



Risk and Volatility in a Correlated World

The 2002 Global Investment Conference

THE RIMROCK RESORT, BANFF, ALBERTA, APRIL 3-4, 2002

2002 GLOBAL INVESTMENT CONFERENCE ■ BANFF, ALBERTA

After a year in which political and economic shocks rocketed through world markets, volatility seemed like the most appropriate theme for the 2002 Global Investment Conference, hosted by *Canadian Investment Review* and the University of British Columbia's Bureau of Asset Management. Events such as the Enron debacle, the terrorist attacks on the United States and the Argentinian crisis have spread quickly through highly correlated world markets. Investors are left feeling rather like dominoes placed in a precarious line-up, ready to tip over in lock step when the next shock wave hits.

Delegates asked some key questions at this year's GIC conference. In a world of high market correlations and increased volatility, how can investors mitigate risk through diversification? Are there any safe havens left?

In his keynote presentation, "Long-Term Global Market Volatility and Correlations," K. Geert Rouwenhorst, professor of finance at Yale University, started us off by discussing the good news and bad news about close-knit world equity markets. In our conference coverage, he writes

that high correlations present a risk reduction problem and, at least for the moment, "the benefits of international diversification are currently low." But there are other advantages to the present situation. For one thing, there are more markets than ever for investors to choose from. At the same time, emerging markets represent a real opportunity to diversify. These two factors combined means better news for investors looking to reduce risk through diversification.

In this year's coverage, we look at risk budgeting, emerging markets, style investing, and more. Whatever your needs, I'm sure you'll find this year's conference coverage full of insights and new ideas.

— Caroline Cakebread



2002 GIC DELEGATES

(In alphabetical order): Rick Abbott, City of Winnipeg; John Akkerman, AllianceBernstein; Robert Baillie, RBC Global Services; Lori Bak, *Canadian Investment Review*; Thomas F. Ball, Insurance Corporation of British Columbia; Andrew F. Barth, Capital International Research, Inc.; Fraser Blakely, PanAgora Asset Management; Michael A. Butera, Canada Post Corporation; Caroline Cakebread, *Canadian Investment Review*; Michael Campbell, Imperial Oil Limited; Bill Chinery, Barclays Global Investors; John Chisholm, Acadian Asset Management; Lynn A. Clark, Ontario Municipal Employees' Retirement System (OMERS); Chris Cockburn, Capital Guardian (Canada), Inc.; Lee E. Cohen, PanAgora Asset Management; Jamie Colliver, Integra Global Advisors; Stefan Cowell, Workers' Compensation Board of Alberta; Susan G. Ezrati, GM Subsidiaries or General Motors Asset Management (GMAM); Zev Frishman, Ontario Teachers Pension Plan Board; Patrick Geach, Workers' Compensation Board of British Columbia; Harry Gibbs, Workplace Safety & Insurance Board; Robyn Graham, Altamira Investment Management Ltd.; Bruce J. Grantier, Scotiabank; Emilian Groch, Alberta Teachers Retirement Fund Board (ATRF); Tom Gunn, Ontario Municipal Employees Retirement System; Stanley W. Hamilton, University of British Columbia; Reynald N. Harpin, Alcan Inc.; Rob Heinkel, University of British Columbia; Geraldine M. James, Barclays Global Investors; Peter Jarvis, Ontario Municipal Employees Retirement System; Graciela L. Kaminsky, George Washington University; Robert F. Kay, Ontario Pension Board; Maurice Levi, University of British Columbia; Dale Lockie, University of Guelph; Karen Luprypa, RBC Global Services; Jacques Marleau, City of Montreal; Richard McAloney, Nova Scotia Association of Health Organizations Pension Plan; John Milne, Rogers Media; Tricia Moore, Rogers Media; Kate Munday, Baring Asset Management; Sandra Nuttall, AllianceBernstein; Patrick O'Hearn, Acadian Asset Management; Randall O'Leary, Baring Asset Management; Paul E. Owens, Colleges of Applied Arts and Technology (CAAT) Pension Plan; Tim Pardee, RBC Global Services; Hal Parker, Prince Edward Island Provincial Treasury; Tom Phelps, Trilon Financial Corporation; Steven Pisarkiewicz, AllianceBernstein; Paul M. Pugh, Alberta Revenue; Roger A. Phillips, Hydro One; André Robitaille, University of Quebec Pension Fund; Gerry Rocchi, Barclays Global Investors; K. Geert Rouwenhorst, Yale School of Management; Michelle R. Savoy, Capital Guardian (Canada), Inc.; Larry Seager, Kodak Canada Inc.; Tracy Smith, Rogers Media; Ross N. Steeves, IWA Forest Industry Pension Plan; Jeffrey S. Thomas, Borden Ladner Gervais; Michel Toupin, Laval University Pension Funds; Terri Troy, Royal Bank and Royal Trust pension plans; Gretchen Van Riesen, CIBC pension plan; Perry J. Vieth, PanAgora Asset Management; Donald Walcott, Bimcor Inc.; Mark Watts, Baring Asset Management; Donald D. Weiss, Ontario Pension Board; Russ Wermers, University of Maryland; Paul Williams, Rogers Media.

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