

## **Introduction**

# **The EDHEC Risk and Asset Management Research Centre: Research for Business**

Jean-François Lepetit

Chairman of the EDHEC Risk and Asset Management  
Research Centre Advisory Board

# EDHEC Risk and Asset Management Research Centre

## Research for Business - Overview

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The EDHEC Risk and Asset Management Research Centre has been promoting independent academic research throughout Europe for the last four years.

From inception, the research centre has adopted a pro-active approach to interacting with the financial industry not only because it represents the ultimate recipient for our research, but more importantly because EDHEC group is training students to be part of that industry.

The relationship with industry participants has taken numerous forms ranging from financial support (sponsorship), research associations, external validation of the research themes to more advanced forms of cooperation.

# EDHEC Risk and Asset Management Research Centre

## 6 Structuring Research Programmes

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### **Multi-style/multi-class allocation**

Sponsors: Misys Asset Management Systems, SG Asset Management and Fimat

Focus: Establishing the benefits and risks of integrating the alternative class in asset allocation. Designing integration methods.

### **Performance and style analysis**

Sponsor: EuroPerformance (part of the Fininfo group)

Focus: Adapting portfolio performance and style analysis models to tactical allocation. Allowing portfolio alphas to be measured not only for stock picking but also for style timing.

### **Indices and benchmarking**

Sponsors: AF2I, Euronext, BGI, BNP Paribas Asset Management and UBS Global Asset Management

Focus: Analysing the quality of existing indices and the criteria for choosing indices for institutional investors. Developing a proprietary style index construction methodology which addresses the lack of representativity of the style indices that are available on the market and yields superior indices for both the traditional and alternative universes.

### **Asset allocation and extreme risks**

Focus: Adapting tools for measuring extreme risks (VaR) and constructing portfolios (stochastic check) to the issue of long-term pension fund allocation. Developing better measures and models for the various types of extreme risks and taking these into account in portfolio allocation.

### **Asset allocation and derivative instruments**

Sponsors: Eurex and Lyxor

Focus: Developing derivative-based techniques for active portfolio management. Analysing the benefits of and the methods for incorporating structured products into strategic allocation.

### **ALM and asset management**

Sponsor: AXA IM

Focus: Applying recent research in asset-liability management for pension plans and insurance companies. Improving asset management techniques and particularly strategic allocation tools to positively impact the performance of ALM programmes. Evaluating the benefits of including alternative investments in the allocation. Meeting the challenges of the IFRS standards and the Solvency II directive project.

# EDHEC Risk and Asset Management Research Centre

## Delivering the research

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- The EDHEC Risk and Asset Management Research Centre has been cited in more than 2,000 articles in the industry press.
- The EDHEC-RISK website, [www.edhec-risk.com](http://www.edhec-risk.com), is now considered a leading source of academic information in the area of risk management for the buy-side:
  - over 40 articles posted per month
  - over 10,000 regular visitors
  - Monthly newsletter sent to 35,000+ recipients in Europe
- The EDHEC Risk and Asset Management Research Centre's conferences, EDHEC Hedge Fund Days and EDHEC Asset Management Days, have attracted more than 500 delegates (London and Geneva) and established themselves as the only credible academic and non-commercial conference in the investment management industry. Forthcoming events planned:
  - EDHEC ETF Summit, October 2006, Paris
  - EDHEC Asset Management Days, January 2007, Geneva

# **EDHEC Risk and Asset Management Research Centre**

## **EDHEC-Risk Advisory**

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### **Helping sell-side and buy-side institutions to meet risk management challenges**

Established in 2003, EDHEC-Risk Advisory is the management consultancy arm of the EDHEC Risk and Asset management Research Centre.

EDHEC-Risk Advisory has developed a series of high level service offerings helping buy-side firms and their service providers to address the multifaceted nature of risk management to meet pressing regulatory, operational, and technological challenges.

# EDHEC Risk and Asset Management Research Centre

## Europerformance - EDHEC Style Ratings

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France's leading fund rating agency EuroPerformance and the EDHEC Risk and Asset Management Research Centre entered into a business partnership with the aim of developing new tools for performance measurement and style analysis.

