Nobel Prize Winner Harry Markowitz Discusses Roles of Portfolio Theory and Financial Engineering in Economic Crisis at TIGER 21 San Diego Meeting

Former Time Warner CEO Gerald Levin Also Addresses Group

New York, NY, June 9, 2009 – The San Diego chapter of TIGER 21 (The Investment Group for Enhanced Results in the 21st Century), the nation’s premier peer-to-peer learning network for high net worth investors, as part of its ongoing program to interact with leading financial minds, had the rare opportunity to discuss the roles of portfolio theory and financial engineering in the current financial crisis with Nobel Prize winner Harry Markowitz.

Dr. Markowitz was awarded the Nobel Prize for Economics in 1990. He is the founder of Modern Portfolio Theory, which focuses on how rational investors use diversification to optimize their portfolios. He also popularized the idea of the efficient frontier (the upper edge of portfolios based on risk-return for the underlying assets).

“TIGER 21’s success is based in part on our ability to offer our members all around the country influential speakers with the highest reputations, such as Harry Markowitz,” said Michael Sonnenfeldt, founder of TIGER 21. “Our San Diego members enjoyed the rare experience of Dr. Markowitz dissecting one of their portfolios, in addition to sharing his valuable views on the current financial crisis.”

Dr. Markowitz addressed the TIGER 21 San Diego group on “Portfolio Theory and Financial Engineering and Their Roles in Financial Crises.”

“My presentation to the members of TIGER 21 was a mutually rewarding experience,” said Dr. Markowitz. “Their insightful questions and the subsequent energetic debates were as valuable to the session as my initial talk on how they can use Modern Portfolio Theory to their advantage.”

Among the significant points raised by Dr. Markowitz at the April 14 meeting:

- The biggest mistake small investors make is buying when the market is high and they think it will rise higher as well as to sell when the market is low they think it is going to drop lower.

- Portfolio Theory, used by both individual and institutional investors, serves as a valuable guide to help investors maximize returns given an understanding of specific risk parameters.

- Investors tend to “over-estimate the expected returns and under-estimate the variance (risk) that is embedded in one’s portfolio.”

- A Black Swan event (a large-impact, hard-to-predict, rare event) can happen on any given day, though not everyday.

- We have experienced “Black Swan” days but we have never come across a “Black Swan” year.
• The market’s sharp slide over the last few months was a one in 40 year occurrence. It was an unlikely, but not unheard of, possibility. Advisors should have been able to discuss this possibility – ahead of time – with their clients.

• The leverage placed on investments by Financial Engineers greatly accentuated the risk in people portfolios and the market. It represents a “broad level of confusion and lack of understanding…by customers who bought these products and the people who created them (mathematicians) and sold them (investment firms).” Paraphrasing the current credit card commercial, Dr. Markowitz asks “what Beta is in your portfolio?”

• Investors can “look at the past and see what happened. But the future has more surprises than what can usually be anticipated”.

“In today’s turbulent investment seas, it was powerful to hear the Nobel Prize winning founder of Modern Portfolio Theory explain Wall Street’s evolution into financial engineering,” said Lewis Haskell, managing director of TIGER 21. “As we try to navigate these uncharted waters, Harry was a steadying hand on the wheel, reminding us that this storm will pass.”

“The TIGER 21 meeting with the Nobel Prize winning economist Harry Markowitz was, without doubt, one of the most insightful and special events that I have ever had the good fortune of participating in, both within and outside of our organization,” said Anthony Carr, member of TIGER 21 in San Diego. “As the father of ‘asset allocation theory,’ his knowledge on the subject was limitless and riveting and especially valuable in the current financial climate.”

“Furthermore, Gerald Levin’s candid discussion of the lessons he learned regarding the importance of resiliency in the executive world was invaluable. His fall from grace is legendary and the words and advice he shared could help my fellow members and me survive the challenges that life throws at us.”

Mr. Levin, now presiding director of Moonview Sanctuary, a “holistic healing institute” in Santa Monica, CA focused on ways of reducing stress.

Dr. Markowitz and Mr. Levin continue a tradition of high level guest speakers presenting to the San Diego chapter (as well as other TIGER 21 chapters). Future speakers in San Diego include:

• Ethan Penner, executive managing director, CB Richard Ellis. Mr. Penner is credited with developing the commercial mortgage-backed securities market.

• David Fleischer, principal, Chickasaw Capital Management. Mr. Fleischer will discuss investing in Master Limited Partnerships (MLPs). Mr. Fleischer was ranked a leading analyst for 16 consecutive years by Institutional Investor.

• Andrew Mehalko, chief investment officer, GenSpring Family Offices, one of the nation’s premier wealth management firms for ultra-high net worth families with nearly $16 billion in assets under advisement.

The TIGER 21 sessions are open to individuals in the public who are interested in becoming TIGER 21 members and fit the membership criteria. For more information, they may contact Harley Frank, Manager of Member Recruiting, at 212-584-0222 or harley.frank@Tiger21.com.

About TIGER 21:

TIGER 21 (The Investment Group for Enhanced Results in the 21st Century) is the nation’s premier peer-to-peer learning network for high net worth investors. TIGER 21 has 150 Members who collectively manage over $10 billion in investable assets and have been entrepreneurs, inventors and top executives. TIGER 21 focuses on improving investment acumen as well as exploring common issues of wealth preservation, estate planning and family dynamics beyond finance. Founded in 1999 by Michael Sonnenfeldt, TIGER 21 is headquartered in New York City and has groups in Los Angeles, San Francisco, San Diego, South Florida, Dallas and, soon, Chicago. More information can be found at www.tiger21.com.