

February 24, 2009

**EDHEC Alternative Indexes:
January 2009 (Estimates)**

Conv. Arb.	5.61%
CTA Global	-0.29%
Dist. Sec.	0.76%
Emg. Mkts	-1.06%
Eq. Mkt Neut.	1.22%
Event Driven	1.29%
Fix. Inc. Arb.	0.95%
Global Macro	0.61%
L/S Equity	-0.16%
Merger Arb.	0.70%
Rel. Value	1.41%
Short Selling	2.78%
FoF	0.86%

EDITORIAL[Best execution in the post-MiFID landscape](#)

From retail to more professional investors and practitioners, all are concerned with transaction costs, as it is an established fact that lower transaction costs automatically enable higher returns. To provide their clients with competitive portfolio returns, investment firms need to be proactive and put in place the appropriate means of effective transaction cost management. However, when implementing their client decisions, investment managers often cope with issues regarding how transaction costs can be properly identified, measured, forecasted as well as how the quality of execution should be evaluated. [More...](#)

INDUSTRY ANALYSIS[ALM and risk management in private wealth management](#)

The financial crisis makes it a great challenge for private wealth bankers to hedge the risks of their wealthy clients. Unlike many previous crises, this crisis has hit almost all asset classes equally hard: equities, real estate, hedge funds, and commodities have fallen steeply and volatility has risen abruptly. So allocating assets optimally has become difficult, especially since the so-called total return strategies of many hedge funds have failed for the first time in more than a decade. [More...](#)

[The pioneering role of hedge funds](#)

Hedge funds are being vilified for poor performance and are threatened with heavy regulation. Amidst all this negative comment, it is salutary to remember the hedge funds' pioneering and dynamic contribution to the investment management industry, as well as their substantial positive social contribution. It will be a pity if the heavy hand of regulation destroys the benefits they bring to asset management, the wider economy and society. [More...](#)

FEATURES[Launch of the EDHEC IEIF Commercial Property \(France\) Index](#)

Institutional investors allocate considerable shares of their portfolios to real estate, primarily in anticipation of diversification benefits.

Events

[CFA Institute / EDHEC
Alternative Asset Allocation
Seminar - London](#)

[Miffre and Till Commodities
Investing Seminar - London](#)

["portfolio institutionell"
Fachforum 2009](#)

[CFA Institute / EDHEC
Advances in Asset Allocation
Seminar - New York](#)

[EDHEC Institutional Days
2009 - Paris](#)

Books

[Handbook of Finance, 3
Volume Set](#)

According to a recent study by the EDHEC Risk and Asset Management Research Centre, institutional investors would like to use index-based products for this purpose; however, real estate indexing has proven challenging. It has been challenging largely because real estate features such characteristics - rarely found in other asset classes - as high unit values and indivisibility, limited liquidity, great heterogeneity; active property management is also required. [More...](#)

[EDHEC Hedge Fund Reporting Survey 2008](#)

Like any investors, investors in hedge funds are naturally interested in knowing how hedge fund managers allocate their initial investment, and whether this allocation yields positive returns or not. It is not only information on past investment returns that is of particular interest; prospects for future gains or losses are relevant to investors as well. Yet, unlike mutual funds, hedge funds are reluctant to provide detailed information on their investment portfolios. Since many hedge funds use highly speculative investment strategies, fund managers fear that a thorough disclosure of their portfolio holdings would significantly decrease their chances of winning their bets, and thereby reduce investors' returns. [More...](#)

INTERVIEW**[Financial crisis or regulatory crisis? An interview with Noël Amenc.](#)**

EDHEC has published several studies and position papers on the regulatory aspects of the financial crisis. Noël Amenc, professor of finance and director of the EDHEC Risk and Asset Management Research Centre, discusses their reach and logic in an interview that illustrates the "Research for Business" strategy that has led EDHEC to take a stance on matters central to the concerns of businesses and, more broadly, of economic policy makers. [More...](#)

RESEARCH NEWS**[On the Robustness of Mutual Funds Ranking with an Index of Relative Efficiency](#)**

