

April 28, 2009

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

Conv. Arb.	2.58%
CTA Global	-1.64%
Dist. Sec.	0.46%
Emg. Mkts	3.74%
Eq. Mkt Neut.	0.19%
Event Driven	1.07%
Fix. Inc. Arb.	1.01%
Global Macro	0.48%
L/S Equity	2.18%
Merger Arb.	1.08%
Rel. Value	1.19%
Short Selling	-4.62%
FoF	0.16%

**EDITORIAL**[Adding Value to PWM through ALM](#)

Over the past decade, private wealth management has become a profitable business for banks and asset managers around the globe. According to the private banking and wealth management survey by Euromoney (2008), global private banking assets rose to USD 7.6 trillion in 2008 from USD 3.3 trillion in the year before. This increase is currently driving a larger wealth management market creating greater opportunities for wealth advisors to leverage new technology to acquire new clients and grow profits. [More...](#)

**INDUSTRY ANALYSIS**[Regulatory challenges for fund managers](#)

In this article, Dan Waters, Asset Management Sector Leader with the Financial Services Authority and Member of the EDHEC Risk and Asset Management Research Centre's International Advisory Board, discusses the regulatory challenges for fund managers, including the appropriate regulatory framework for hedge funds and the impact on fund managers of the Internal Capital Adequacy Assessment Process. [More...](#)

[Faultlines in asset management](#)

Bankers have acquired notoriety for their role in the global financial crisis. The asset management industry has not been criticised on a similar scale. However, there are several serious problems in this industry largely to do with how the consumer is treated. When leading industry practitioners draw attention to these problems it is time to take note as the potential effects could be serious. [More...](#)

[The European pension fund industry again beset by deficits](#)

In 2003, the pension fund industry was severely affected by the steep fall in equity prices and the fall in interest rates. This fall and its consequences led to broad regulatory changes and spurred work on asset and liability management theory and techniques. But it seems that these new regulations and techniques have not enabled the pension fund industry to weather the current return of the perfect storm? [More...](#)

**FEATURES**[The Impact of Regulations on the ALM of European Pension Funds](#)

Tightening accounting standards and prudential regulations require a clearer understanding of the risk management and investment

**Events**

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

[EDHEC Institutional Days  
2009 - Paris](#)

[ALM - the Future of Private  
Wealth Management -  
Geneva and Zurich](#)

[Advanced Fixed-Income  
Investing Seminar - London](#)

**Books**

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

strategies used by pension funds. Greater attention is being paid to the volatility of the surplus, and there is less tolerance of underfunding. These changes call for an improvement in ALM strategies and the use of state-of-the-art models-such as dynamic liability-driven investments-for the design of these strategies. The constraints to which pension funds are subject must be clearly understood and embedded in the investment strategies. [More...](#)

## INTERVIEW

[The impact of regulation on how institutions manage their assets will remain a critical issue over the coming years - an interview with Nathalie Boullefort-Fulconis.](#)

In this month's interview, Nathalie Boullefort-Fulconis, Global Head of AXA IM Distribution, talks to us about the conclusions of EDHEC's recent research on the impact of regulation on the asset-liability management of European pension funds, AXA IM's business strategy for the future and the impact of the current crisis on institutional investors. [More...](#)

## RESEARCH NEWS

[Alternative Bond Market Indexes](#)

*Reilly, Frank K., G. Wenchi Kao, and David J. Wright* As with stock market indices, there is a large variety of bond indices that aim to reflect the movement of broad bond markets or specific sub-segments. Many of these indices use different construction methodologies, rely on different bond pricing sources, or have different criteria for including bonds. So choosing the right index is important for any bond investor. However, from a practical perspective, the question is: does it really matter? Is there any significant difference in the indices or in the end are they all alike? [More...](#)

## EDHEC PUBLICATIONS

[The Undesirable Effects of Banning Short Sales](#)

