

January 22, 2009

**EDHEC Alternative Indexes:
December 2008
(Estimates)**

Conv. Arb.	1.70%
CTA Global	1.45%
Dist. Sec.	-1.96%
Emg. Mkts	-0.32%
Eq. Mkt Neut.	0.03%
Event Driven	-0.70%
Fix. Inc. Arb.	0.26%
Global Macro	1.41%
L/S Equity	0.77%
Merger Arb.	1.71%
Rel. Value	0.55%
Short Selling	-1.36%
FoF	-0.71%

EDITORIAL[Bringing academic insights to institutional investors](#)

In 2008, EDHEC merged two of its largest conferences into a single event. The EDHEC Asset Management Days, which had been taking place in Geneva, were made part of the 2008 edition of the EDHEC Institutional Days (EID). This merger made it possible to capitalise on the success of both events and attract more than 1,200 visitors, making the Paris EID the leading institutional asset management event in Europe. In 2009, EDHEC Institutional Days will build on the success of the previous edition by offering a programme of great added value.

[More...](#)**INDUSTRY ANALYSIS**[A new flotation technique - will it survive?](#)

A new technique of floating companies and raising equity capital has blossomed in the US in recent years, accounting for a substantial share of new issues launched in 2007. This vehicle is a fascinating hybrid between IPOs and private equity, with which it has much in common. There is however some controversy surrounding how beneficial it is for investors. Key questions are whether this technique will withstand expected problems in 2009 and how this might affect the longer term.

[More...](#)[Are there really any risk-free rates?](#)

Regulators have historically hesitated between recommending deriving the risk-free rate from the government yield curve or from the swap yield curve. The swap curve is becoming the norm for insurance companies and pension funds; for instance, it is mandatory in the Netherlands. In the Netherlands however, as the long swap yields briefly fell below the long-dated average euro yield curve at the end of 2008, some pension funds were tempted to switch back to the euro yield curve to discount liabilities and assess future investment opportunities. [More...](#)

FEATURES[International investors doubt the effectiveness of the accounting standard amendments in attenuating the financial crisis](#)

The current credit crisis, triggered by losses on American subprime mortgages, has gradually turned into a global crisis of confidence. In October 2007, G7 finance ministers and central bank governors asked the Financial Stability Forum (FSF) to examine the causes of the crisis

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and make recommendations for managing it. Some of these recommendations (FSF 2008) dealt with accounting standards. The FSF recommended that these standards improve the treatment of off-balance-sheet items (for greater transparency), that they offer more guidance on the pricing of financial instruments in inactive markets, and that they require better information on pricing methods and on their sensitivity to the assumptions and parameters chosen. [More...](#)

INTERVIEW

[The changes to accounting standards are not a solution to the crisis - an interview with Philippe Foulquier](#)

In the context of the measures being taken to put an end to the current financial crisis, the extent to which fair value accounting can be blamed - or whether it can be blamed at all - for the intensification of the slump has been widely debated. In this interview, Philippe Foulquier, Professor of Finance at EDHEC Business School and Director of the EDHEC Financial Analysis and Accounting Research Centre analyses the respective roles of accounting standards and prudential regulations in the current banking crisis. [More...](#)

RESEARCH NEWS

[Conditionally fitted Sharpe performance with an application to hedge fund rating](#)

S. Darolles, C. Gouriéroux. Gouriéroux and Darolles propose a methodology to compute Sharpe performance measures for hedge fund rankings. They present a conditionally fitted Sharpe performance measure, so called because it is an "investor driven" performance measure. In other words, it is an attempt to take into account, for example, the initial holding or the investment horizon of the investor. Each investor could therefore have his own fund ranking, depending on his investment environment. [More...](#)

EDHEC PUBLICATIONS

[Socially Responsible Investment Performance in France](#)

The results of this EDHEC position paper show that none of the sixty-two funds in the sample, covering various investment zones, manage to produce both positive and significant alpha (outperformance) over a six-year period and that the few significant alpha values are negative. Moreover, most of the funds generate negative, non-significant alpha. The study also shows that alpha values estimated over one year change greatly from one year to the next. The use of a period of various lengths shows that results can vary greatly from one length to another. It thus seems that there are not grounds to conclude that the selection of SRI securities alone generates outperformance. [More...](#)

EDHEC-RISK NEWS

[Building and risk managing resilient multi-style multi-class portfolios](#)

Jointly organised by CFA Institute and the EDHEC Risk and Asset Management Research Centre and CFA Institute, the first Alternative Asset Allocation Seminar (London, 17-19 March) will address the current challenges faced by the industry and present new tools and strategies allowing institutional investors to derive the full benefits of alternative investments while controlling for their specific risks. [More...](#)

[Next EDHEC PhD in Finance Information Session to be held in Singapore on 5 February, 2009](#)

Since October 2008, EDHEC Business School and the EDHEC Risk and Asset Management Research Centre have been offering a unique PhD in Finance programme. The programme is offered in two tracks: a "residential track" for high-potential graduate students who will hold part-time research or teaching positions at EDHEC Business School, and an "executive track" for high-level practitioners who will keep their full-time jobs. We invite you to attend our Singapore information session which will be held on February 5th between 6:30pm and 8:00pm at the Raffles Hotel. [More...](#)

[Call for Participation: IPE-EDHEC Institutional Asset Management Awards 2009](#)

Investment & Pensions Europe (IPE) and the EDHEC Risk and Asset Management Research Centre will be presenting the second edition of the IPE-EDHEC Institutional Asset Management Awards (IAMAs) in 2009. The awards will be presented to winning asset managers at a gala dinner on May 26 in Paris during the EDHEC Institutional Days. If your asset management firm operates in a minimum of three European countries and you have not received an official request for information, please contact EuroPerformance. [More...](#)

[Lionel Martellini presenting paper at inflation risk management conference in New York on 10 February, 2009](#)

Lionel Martellini, Scientific Director of the EDHEC Risk and Asset Management Research Centre, will be participating in a conference on Inflation-Indexed Securities and Inflation Risk Management at the Federal Reserve Bank of New York on 10 February, 2009, where he will be presenting "Inflation-Hedging Properties of Real Assets and Implications for Asset-Liability Management Decisions", a paper sponsored by Morgan Stanley Investment Management as part of the EDHEC-Morgan Stanley Investment Management "Financial Engineering and Global Alternative Portfolios for Institutional Investors" research chair. [More...](#)

[Dr. Florencio Lopez de Silanes made Knight of the French Legion of Honour](#)

Dr. Florencio Lopez de Silanes, finance professor at EDHEC Business School and head of the regulation and mutual fund governance research programme at the EDHEC Risk and Asset Management Research Centre, was made Knight of the National Order of the Legion of Honour by decree of the French Republic on 31 December 2008.

[More...](#)



Alternative Asset Allocation Seminar

London, 17-19 March 2009, The Dorchester



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