Marie-Hélène Broihanne, Maxime Merli, Patrick Roger. More and more mutual funds are being made available, and investors need indicators to make their selection. Though past performance is not a reliable indicator of future performance, investors often use it as a criterion for selecting funds. The authors first provide a brief review of performance measurement. Over the years, great efforts have been made to develop performance measures - Sharpe ratio, Sortino ratio, Treynor ratio, Jensen's alpha - that integrate both risk and return. Other researchers have suggested evaluating performance as the distance between a fund and the efficient frontier of the risky assets the fund is made up of, without the need to define a market portfolio and a risk-

free rate. [More...](#)

EDHEC PUBLICATIONS

[Madoff: A Riot of Red Flags](#)

For more than seventeen years, Bernard Madoff operated what was viewed as one of the most successful investment strategies in the world. This strategy ultimately collapsed in December 2008 in what financial experts are calling one of the most detrimental Ponzi schemes in history. Many large and otherwise sophisticated bankers, hedge funds, and funds of funds have been hit by his alleged fraud. [More...](#)

[Hedge Fund Performance in 2008](#)

A new paper from the EDHEC Risk and Asset Management Research Centre analyses twelve years of data on EDHEC Alternative Indexes for different hedge fund strategies to provide some perspective on their performance. The extraordinary events of 2008 had a considerable impact on hedge fund returns. Funds of hedge funds lost 17% in 2008, posting their worst annual returns since we began keeping records in 1997. Hedge fund investments lost value across the board. [More...](#)

EDHEC-RISK NEWS

[CFA Institute and EDHEC organising first North American session of their Advances in Asset Allocation Seminar](#)

The EDHEC Risk and Asset Management Research Centre and CFA Institute will be organising the first North American session of their Advances in Asset Allocation Seminar at The Grand Hyatt in New York on 12-14 May, 2009. [More...](#)

[Forthcoming graduation of EDHEC's finance-based MSc programme students](#)

High-calibre students from EDHEC's four finance-based Master of Science programmes (Finance, Risk and Asset Management, Corporate Finance and Capital Markets) will be available for full-time employment, or post-study internships, in financial institutions, consultancies and industry from July 2009 onwards. [More...](#)

[EDHEC, Robeco and the Journal of Portfolio Management launch new award for paper with most relevance for European institutional investors](#)

The EDHEC Risk and Asset Management Research Centre, Robeco and the *Journal of Portfolio Management* have come together to launch an annual award for the paper published in the *Journal of Portfolio Management* in the previous year that is deemed to be of most relevance and usefulness for European institutional investors. The

principle behind the selection will be to choose the paper that best reflects the spirit of the EDHEC Risk and Asset Management Research Centre, namely academic excellence and industry relevance, notably for institutional investors. [More...](#)

[EDHEC professor delivers keynote speech at the 21st Australasian Finance and Banking Conference](#)

EDHEC Finance Professor Florencio Lopez de Silanes delivered one of the keynote speeches at the 21st annual Australasian Finance and Banking Conference, which was held on December 16-18 in Sydney. Organised by the Australian School of Business (UNSW), this event is one of the most prestigious finance conferences in the Asia-Pacific region. [More...](#)

[Next State-of-the-Art Commodities Investing Seminar to be held in London in April](#)

The next State-of-the-Art Commodities Investing Seminar organised by EDHEC Asset Management Education, and delivered by Joëlle Miffre, Professor of Finance at EDHEC Business School, and Hilary Till, a principal of Premia Risk Consultancy, and a research associate with EDHEC, will be held in London on 21-22 April, 2009. [More...](#)

[Professor Lhabitant to discuss operational risk management techniques](#)

François Serge Lhabitant, Associate Professor at EDHEC Business School and CIO of Kedge Capital will discuss operational risk management techniques at the upcoming CFA Institute/EDHEC Business School Alternative Asset Allocation Seminar on March 17-19 in London. [More...](#)

[Alternative Asset Allocation Seminar](#)

EDHEC-RISK - Asset Management Research - [Contact us](#)
393-400 promenade des Anglais - 06202 Nice (France)
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