PhD in Finance welcomes new class

In early October 2015, the EDHEC PhD in Finance welcomed a new cohort of participants.

During the first of their four residential weeks for the year, participants in the 2015 incoming class attended the first half of two of their core courses and took part in their first research workshop. These are the first steps in a demanding learning process leading to the highest possible distinction for finance professionals. Out of the applicants matriculated this year, 12 are part of the programme’s executive track and one belongs to the residential track. He will work as a teaching assistant in the EDHEC Masters in Finance programmes.

The experienced practitioners joining the executive track of the EDHEC doctoral programme usually embark on the course to take a step towards senior positions in finance or positions in academe, or when they already hold such positions, to help them steer their organisations in new directions. During the programme, they work with leading specialists on research of particular relevance to their organisations.

The average age of these new participants is 39 and together they average over 14 years of experience. Nine nationalities (American, British, Canadian, Chinese, Colombian, Egyptian, German, Russian and Ukrainian) are represented. About half of these participants reside in North America, three in Europe and the rest are spread equally between Asia (Hong Kong and China) and Australasia (Australia and Papua New Guinea).

More than half of the participants work for asset and wealth management firms, two in corporate and investment banking, two in financial services and one works for a financial supervisory authority. The proportion of senior professionals in this incoming class is still high (majority of participants), ten of them manage units or an organisation and two run their own company. Two participants are senior portfolio managers.
These practitioners also have solid academic backgrounds. They completed first degrees in engineering or sciences (physics, mechanics, computer science and mathematics). The other participants have a first degree in economics, biology and business (accounting). They also hold graduate degrees in business administration and management (major in finance or economics): other participants hold a Master of Science in financial mathematics, financial and actuary mathematics, financial engineering, economics, engineering in aeronautics, mathematics and risk management.

*Almae matres* at the graduate level include the University of Chicago (Booth), Columbia University, HEC Montreal, Kellogg-HKUST, Moscow State University, New York University (Stern), Stanford University (2) and University of St. Gallen. The average GMAT score of these programme newcomers is 700.

The PhD in Finance participant profile at a glance:

**Demographics**
- Number of participants enrolled (as of October 2015): 72
- Countries represented [different citizenships held]: 37
- International participants, i.e. participants with sole citizenship other than French: 93%
- Average/median age of executive track participants at matriculation: 38
- Average/median professional experience of executive track participants: 14
- Average/median age of residential track participants at matriculation: 29
- Average/median of all participants’ GMAT: 700

**Regions of residence (executive track participants)**
- Africa: 3%
- Americas: 29%
- Asia (including Middle East): 29%
- Australasia: 6%
- Europe: 33%

**Academic profile of participants:**

**Initial degree:**
- Engineering/Applied science: 20%
- Economics: 20%
- Mathematics/Business/Finance: 17%
- Physics/Politics: 8.5%
- Humanities/Political science: 5%

**Graduate degree(s):**
- Finance: 39%
- Business administration: 41.5%
- Economics: 16.5%
- Engineering/Applied science: 12.5%
- Mathematics/Physics: 12.5%
- Humanities/Political science: 7%

**Professional profile of executive track participants:**

**Industries:**
- Third-party asset management: 40.5%
- Corporate and investment banking: 23%
- Advisory and financial services: 17.5%
- End investor or regulator: 13%
- Wealth management: 6%

**Job functions:**
- Chief executive or chairperson: 13%
- Head of unit, principal, partner: 14%
- Portfolio or risk manager: 11.5%
- Other financial manager: 14%
- Investment or risk officer: 5.5%
- Business or corporate development officer: 43%
Faculty and student interviews

FACULTY INTERVIEW: René Garcia

Teaches Empirical Methods in Finance

The EDHEC PhD in Finance started in 2008. Can you remind us of the objectives of the programme and on its specificities with respect to PhDs in Finance offered by other institutions?

When EDHEC-Risk Institute and EDHEC Business School decided to create a PhD in Finance, their main goal was to serve the industry. Many professionals in the financial industry wanted a degree that would go beyond the knowledge and skills they could acquire in an MBA or a specialised Master programme. Of course for a PhD we focused on ensuring the development of analytical and research skills required to conduct research projects for advancing knowledge and practices in the financial industry. So to start with, the population of students we were targeting was different than the usual PhD students in most institutions. Given this target, we needed to offer the programme in a part-time format as these professionals could not leave their jobs to dedicate four years to study full time. Our typical student is a 40-year-old with 15 years of work experience. However, we wanted to offer a PhD programme that would lead to publications in peer-reviewed journals. In that sense, the research component of the programme was a key element in contrast with programmes like DBA (Doctorates in Business Administration) where this element is less prominent. These three elements made our programme different and all the more challenging.

How did you go about this challenge, finding the right students and faculty, making sure that the right skills and knowledge were acquired?