The partnership led to the launch in 2004 of the EuroPerformance-EDHEC Style Ratings, a free rating service for funds distributed in Europe which addresses market demand by delivering a true picture of the alphas, accounting for potential extreme loss, and measuring performance persistence. For each of these dimensions, the rating relies on state-of-the-art conceptual and technical tools (Return-Based Style Analysis and multi-index models, semi-parametric VaR, Hurst exponent.)

EuroPerformance and EDHEC have set up the only rankings in Europe that evaluate the alpha of European "equity" management, the EuroPerformance EDHEC Alpha League Table.

# **EDHEC Risk and Asset Management Research Centre**

## **EDHEC Investment Research - Overview**

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EDHEC Investment Research - Supporting expertise for the design, implementation and management of multistyle/multiclass products

Institutional investors and asset managers eager to develop superior risk-performance profiles by making full use of the asset allocation approaches and recommendations of the EDHEC Risk and Asset Management Research Centre have expressed a need for support through consulting services.

In 2005, to satisfy these expectations, EDHEC Business School set up a dedicated entity assisting professionals in the implementation of the centre's research results and offering asset allocation services in the context of a core-satellite approach encompassing alternative investments.

# **EDHEC Risk and Asset Management Research Centre**

## **Advisory Board**

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In line with best practices of corporate governance, the EDHEC Risk and Asset Management Research Centre has set up an advisory board which brings together distinguished scholars, representatives of regulatory bodies and senior executives from business partners and other leading institutions.

These international experts validate the relevance and goals of the research programme proposals presented by the centre's management and evaluate research outcomes with respect to their potential impact on industry practices.

# EDHEC Risk and Asset Management Research Centre

## Members of the International Advisory Board

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Chairman: **Mr Jean-François Lepetit**, Associate Professor, Edhec Business School, former Chairman of COB.

**Mr Noël Amenc**, Professor of Finance, Director of the Edhec Risk & Asset Management Research Centre.

**Mr Mark Anson**, Chief Executive Officer, Hermes

**Mrs Monique Bourven**, Member of the French Economic & Social Council, former CEO State Street (France)

**Mr Sid Browne**, Head of Quantitative Analysis, Goldman Sachs Asset Management.

**Mr Bruno de Pampelonne**, Managing Director, Country Head, Merrill Lynch (France).

**Mr William de Vijlder**, Chief Investment Officer, Fortis Investments.

**Mr Fabrice Demarigny**, Secretary General, CESR.

**Mr Alain Dromer**, Chief Executive Officer, HSBC Asset Management.

**Mr Alain Dubois**, Chairman, Lyxor Asset Management.

**Mr Patrick Fenal**, Chief Executive Officer, Unigestion.

**Mr Pierre Fleuriot**, Chairman, ABN AMRO (France), Senior Exec V-President & Head of Country Coverage EMEA.

**Mr Jean-René Giraud**, Chief Executive Officer, Edhec-Risk Advisory.

**Mr Gilles Glicenstein**, Chief Executive Officer, BNP Asset Management.

**Mr Alain Hindié**, Advisor to the President, Detroyat et associés, Member of the Manager Selection Committee, FRR

**Mr Philippe Keime**, Managing Director, Morgan Stanley.

**Mr François-Serge Lhabitant**, Associate Professor, Edhec Business School, Head of Research, Kedge Capital.

**Mr Wolfgang Mansfeld**, Former President, EFAMA, Managing Director, Union-Fonds-Holding AG.

**Mr Barry Marshall**, Former Chief Operating Officer, Investment Division, Gartmore

**Mr Lionel Martellini**, Professor of Finance, Scientific Director, Edhec Risk & Asset Management Research Centre.

**Mr Goerg Moeller**, Chief Executive Officer, Robeco.

**Mr Nicolas Moreau**, Chief Executive Officer, AXA Investment Managers.

**Mr Laurence O'Connell**, Chief Operating Officer, MAN Investments.

**Mr Peter Reitz**, Member of the Executive Board, Eurex Frankfurt AG.

**Mr Leo Schrutt**, Member of Board & Head of Group Investment Research, Julius Baer.

**Mr Lindsay Tomlinson**, Chief Executive Officer Europe, BGI.

**Mr Dan Waters**, Director of Retail Policy & Asset Management Sector Leader, Financial Services Authority.