An in-depth study of the short-selling market calls into question both the reasons for the decision to ban short selling and the prejudices that weigh on those who short. According to recently published data (for the United States in particular), a large majority of short sellers are market makers who are hedging their bets on the options markets. They were not affected by the ban, which means that those who were using options to take synthetic short positions continued to do so. The others involved in short selling are mainly hedge funds. [More...](#)

## EDHEC-RISK NEWS

[Inaugural EDHEC-Robeco-Journal of Portfolio Management award to be presented to Dr. Laurence Siegel](#)

The EDHEC Risk and Asset Management Research Centre, Robeco and the *Journal of Portfolio Management* have jointly launched 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 inaugural award will be presented by Dr. Jean-Louis Laurens, Chief Investment Officer of the Robeco group, to Dr. Laurence Siegel, Director of Research within the Investment Division of the Ford Foundation, at a ceremony in Paris on May 26 as part of the EDHEC Institutional Days 2009. [More...](#)

#### [EDHEC and CASAM partner a research chair on the use of ETFs within a "core-satellite" investment approach](#)

The EDHEC Risk and Asset Management Research Centre and Crédit Agricole Structured Asset Management (CASAM) have announced the creation of new research chair entitled "Core-Satellite and ETF Investment". The chair will involve three years of academic research into ETFs (exchange-traded funds) and the use of ETFs as part of a core-satellite approach to asset management. [More...](#)

#### [Next EDHEC PhD in Finance Information Sessions to be held in New York, Paris, Geneva and Zurich](#)

Since October 2008, EDHEC has 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. The next information sessions will be held at the following locations: New York, 12 May - Grand Hyatt Hotel - 6:30 EST; Paris, 16 June - Maison de la Chimie - 2:00 CET; Geneva, 17 June - Hotel President Wilson - 3:30 CET; Zurich, 18 June - Savoy Baur en Ville Hotel - 3:30 CET. [More...](#)

#### [The EDHEC Risk and Asset Management Research Centre's international advisory board welcomes two new members](#)

The EDHEC Risk and Asset Management Research Centre is delighted to announce the appointment of two new members to its international advisory board: Mr. Nicolas Sobczak, Chief Investment Officer of the Fonds de Réserve pour les Retraites (FRR), the French Pension Reserve Fund, and Mr. Ton van Welie, Chief Executive Officer of ORTEC Finance. [More...](#)

#### [EDHEC and IEIF release monthly commercial property performance report](#)

EDHEC and IEIF have released the March 2009 report on the performance of the EDHEC IEIF Commercial Property (France) Index. The figures reveal that the index lost 1% in March and has lost 0.8% since the beginning of the year. However, the report notes that the "panic phase" seems to be over. [More...](#)

#### [Participation of Hilary Till at a panel discussion on oil price formation organised by the International Energy Agency](#)

Hilary Till, Principal, Premia Capital Management, LLC, and Research Associate at the EDHEC Risk and Asset Management Research Centre

was invited to take part in a panel discussion on oil price formation organised by the International Energy Agency at their headquarters in Paris on 25 March, as part of the Joint Meeting of the Standing Group on Emergency Questions and the Standing Group on the Oil Market.

[More...](#)

### [EDHEC researchers invited to participate in Madrid Finance Workshop](#)

The sixth edition of the Madrid Finance Workshop took place on March 27, 2009, at IE Business School. The workshop is a joint initiative by four Madrid based academic institutions: IESE Business School (Universidad de Navarra), IE Business School, Universidad Carlos III and the Centro de Estudios Monetarios y Financieros (CEMFI). At a workshop on "Asset Pricing and Portfolio Management", Lionel Martellini, Professor of Finance and Scientific Director of the EDHEC Risk and Asset Management Research Centre, and René Garcia, Professor of Finance at EDHEC Business School, each presented their work. [More...](#)



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393-400 promenade des Anglais - 06202 Nice (France)

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