

Press Release

London, Nice, Singapore, June 26, 2012

Institutional Investors and Corporations Suggest that Inflation-Linked Corporate Bonds may Provide Solution to Both Parties and could Become an Interesting Substitute for Sovereign Debt

In a survey of institutional investors and members of corporate finance departments, EDHEC-Risk Institute sought reactions to the key conclusions of a study entitled “Optimal Design of Corporate Market Debt Programmes in the Presence of Interest-Rate and Inflation Risks”, which was produced as part of the Rothschild & Cie research chair.

The results indicate that the research topic is perceived as highly relevant to current investor concerns and issuers of corporate debt. Respondents suggest that the issuance of inflation-linked bonds may provide a solution to both parties. For investors, inflation-linked corporate debt could be an ideal instrument for hedging their liabilities at a time when sovereign debt is no longer considered the default asset for pension funds’ asset-liability management.

For corporations, issuing inflation-linked debt would ultimately limit the firm’s risk and increase the value of its shares.

Potential issuers exhibited substantial agreement with the positive attributes of inflation-linked debt, while over half of respondents recognised the prospects for the development of a highly liquid market as a result of this type of research.

Overall, the responses reflect strong agreement with many of EDHEC-Risk Institute’s key propositions, and the central tenet of the paper: **that for many firms, current debt-management practices can be improved through the issuance of inflation-linked debt.**

A copy of “Reactions to the EDHEC Study “Optimal Design of Corporate Market Debt Programmes in the Presence of Interest-Rate and Inflation Risks”” can be downloaded via the following link:

[EDHEC-Risk Publication Reactions to the EDHEC Study “Optimal Design of Corporate Market Debt Programmes in the Presence of Interest-Rate and Inflation Risks”](#)



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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 Rothschild & Cie

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 2,000 people in over 40 countries (including the USA, UK, France, Switzerland, Singapore, China,...).

Rothschild Global Financial Advisory is involved in providing impartial and expert M&A and strategic advice as well as financing and restructuring advice across the range of equity and debt capital markets. Rothschild & Cie Gestion is the asset management arm of the Rothschild Group in France.

Rothschild & Cie Gestion manages EUR 22bn in assets and offers a diversified product range, with expertises in equities (focusing on European equities), bonds (including govies, Euro credit and European convertibles), balanced management, and long-only as well as alternative multi-management.

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