the main price drivers of metal?

2:30 Afternoon Break

3:00 Base Metal Investment Structures

- Capital protected structures linked to a commodity index
- Increasing the participation rate by altering the note's components
- How the inclusion of a basket option will increase the participation rate
- Understanding the influence of correlation

4:30 End of Day One

Tuesday, June 3rd, 2008

8:00 Registration and Breakfast

8:30 Understanding the Crude Oil Market

- What are the main chemical properties of oil that drive its value?
- A description of the physical supply chain of oil
- What is the demand and supply for crude oil on a global basis?
- How is oil priced?
- What are the main price drivers of crude oil?
- Why do people trade crude oil?

9:30 Crude Oil Investment Structures

- Outperformance notes
- Crude oil reverse convertibles
- Outperformance notes (WTI vs. gold); understanding the role of correlation
- Yield enhanced structures; crude oil reverse convertibles

10:15 Morning Break

10:45 OTC vs. Exchange Traded Funds and Notes

- Understanding the over the counter market and use of exchange traded funds & notes
- The evolution of OTC notes: index structures; structured notes; exotic structures
- What asset classes are OTC notes being indexed to?
- Describing exchange traded notes: indices vs. single commodities

12:00 Lunch

1:00 Agricultural Commodities

- What are the most actively traded agricultural commodities?
- How the physical supply chain for agricultural commodities work
- Demand and supply for agricultural commodities
- How are they priced?
- What are the main price drivers?
- Ethanol: what is it and how has it affected the price of agricultural commodities?

1:45 Agricultural Investment Structures

- Analyzing agricultural commodity structures
- Exchange traded agricultural futures
- OTC swap structures
- Autocallable structures on commodities

2:30 Afternoon Break

3:00 Emissions Trading

- Understanding the science of climate change
- Consequences of climate change
- Arguments against climate change – separating fact from fiction
- From Kyoto to Bali and beyond
- Describing the Kyoto mechanisms (joint implementation; clean development mechanism; emission trading schemes)

4:00 Emission Investment Structures

- Price exposure to carbon via emission indices
- Financially settled swaps; structured notes (delta one and capital protected)
- Understanding the composition of emission indices
- Taking price exposure to carbon using emission indices - EUA tracker notes
- EUA swaps
- CER swaps

5:00 End of Workshop