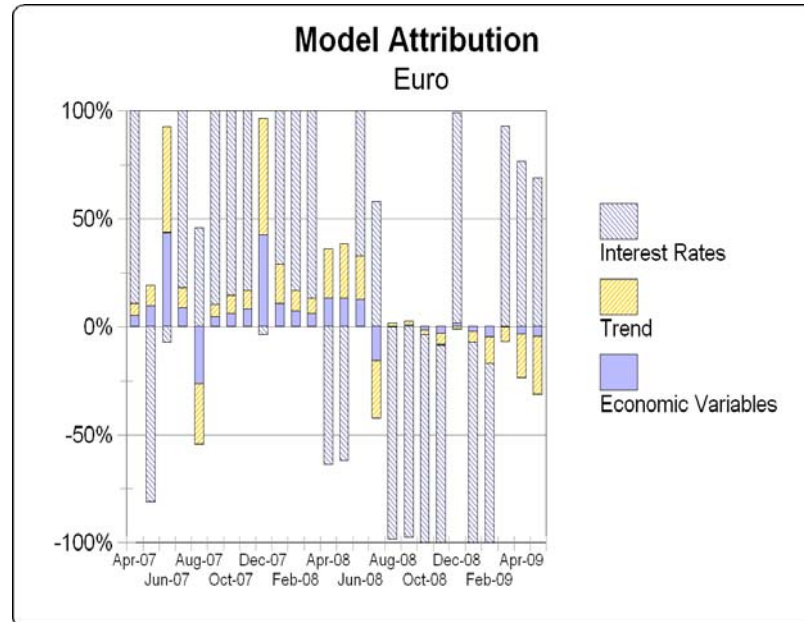


# Searching for Meaning: Incorporating Nonlinearities



**HARTFORD QWAFEFW PRESENTATION 7 MAY 2009**

**Michael F. Wilcox, CFA**

**President, Alford Associates, Inc.**

**[michael.wilcox@alfordinc.com](mailto:michael.wilcox@alfordinc.com)**

## **Inspiration: Stuart A. Kauffman**

***At Home in the Universe: The Search for the Laws of Self-Organization and Complexity***  
(Oxford University Press, 1995)

***The Origins of Order: Self-Organization and Selection in Evolution*** (Oxford University Press, 1993)

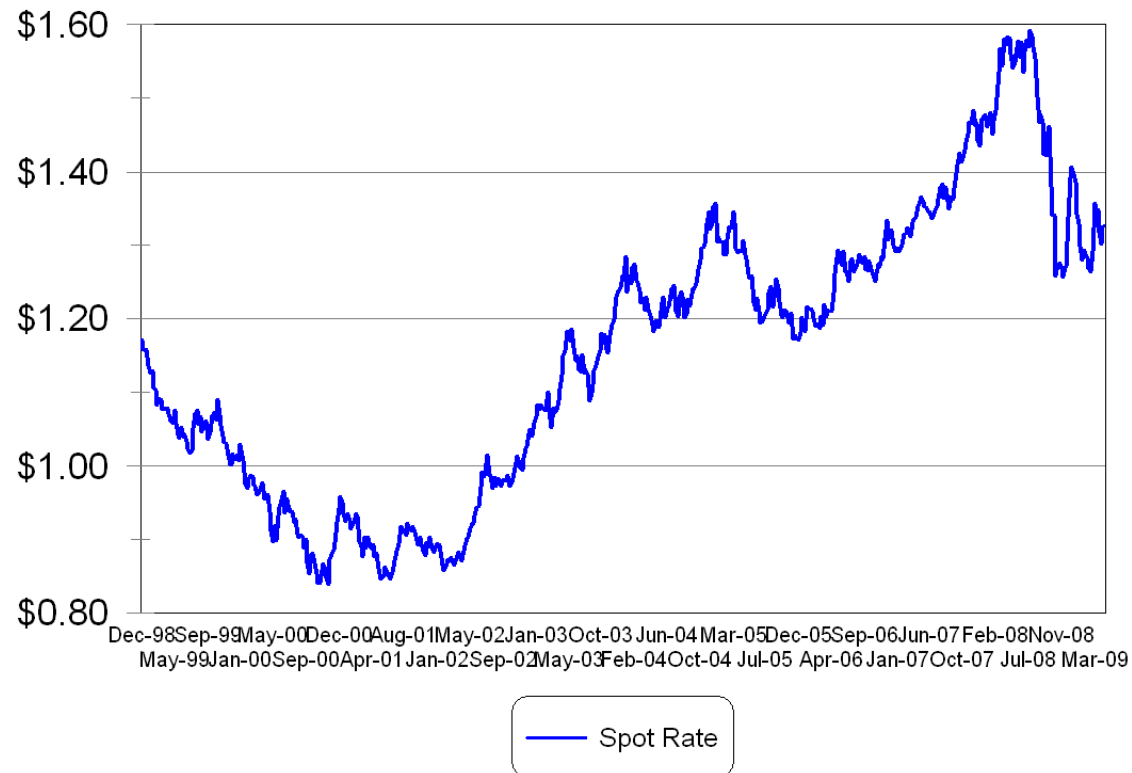
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## Absolute Levels Mean Nothing