Well, the recipe was simple. We had to find good students, good faculty and put together a good programme. This is easy to say, but much less easy to do. First, we needed to find candidates with excellent academic and scholarly abilities, exceptional analytical and quantitative skills and who were intellectually curious and demonstrated a taste for creative work. But above all, we needed to find people with strong discipline. How could you otherwise manage to fit it in together with a demanding professional activity and a rich and full-fledged family life. This programme is not something you can squeeze in between your professional and personal life – you need to make room for it. Second, we needed to find the right faculty. We needed experienced teachers and researchers who were able to teach and advise this special public. We needed to attract people whose research would speak to students with a strong foothold in reality. The third element was the programme. It had to emulate the programmes of the best PhDs in Finance in the world. To produce research papers that add to current knowledge, you need to be able to read everything that has been written on the topic as well as the research questions you want to address. Therefore, one needs to acquire a thorough understanding of the theories, methodologies and core knowledge in the main areas of finance. This is why we built a first year of courses that ensure all bases are covered. Students are tested on this core knowledge to ensure they can start their dissertation with the right tools in hand. In years two and three, we complement this core knowledge with specialised elective seminars presented by the best researchers in the given fields. This is to nourish the creative thinking of our students during their dissertation.

How would you assess the success you have had in meeting these challenging objectives?

We attract great profiles into the programme. In the last cohort we admitted in October 2015, candidates held Master’s degrees from the University of Chicago (Booth), Columbia University, HEC Montreal, Kellogg-HKUST, Moscow State University, New York University (Stern), Stanford University and the University of St.Gallen. Our candidates are senior professionals with some 15 years of experience, often in large, well-known investment banks and asset and wealth management firms. We have also managed to hire permanent faculty members who are excellent researchers, experienced PhD advisors, and who can...
teach these particular profiles. Finally, we were successful in associating top academics with the programme who were teaching in very prestigious universities. In fact, the experience proved very enriching for many of them since they did not have the opportunity to teach such profiles in their own universities. They are used to MBA students but they cannot teach their research material to them. So exchanging with such an audience was positive and rewarding.

The programme has already produced a number of graduates. What about the careers of the students post-graduation? Does the PhD significantly change their professional life?

Yes, what I described until now are the inputs, the ingredients that make for a good recipe. But today we are able to measure the output. As the saying goes, the proof of the pudding is in the eating. We have had 22 graduates to date, with the first ones having graduated in 2012. They consisted of 18 executives, while four were so-called residential candidates who are on average younger students aiming for an academic position and who work as research or teaching assistants during their PhD. From among the 18 executive graduates, only four were working in the same firm as at the beginning of the programme and they all had been promoted. Five have changed jobs, surely for the better, and six are working in start-ups they created just after the PhD. The surprising outcome is that three executives are in full-time academic positions. Prospective students often ask if this PhD can lead to a career in academia in an American college or university. One of our graduates found a tenure track position at the University of Connecticut. People do not realise that ultimately the value of a PhD is what the students have written in their thesis and how well they present and defend their research. The credentials of the advisors and their recommendations do the rest. Moreover, successful industry experience in a business school is certainly valued. In fact professionals are often teaching part-time in business schools. On this score, our graduates are comparatively very attractive since they have a rich experience and a strong academic background. They are rare commodities for adjunct positions in business schools.

How would you qualify this research output with respect to the usual output of PhD students in regular programmes?

As I mentioned earlier, one objective of the programme was that students publish in peer-reviewed journals. As of today, our graduates have produced 14 publications. Two are in the Journal of Financial and Quantitative Analysis, which is one of the Financial Times top four journals used in business school research rankings. The others are more specialised journals such as the Journal of Fixed Income, the Journal of Alternative Investments or the Journal of Derivatives. Given the profile of our graduates, we set our objectives precisely at the level of these peer-reviewed specialised publications read by professionals. Of course, there will be more academic publications, as is already the case. I would say that this publication record is remarkable in such a short amount of time since the graduation of our first students. In terms of topics, risk, derivatives and alternative investments are prominent but recent theses have featured corporate finance topics such as venture capital or the implications of banking law reforms. Regulation is also coming up more frequently as a topic of interest.

How do you see the future?

The future appears rather bright. On one side, with the reputation acquired by the programme and the proven possibilities it offers, we are enlarging our pool of candidates and are better able to ensure a good match between the objectives of the candidates and the programme goals. On the other side, we improve the programme continuously to enhance the research capabilities of the graduates. We have also learned how to help candidates better prepare themselves before entering the programme. Sometimes, they have been away from studying for a while and need to refresh certain important mathematical concepts that they had once mastered. Finally, we hope to see the impact of this innovative programme grow over time on the practices of the financial industry.
Could you tell us about your background and what you are doing today?

