

October 28, 2010

FTSE EDHEC-Risk Efficient Indexes: September 2010	
Eurobloc	5.57%
United Kingdom	6.89%
United States	10.30%
Japan	3.37%
Dev. Asia ex. Jap.	11.78%

EDHEC-Risk Alternative Indexes: September 2010 (Estimates)	
Conv. Arb.	1.93%
CTA Global	2.60%
Dist. Sec.	2.34%
Emg. Mkts	4.63%
Eq. Mkt Neut.	1.81%
Event Driven	2.94%
Fix. Inc. Arb.	1.24%
Global Macro	3.03%
L/S Equity	4.26%
Merger Arb.	1.37%
Rel. Value	2.22%
Short Selling	-8.63%
FoF	2.20%

Events

[The 6th Taiwan Roundtable - Institutional and Pension Investments](#)

[Fees at Risk, Singapore](#)

[EDHEC-Risk International Risk Management Seminar Series, Hong Kong](#)

[CFA Institute Third Annual European Investment Conference, Copenhagen](#)

[Portfolio Masters 2010: Emerging Markets, Frankfurt](#)

[An Inside View of Commodities, Chicago](#)

[DVFA Risk Management](#)

EDITORIAL

[PhD in Finance - 2010/2011 academic year underway](#)

Interest in the EDHEC-Risk Institute PhD in Finance continues to grow with some 5,000 people having expressed interest in the programme over the last twelve months. 138 applications have been processed to date, with 34 applicants admitted; 28 on the executive track and 6 on the residential track. 26 of these confirmed that they would be joining the programme in 2010/2011, with 15 opting for the Europe-based programme and 11 for the Singapore-based course. [More...](#)

INDUSTRY ANALYSIS

[Regulatory developments - highlights, problems and consequences](#)

After a long period of gestation and debate, regulatory initiatives in both the US and Europe have either come into law or are approaching fruition, but they are widely criticised for failing to meet desired objectives and for adverse effects. [More...](#)

[Synchronise your data or you get out of step with your risks](#)

After the credit crisis, practitioners are rushing for better, more frequently updating risk models. Daily stock market data are used in multifactor risk models by commercial software vendors or in trading desk risk models. The use of daily data is motivated by the fact that risk (unlike return) estimates are becoming more and more precise as we increase the observation frequency. [More...](#)

[The Impact of the Dodd-Frank Act on Private Fund Managers and Other Investment Advisers](#)

Many US and international fund managers previously exempt from registration under the Investment Advisers Act of 1940 must now, as a result of passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, contemplate registration with the US Securities and Exchange Commission within the next 10 months. This article summarizes the implications for US and non-US fund managers including registration, record-keeping, reporting and other compliance requirements, and "Volcker Rule" provisions. [More...](#)

[Invitation to participate in EDHEC-Risk survey on indices](#)

EDHEC-Risk is conducting an academic research project to better understand how investors evaluate the qualities of an index for their equity and fixed income investments, which problems investors face when using existing indices, and how they judge alternative indexing methods. [More...](#)

Symposium, Frankfurt

The 8th China Roundtable -
Global Institutional
Investments, Shanghai

CFA Institute/EDHEC-Risk
Institute Advances in Asset
Allocation Seminar, London

EDHEC-Risk Institutional
Days 2010, Monaco

Books

Probability and Statistics for
Finance

FEATURES

[Asset-Liability Management Decisions for Sovereign Wealth Funds](#)

The rapid growth of sovereign wealth funds and its implications pose a series of challenges for the international financial markets and for sovereign states. In particular, an outstanding challenge is to improve our understanding of optimal investment policy and risk management practices for sovereign wealth funds. This paper proposes a quantitative dynamic asset allocation framework for sovereign wealth funds, modelled as large long-term investors that manage fluctuating revenues typically emanating from budget or trade surpluses in the presence of stochastic investment opportunity sets. [More...](#)

INTERVIEW

[Matching sovereign surplus timings with anticipated future liabilities will be a key issue - an interview with Boon-Chye Loh](#)

In this month's interview, Boon-Chye Loh, Head of the Corporate and Investment Bank, Asia Pacific, at Deutsche Bank, discusses the specific challenges involved in catering to Sovereign Wealth Funds, Deutsche Bank's business strategy in this regard, and the output of the Deutsche Bank research chair on Asset-Liability Management Techniques for Sovereign Wealth Fund Management at EDHEC-Risk Institute, notably the first-year publication from the chair entitled "Asset-Liability Management Decisions for Sovereign Wealth Funds". [More...](#)

RESEARCH NEWS

[The Problems and Challenges of High-Yield Bond Benchmarking](#)

