



Press Release

London, Nice, Singapore, March 3, 2011

EDHEC-Risk Institute receives Eurex support for new research on volatility derivatives

EDHEC-Risk Institute (London, Nice, Singapore) has announced it will be conducting new research exploring the uses of volatility derivatives in equity portfolio management with the support of leading derivatives exchange Eurex. The research project's emphasis will be on optimising access to the equity risk premium while controlling for downside risk and will be co-managed by Stoyan Stoyanov, head of research at EDHEC Risk Institute–Asia and Lionel Martellini, scientific director of EDHEC-Risk Institute.

According to Professor Stoyanov: “In 2008, worldwide equity markets collapsed and assets which conventional investment wisdom regarded as effective equity diversifiers also experienced dramatic falls. Meanwhile, equity volatility skyrocketed causing long positions in equity volatility derivatives to rally. These events dashed the exaggerated hopes placed in traditional forms of diversification and created interest in the possible use of volatility derivatives as diversifiers for traditional and alternative portfolios in general, and equity positions in particular. Against this backdrop, this new research project will look at how investors can use volatility derivatives to design equity portfolios with attractive downside-risk properties.”

Peter Reitz, member of the Executive Board of Eurex, said: “Eurex has been supporting worldwide academic research since 2003 and EDHEC-Risk Institute was one of the first and most active European institutions we have supported. As EDHEC-Risk Institute celebrates its tenth anniversary and develops into Asia, we are delighted to renew our partnership and sponsor new research into the uses of volatility derivatives.”

“The global financial crisis and stricter regulatory constraints have focused the attention of professional investors on the volatility and downside risk of their equity holdings, whetting their appetite for instruments that can help them manage their exposure. We believe that volatility derivatives are one suitable instrument and are looking forward to seeing academic research on this issue,” he added.



Contact:

For further information, please contact

Séverine Anjubault:

Tel.: +33 (0)4 93 18 78 63 – E-mail: severine.anjubault@edhec-risk.com

EDHEC–Risk Institute

393 promenade des Anglais
BP 3116 - 06202 Nice Cedex 3
France

EDHEC Risk Institute—Europe

10 Fleet Place - Ludgate
London EC4M 7RB
United Kingdom

EDHEC Risk Institute—Asia

1 George Street
#07-02
Singapore 049145

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 financial research and its applications to the industry. In partnership with large financial institutions, its team of ninety professors, research engineers, research associates and support staff implements six research programmes and eleven 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.

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393 promenade des Anglais
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France

EDHEC Risk Institute—Europe

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