**Euro -- Spot Rate versus US\$  
Weekly Since Launch as of 1 May 2009**



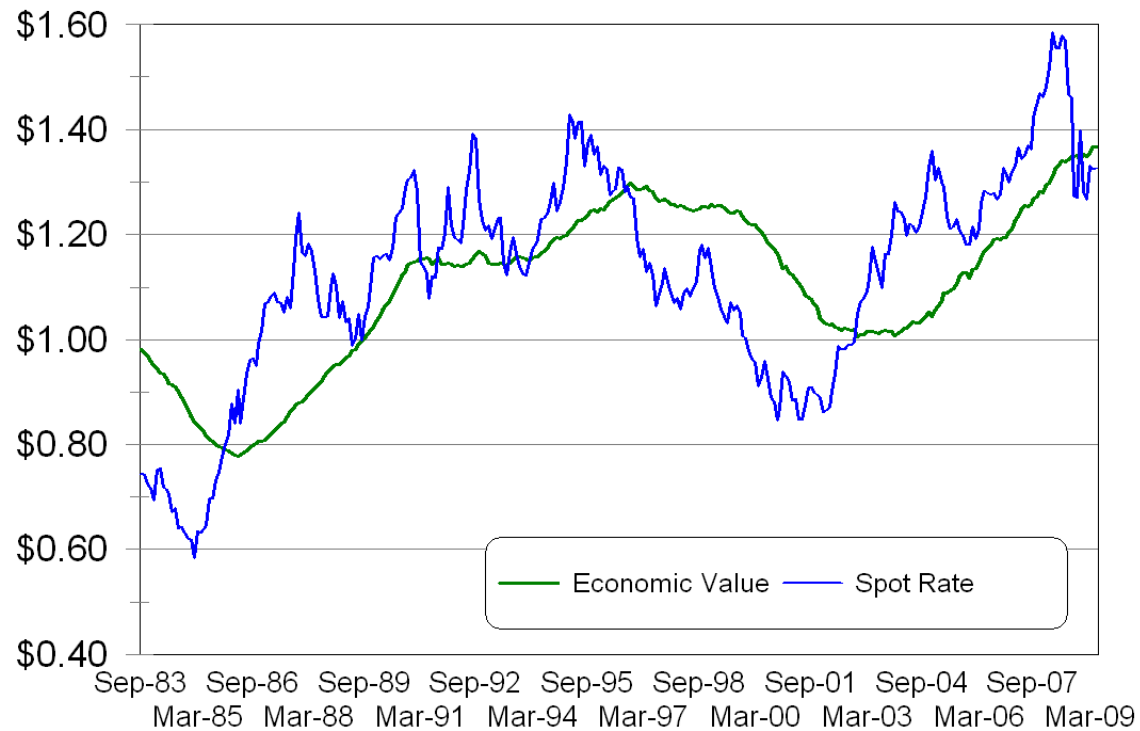
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## A Relative Perspective is Better: Judging Effectiveness

**Euro Historical Perspective  
Using DM as a Proxy (as of May 2009)**



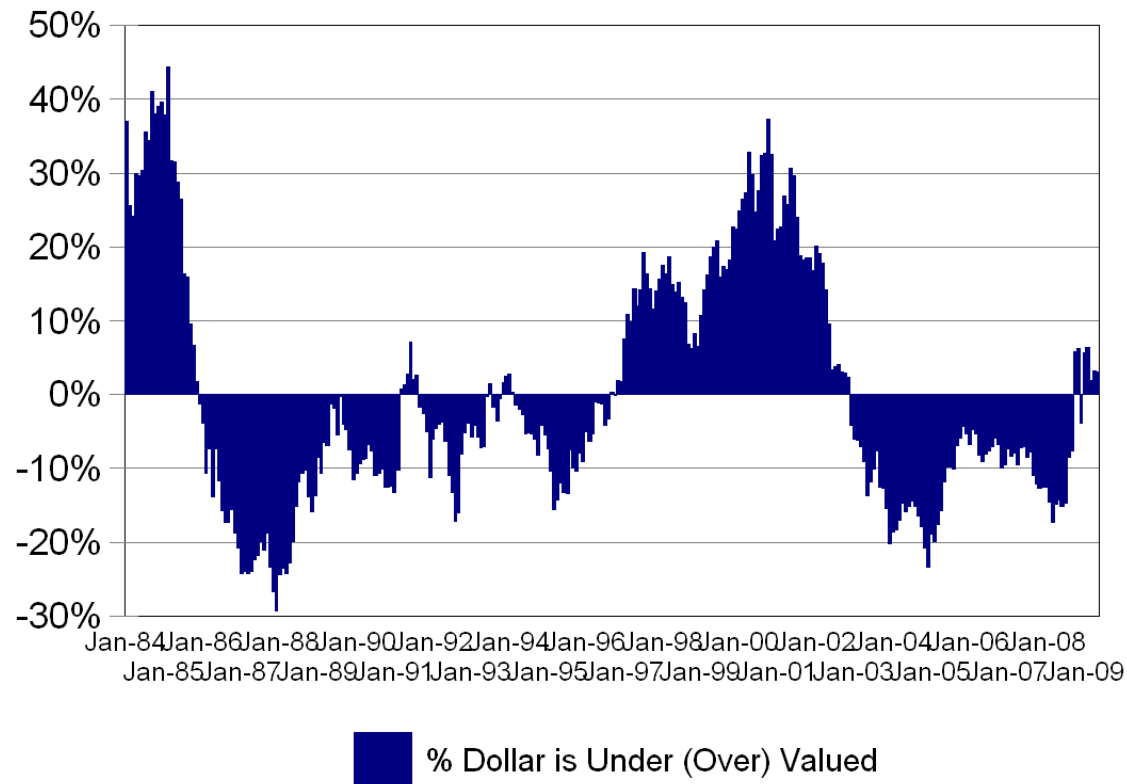
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## Equilibrium is an 18th-Century Dream

