

Press Release

London, Nice, Singapore, June 3, 2010

EDHEC-Risk Institute and Rothschild set up a research chair on inflation-linked corporate bonds

EDHEC-Risk Institute and Rothschild have announced the creation of a research chair entitled ‘The Case for Inflation-Linked Corporate Bonds: Issuers’ and Investors’ Perspectives’. The purpose of the research chair is to support research undertaken at EDHEC-Risk Institute on the benefits of inflation-linked corporate bonds both from the issuers’ as well as from the investors’ points of view. The chair will also focus on contrasting the analysis, in corporate finance, and perceptions of inflation-linked corporate bonds both by issuers and investors. The chair is led by Lionel Martellini, scientific director of EDHEC-Risk Institute.

According to Professor Martellini, “While a dominant fraction of inflation-linked debt is issued by sovereign states, there has been recent interest amongst various state-owned agencies, municipalities and also corporations, in particular from the utility, financial-services and real estate sectors, to issue inflation-linked bonds. On the supply side, intuition suggests that if a given firm's or a municipality's revenues tend to grow with inflation, then inflation-linked issuance is naturally hedged through evolution of revenues. On the demand side, strong interest is expected as inflation hedging has become a concern of critical importance for pension funds with inflation-linked liabilities, and for private investors, who consider inflation as a direct threat with respect to the protection of their purchasing power.”

Jean-Louis Laurens, Managing Partner and CEO of Rothschild & Cie Gestion, said, “This partnership with EDHEC-Risk Institute will allow for in-depth analysis of inflation-linked corporate bonds, which is an area of crucial importance both corporate bond issuers on one hand, and institutional and private investors on the other. By sponsoring EDHEC-Risk Institute, Rothschild wishes to support initiatives which lead to genuine improvements in techniques and knowledge throughout the industry. This is done in conjunction with our colleagues of the debt advisory department”.

“We look forward to studying the role of inflation-linked corporate bonds in optimal liability management decisions and the benefits of sovereign, municipal and corporate inflation-linked bonds in long-term investment decisions as part of the Rothschild research chair. We also look forward to conducting a comprehensive European survey in order to compare and contrast issuers’ and investors’ perceptions about inflation-linked corporate bonds” concluded Noël Amenc, Director of EDHEC-Risk Institute.

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About EDHEC-Risk Institute

EDHEC-Risk Institute is part of EDHEC Business School, one of Europe’s leading business schools and a member of the select group of academic institutions worldwide to have earned the triple crown of international accreditations (AACSB, EQUIS, Association of MBAs). Established in 2001, EDHEC-Risk Institute has become the premier European centre for applied financial research. In partnership with large financial institutions, its team of 47 permanent professors, engineers and support staff implements six research programmes and ten research chairs focusing on asset allocation and risk management in the traditional and alternative investment universes. The results of the research programmes and chairs are disseminated through the three EDHEC Risk Institute locations in London, Nice and Singapore.

EDHEC-Risk Institute validates the academic quality of its output through publications in leading scholarly journals, implements a multifaceted communications policy to inform investors and asset managers on state-of-the-art concepts and techniques, and forms business partnerships to launch innovative products. Its executive education arm helps professionals to upgrade their skills with advanced risk and investment management seminars and degree courses, including the EDHEC Risk Institute PhD in Finance and the EDHEC Risk Institute Executive MSc in Risk and Investment Management.

About Rothschild

Rothschild has been involved in investment banking since its beginning over two hundred years ago when Rothschild businesses were established in the principal cities of Europe at the end of the 18th century. Today, the Rothschild Group is one of the world’s leading financial advisory and asset management organisations which is family controlled and independent. It has an established network of offices around the world with more than 2000 people in over 40 countries (including the USA, UK, France, Switzerland Singapore China...). Rothschild Global Financial Advisory is involved in

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