



Press Release

London, Nice, Singapore, June 14, 2012

In Cooperation with Russell, EDHEC-Risk Institute Makes Solvency II Benchmarks Available Online to European Insurance Companies

The EDHEC-Risk Institute today announces the launch of its new Solvency II Benchmarks, constructed in cooperation with the leading multi-asset solutions manager, Russell Investments. The new benchmarks for European insurance companies are representative of a dynamic allocation strategy to equities.

The benchmarks, which are based on two underlying indices from Russell Indexes, Russell Developed and Russell Global, rely on dynamic core-satellite and life-cycle investing techniques and allow investors to respect a maximum loss limit in each calendar year.

The benchmarks' current and historical performance, with both returns and weights, along with a full set of documentation, are freely available for download online at the following address:

www.edhec-risk.com/solvencybenchmarks

Faced with the prohibitive capital requirements associated with equity investments in the standard Solvency II formula, the EDHEC-Risk Solvency II Benchmarks can be used to achieve substantial exposure to equity risk and the associated premium, while maintaining strict and explicit control over the implied Solvency II charge. **Easily replicable and straightforward to implement, the benchmarks are highly useful for insurance companies who wish to manage the reality of their risk exposures properly as stipulated by Pillar II. They also allow insurers to optimise capital investment related to equity risk under Pillar I.** The capital freed up from this optimisation would be reallocated to cover other risks.

Professor Noël Amenc, Director of EDHEC-Risk Institute, said, "The EDHEC-Risk Institute Solvency II benchmarks enable European insurance companies which do not have a full internal model to avail of **an objective academic reference that can serve as a starting point for a partial internal model.** We expect that this original approach will facilitate dialogue with both regulators and auditors for the validation of risk management practices that allow for divergence from the standard formula and reintroduce equity as an affordable asset class for investment."

Pascal Duval, CEO, EMEA, Russell Investments, said,

"The implications and necessary preparations for organisations impacted by Solvency II are quite a minefield of regulations and complex financial analysis. Russell partnered with EDHEC-Risk because we wanted to help address insurers' long-term needs for equity exposure in a framework that respects Solvency II and the need for very short-term risk control.

"These new Solvency II benchmarks will help insurers meet those objectives and, with the right expertise in an asset manager, offer insurers' a rules-based framework in which they can also access the economic and risk benefits that diversification and active management have to offer."

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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.

About Russell Investments

Russell Investments (Russell) is a global asset manager and one of only a few firms that offers actively managed, multi-asset portfolios and services that include advice, investments and implementation. Working with institutional investors, financial advisors and individuals, Russell’s core capabilities extend across capital markets insights, manager research, portfolio construction, portfolio implementation and indexes.

Russell has approximately \$155 billion in assets under management (as of 3/31/2012) and works with 2,400 institutional clients, more than 580 independent distribution partners and advisors, and individual investors globally. As a consultant to some of the largest pools of capital in the world, Russell has \$2.4 trillion in assets under advisement (as of 12/31/11). It has four decades of experience researching and selecting investment managers and meets annually with more than 2,200 managers around the world. Russell traded more than \$1.5 trillion in 2011 through its implementation services

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business. Russell calculates more than 80,000 benchmarks daily covering 98 percent of the investable market globally, 85 countries and more than 10,000 securities.

Headquartered in Seattle, Washington, USA, Russell has offices around the world including Amsterdam, Auckland, Beijing, Chicago, Dubai, Frankfurt, London, Melbourne, Milan, New York, Paris, San Francisco, Seoul, Singapore, Sydney, Tokyo and Toronto. For more information about how Russell helps to improve financial security for people, visit www.russell.com.