### Euro Valuation (May 2009) Relative to the US Dollar

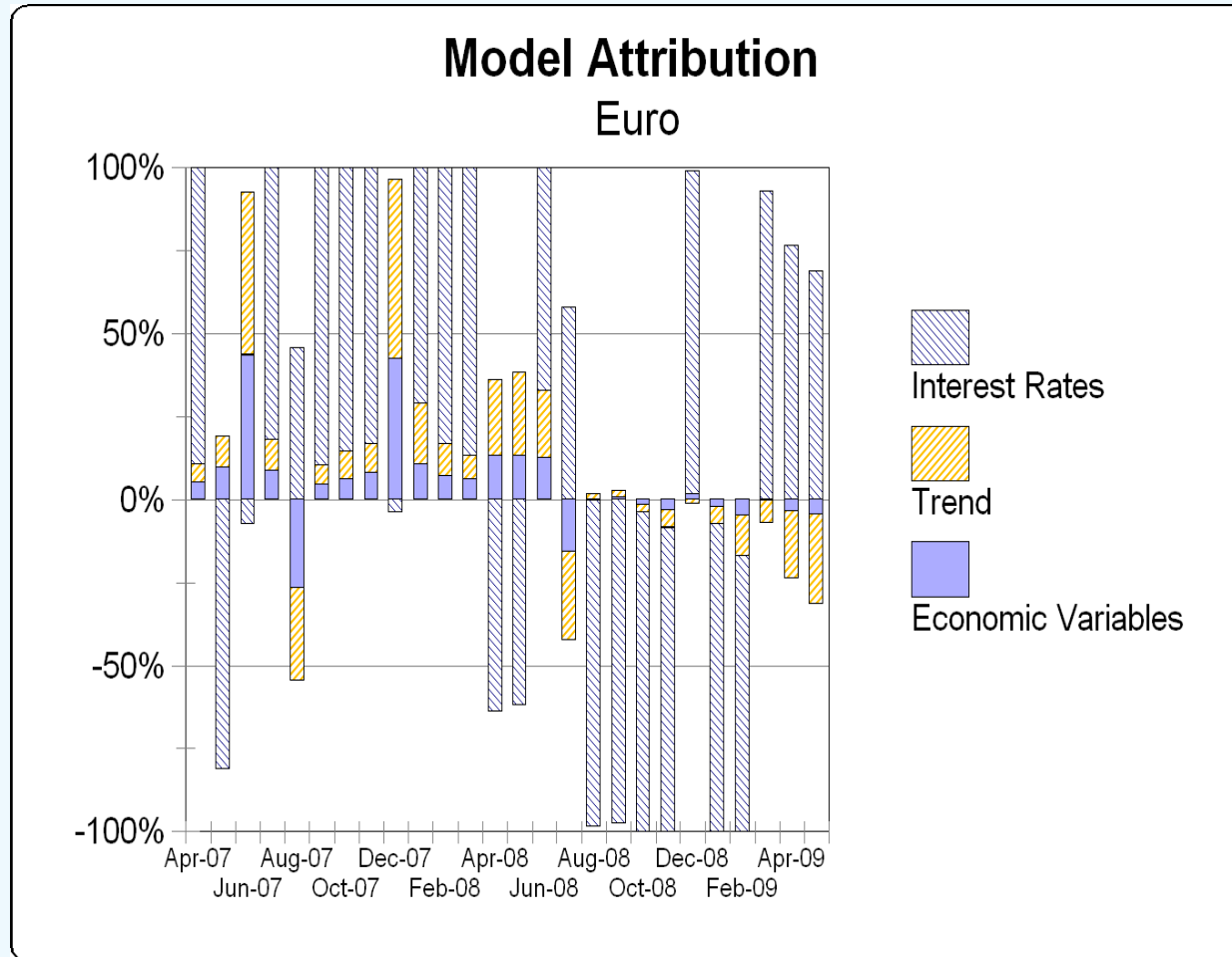


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# The World As a Non-Linear Place



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