Press Release **Nice, London, Singapore, May 10, 2012**

Equity and bond index investors in Asia-Pacific region show dissatisfaction with their indices, and concerns exist over index transparency

EDHEC-Risk Institute has released the results of its inaugural Asian Index Survey, a comprehensive survey of 127 Asian investment professionals (asset managers, institutional investors, investment consultants, and private wealth managers) on the subject of indices and passive investment and the first comprehensive account of investor attitudes to equity and bond indices in the Asia-Pacific region.

Respondents are principally from the three asset management hubs in the Asia Pacific region (Australia, Singapore and Hong Kong), but a wide range of other countries are represented, including India, China, Japan and New Zealand. The survey was conducted as part of the Amundi ETF research chair at EDHEC-Risk Institute on "Core-Satellite and ETF Investment."

Among the key results of the survey:

- **Even though 88% of respondents consider that transparency is a key factor (**liquidity, objectivity and transparency are the three most important criteria for investors in selecting or assessing an index), **numerous index providers do not provide free and easy access to the composition of their indices**.

- **59.8% of respondents see significant problems with standard cap-weighted equity indices**, while only 17.6% see no issues with such indices (the remaining respondents do not offer an opinion).

- The results show that while indices are relatively widely used in all asset classes, **satisfaction rates are moderate to low**, especially for fixed-income indices, where fewer than 50% of respondents are satisfied with the indices they are using.

- **While 65% of respondents judge equity sector indices to be important, only 47% see equity style indices as important for their investment process** (despite academic evidence that style factors such as value and size have strong explanatory power for expected returns). Within the Asian investment universe, country indices also tend to carry more weight than sector indices – again surprising in the light of evidence on the diminishing potential for diversification across countries.

- More than **77% of respondents consider that corporate bond indices lack reliability in terms of interest rate and credit risk**.

- Unlike investors in Europe and North America, **Asian investors consider the risk-return properties of an index to be important** when making the decision to adopt an index.

- Sub-segment indices are more important for bond indices than for equity indices. A clear **majority of respondents who invest in government bonds consider credit-segment indices to be of high or very high importance**. Likewise, a clear majority of corporate bond respondents see maturity-segment and credit-rating segment indices as critical.

- The survey shows that **a generic index construction approach is not necessarily consistent with investor's varying investment objectives**, which can differ across asset classes or even across investors who invest in the same asset class. The challenge for indices in the future may be to find a better match between the requirements and objectives of investors and the properties of the indices and benchmarks they have at their disposal.

A copy of the EDHEC-Risk Institute survey can be found here:

EDHEC-Risk Asian Index Survey 2011

Contact:

For further information, please contact **Séverine Anjubault**:
Tel.: **+33 (0)4 93 18 78 63** – E-mail: **severine.anjubault@edhec-risk.com**

About EDHEC-Risk Institute

Since 2001, EDHEC has been pursuing an ambitious policy in terms of international research. This policy, known as "Research for Business", aims to make EDHEC an academic institution of reference for the industry in a small number of areas in which the school has reached critical mass in terms of expertise and research results. Among these areas, asset and risk management have occupied privileged positions, leading to the creation in 2001 of a major research facility: EDHEC-Risk Institute. This institute now boasts a team of 80 permanent professors, engineers and support staff, as well as 18 research associates from the financial industry and 6 affiliate professors.

EDHEC-Risk Institute is located at campuses in Singapore, which was established at the invitation of the Monetary Authority of Singapore (MAS), the City of London in the United Kingdom, and Nice, France. In addition, it has a research team located in the United States. The philosophy of the institute is to validate its work by publication in prestigious academic journals, but also to make it available to professionals and to participate in industry debate through its Position Papers, published studies and conferences. Each year, EDHEC-Risk organises two conferences for professionals in order to present the results of its research, one in London (EDHEC-Risk Days – Europe) and one in Singapore (EDHEC-Risk Days – Asia), attracting more than 2,000 professional delegates.

To ensure the distribution of its research to the industry, EDHEC-Risk also provides professionals with access to its website, www.edhec-risk.com, which is entirely devoted to international risk and asset management research. The website, which has more than 50,000 regular visitors, is aimed at professionals who wish to benefit from EDHEC-Risk's analysis and expertise in the area of applied portfolio management research. Its monthly newsletter is distributed to more than 1,000,000 readers.

EDHEC-Risk Institute also has highly significant executive education activities for professionals. In partnership with CFA Institute, it has developed advanced seminars based on its research which are available to CFA charterholders and have been taking place since 2008 in New York, Singapore and London. EDHEC-Risk Institute has an original PhD in Finance programme which, in addition to its highly selective residential track for young talents worldwide, has an executive track for high level professionals who already have masters degrees from prestigious universities and significant industry experience. Complementing the core faculty, this unique PhD in Finance programme has highly prestigious affiliate faculty from universities such as Princeton, Wharton, Oxford, Chicago and CalTech.

www.edhec-risk.com

About Amundi ETF

With over 100 ETFs* ETFs and €7.2bn in assets under management at 31 March 2012, Amundi ETF covers the main asset classes (equities, fixed income, EONIA, and commodities) and geographical exposures (Europe, US, emerging markets, and world).

As one of the pioneers in the ETF market with its first products launched in 2001, Amundi ETF is characterised by its quality products, continuous innovation and its low cost policy. Amundi ETF designates the ETF business of Amundi Investment Solutions.

Amundi ETF received a Special Commendation in the "European ETF Provider of the Year" category by Funds Europe in 2011 and Amundi Group was awarded "Best Europe Equity ETF Manager 2010" and "Best Fixed Income – Cash (Money Market) ETF Manager 2011" in March 2010 and March 2011 respectively, as voted by the readers of ETF Express.

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* As of 10/04/2012.

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