Robert Levine, Eve Drucker, Steven Rosenthal. In this article, the authors focus on the issue of benchmarking high-yield bond market performance. This problem is illustrated by the events of 2008 and 2009. In 2008, many high-yield bond managers received a bonus in view of their performance relative to a benchmark, though their funds were losing money. On the contrary, only a few of them were awarded a bonus in 2009, though their funds were largely profitable. Indeed, establishing a relevant benchmark for portfolio management appears to be somewhat easier for equity management than for bond management. [More...](#)

EDHEC PUBLICATIONS

[Do Funds of Hedge Funds Really Add Value: A Post-Crisis Analysis](#)

Serge Darolles, Mathieu Vaissié. In spite of a somewhat disappointing performance throughout the crisis, and a series of high-profile scandals, investors are showing interest in hedge funds. Still, funds of hedge funds keep on experiencing outflows. Can this phenomenon be explained by the failure of fund of hedge fund managers to deliver on their promise to add value through active management, or is it

symptomatic of a move toward greater disintermediation in the hedge fund industry? [More...](#)

[Optimal Hedge Fund Allocation with Improved Estimates for Coskewness and Cokurtosis Parameters](#)

Asmerilda Hitaj, Lionel Martellini, Giovanni Zambruno. Since hedge fund returns are not normally distributed, mean-variance optimisation techniques, which would lead to substantial welfare losses from the investor's perspective, need to be replaced by optimisation procedures incorporating higher-order moments and comoments. In this context, optimal portfolio decisions involving hedge fund style allocation require not only estimates for covariance parameters but also estimates for coskewness and cokurtosis parameters. [More...](#)

EDHEC-RISK NEWS

[EDHEC-Risk Institute Seminar Series in Singapore and Hong Kong](#)

In the first week of November, EDHEC-Risk Institute will be running and participating in four seminars in Singapore and Hong Kong on the themes of equity indices and benchmarking, "fees at risk" and risk management. [More...](#)

[Green Investing 2010: Nice Côte d'Azur International Sustainable Development Financing Conference](#)

By organising the Nice Côte d'Azur International Sustainable Development Financing Conference, EDHEC and its partners are seeking to present the latest research on investment criteria in sustainable development and on new findings and innovative projects in the field of green business. The conference is aimed at institutional investors, senior executives of investment management and private equity companies and other industry providers who are concerned about sustainable development. [More...](#)

[EDHEC finance students and graduates available for placements and recruitment](#)

As the 2010/2011 academic year begins, EDHEC finance students and graduates will be available during and after their studies for temporary missions, long-term internships or recruitment. Students involved in sandwich years and part-time programmes, such as the MSc in Risk & Investment Management which is being run in Asia and in Europe, are available for placements or apprenticeship. [More...](#)

[EDHEC Professor Sergio Focardi co-authors new book on quantitative finance](#)

Dr. Sergio Focardi, Professor of Finance at EDHEC Business School, has just released a new book entitled "Probability and Statistics for Finance", co-authored with Frank J. Fabozzi, Markus Hoechstoeffer and Svetlozar T. Rachev. [More...](#)

[Opportunity to join EDHEC-Risk Institute's research teams in France and Singapore](#)

In order to strengthen its research team and develop its industry outreach activities, EDHEC-Risk Institute is currently looking to fill two positions for a Senior Quant Researcher and a Research Analyst, in both its Nice and Singapore offices. [More...](#)

[EDHEC-Risk Institute Presentations in Shanghai, November 2010](#)

Stoyan Stoyanov, Head of Research with EDHEC Risk Institute-Asia, will be speaking at a seminar on risk management organised by CFA China, participating in the 8th China Roundtable on Global Institutional Investments in Shanghai and presenting EDHEC-Risk Institute's research on equity indices and benchmarking at separate events in Shanghai on November 22 and 23. [More...](#)

[Call for Papers - Enterprise Risk Management and Corporate Governance for Insurance Firms](#)

The International Centre for Financial Regulation (ICFR) and EDHEC Business School are jointly holding a conference, "Enterprise Risk Management and Corporate Governance for Insurance Firms" on 17 May 2011 at the brand new EDHEC Business School campus in Roubaix, France. [More...](#)



The banner features the EDHEC-RISK Institute logo on the left, which includes the text 'EDHEC-RISK Institute' and 'EQUIS ACCREDITED'. Below the logo are the logos for EQUIS and AACSB. The main text in the center reads 'Executive MSc in Risk & Investment Management' in large orange letters, with 'Singapore – London – Nice' in a smaller orange box below it. On the right side of the banner is a photograph of a woman in a white shirt looking towards the camera.

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