

## **2008 INVESTMENT COMPANY DIRECTORS CONFERENCE**

### **REMARKS BY MIKE SCOFIELD**

Good morning and welcome to the 2008 Investment Company Directors Conference. My name is Mike Scofield and I am the Independent Chair of Evergreen Funds. I'm also the new IDC Chair, succeeding Bob Uek, who, for the past 2 ½ years worked tirelessly to serve all of us in the director community. We owe him a huge debt of gratitude – thank you, Bob.

I am especially pleased to welcome those of you who are new directors. The past year has been tumultuous for financial markets around the world, and these events have raised many challenging issues for fund directors. This is an opportune time for us to come together to discuss and consider the role of fund boards during these extraordinary times.

Just consider some of the unprecedented and thorny issues we have had to face. For example, money market fund boards have had to evaluate the terms of NAV support agreements and decide whether funds should participate in the Treasury's Temporary Guarantee Program. Closed-end fund directors also found themselves in new territory when the market for auction rate preferred stock dried up. And, for all fund directors, oversight

of the valuation process, particularly as markets for many securities became illiquid, has presented its own challenges. Directors have brought extraordinary levels of diligence and dedication to all aspects of their roles. I commend you for your hard work on behalf of fund shareholders.

Throughout all of this, mutual funds have continued to provide investors with diversified and transparent products that benefit from strong oversight by directors. In fact, an industry consultant recently noted that, from the beginning of this year to mid-October, one out of five stocks lost 50% or more in value, whereas only one in fifty equity funds lost the same value. According to this data, an investor has a ten times better chance of retaining his or her money in turbulent times when investing in mutual funds.

The markets, the fund industry, and the regulatory framework we operate under continue to evolve and change. I believe that it is important for all fund directors to stay educated and informed about these changes. It's a big reason why I became so actively involved in IDC, which offers so many outstanding educational opportunities for fund directors.

Speaking of educational opportunities, I am pleased to tell you about a brand new one: IDC's Advanced Curriculum for Fund Directors. We have joined with the University of Chicago's Graduate School of Business and

Stanford Law School to offer an in-depth academic program specifically designed for fund directors. Leading faculty from schools throughout the country plus outside experts will explore the responsibilities of fund boards and the complex decisions directors must make. The first offering will be right here in Chicago next July. We'll be sending you more details about the program soon.

I encourage you to get involved with IDC's other activities, as well. If you're interested in increasing your participation level – maybe speaking at a conference, participating on a task force, or even serving on the Governing Council – we'd like to know of that interest. There is a sign-up sheet at the conference registration desk. Please also feel free to stop me in the hallway and introduce yourself. We're always happy to have the benefit of more wisdom and experience in the many offerings of the IDC.

Now, on to today's event: This conference marks a consolidation of the East and West Coast conferences we've put on for the past few years. We have an outstanding program lined up for you, along with breakout sessions and discussion groups that will enable you to share your experiences and learn how to be more effective in the boardroom. As always, we value your opinion, so be sure to let us know what you think of this revised format on the conference evaluation form.

This conference would not be possible without the advisory committee. Their help in choosing this location, structuring the program, and finding panelists was invaluable. Our conference kicks off with Naseem Nicholas Taleb, author of *The Black Swan: The Impact of the Highly Improbable*.

I know you all are eager to hear what he has to say, so I'll close with a few housekeeping notes:

- In the registration area, both *The Black Swan* and *The Rise of Mutual Funds* are available for sale. The authors have graciously offered to sign copies during the refreshment breaks following their remarks.
- I am pleased to announce that the conference is approved for 9 hours of CLE credit in the State of Illinois and the Commonwealth of Pennsylvania. If you are interested in receiving CLE credit, please sign the sheet at the registration desk.
- Finally, please note that this Conference is closed to the press, but we are recording each of the sessions.

And now, it is with great pleasure that I introduce Nassim Nicholas Taleb. His formal biography is in the conference materials, but I want to add a little more color to that. His book describes how to live and act in a

world we do not understand, and how to come to grips with randomness and the unknown. It's been reported that Mr. Taleb is "now the hottest thinker in the world." The Nobel Laureate Daniel Kahneman proposed the inclusion of Taleb's name among the world top intellectuals, saying that he "has changed the way many people think about uncertainty, particularly in the financial markets. His book, *The Black Swan*, is an original and audacious analysis of the ways in which humans try to make sense of unexpected events."

Please join me in welcoming him to the stage. If you have any questions for Mr. Taleb after he finishes his remark, please raise your hand and someone will come over to you with a microphone.