I have spent almost 25 years in quantitative investment roles, primarily in the multi-asset and hedge fund spaces. Today, I manage a platform of risk-balanced, multi-asset portfolios for Wellington Management Company. At Putnam Investments, we built a quantitative tactical asset allocation process relying primarily upon regression-based time-series methods and portfolio construction algorithms. At 2100 Capital my focus shifted to a multi-strategy hedge fund in which we managed a multi-asset portfolio using technical trading rules, a market-neutral equity portfolio using a contextual cross-sectional model, and a portfolio construction process combining optimisation and several risk models. More recently, I have been managing a platform of risk-balanced, multi-asset portfolios combining risk budgeting, target volatility, fundamental indices, opportunistic hedging, tactical asset allocation and alternative betas. In terms of education, I have a BA in Economics, an MBA concentrated in Finance, and I have a CFA designation. Particularly during my MBA studies, I focused upon more analytical courses.

Why did you decide that you needed to do a PhD at this stage of your career?

There were a couple motivations. First, and most importantly, I sought professional development as it relates to research. I wanted to find literature, analytical techniques, academic contacts and professional relationships that could help me to conduct better research, to improve our portfolios and to create a better experience for our clients. Second, I enjoy learning and I like challenges – this programme satisfied both. But what is fundamental compared say to a specialised MSc is the research inclination of this programme. My career has been anchored on research – asking questions, solving problems, and endeavouring to continue learning. I always have on my desk a stack of papers, some that I have read and others that I intend to read. The education never stops. So, for me, a PhD programme is right in line with the way I approach my professional life, always anchoring my decisions on evidence supported by a systematic, scientifically-grounded approach.

Why choose this particular programme?

I have been following EDHEC since attending a Hedge Fund conference in the mid 2000s. The focus upon investment and risk management was naturally appealing to me. I ultimately selected this programme due to the quality of the professors and the structure of the curriculum (core courses, electives, a week of classes per quarter, etc). I also expected a blend of foundational theory, advanced concepts and practical implications. My expectations have been met generally by the core courses with the split varying by course – e.g. the Empirical Methods in Finance and Continuous-time Financial Economics provided more numerous practical lessons for me. The two elective seminars I recently attended were very good and directly applicable to my investment research. I also valued the fact that, unlike the students in many full-time PhD programmes having little or no practical experience, all the students in this programme have industry experience. This experience enhances classroom discussions, often improves the quality of the questions asked of professors, and enhances interaction among students outside the classroom. For me, this improves the learning experience and increases the networking value.

What was your experience in this first academic year?

The first year was as challenging as advertised by Professor Garcia. Reading, assignments, class attendance and exam preparation require a substantial time commitment. I was told to expect approximately 20 hours of work per week on average and that has been roughly my experience with some weeks being busier than others depending upon deadlines and the work-home-school balance during the previous week. But the time invested has been worth it. I have learned a lot. The instructors have been excellent and I have enjoyed interacting with PhD students from all over the world. I spent quite a bit of time in the class notes because I wanted to
understand all the methodologies and derivations. This often produced questions. The professors were responsive via email or Skype but there is a natural limit to this. It might make sense to have a tutor or teaching assistant available to those with an abundance of questions.

What is, according to you, the main challenge of the programme?
The greatest challenge is time management. With a demanding job and five children, I never have sufficient time in a day. The support of my wife, Tammi, has been critical. For the core courses I spent some time on studies at the end of work days but concentrated a lot of my studying during week-ends and vacations which is not without consequences. Often my two youngest sons would come into my office and complain: “Oh no Dad, don’t tell me you are doing homework again!” This is where you need the support of your wife. She can divert their attention and explain that Dad will play basketball later in the day after he finishes his work. During a family holiday just prior to exams I had to dedicate some time to studying in the morning and reserve the afternoon for family activities. Of course the requirements of my job also come into play as our clients and their portfolios take priority over school work. Managing all of this makes for a challenging but rewarding life.

A secondary challenge was math review. While I do quantitative research, the math is often of a certain variety. There are elements of advanced calculus I have not used in years. I reviewed a lot of this prior to the programme beginning but still needed to do some supplemental review, particularly during the financial economics courses.

How did the programme impact your daily work?
Since I did most of my core course at nights, on weekends and on vacations, the biggest impact was a limitation on my ability to allow my day job to extend regularly into the early evening. I needed to modulate my study time to accommodate business travel, market volatility and other unanticipated tasks. For example, during market events (and there have been several during the past year) I must be doubly attentive to our portfolios for risk management and opportunity assessment reasons and I must be even more available to answer questions from clients and colleagues. Knowing that I had school work to do weighed on me at times, but it had to wait until work settled down.

In terms of the school work paying dividends at work, I am utilising some of the modelling and diagnostic techniques from the Empirical Finance and Continuous-time Financial Economics courses as well as the first two elective seminars. This is just the beginning and I expect to gain useful tools from future elective seminars and particularly the dissertation process.

Do you think there are benefits to having a majority of professionals in the class?
As I mentioned previously, I believe that it is very important to maximise the number of professionals in the class. Having students in similar situations in terms of work experience, families, etc. creates a natural bond, facilitates networking and brings experience to classroom discussions. I find that the more experience a student has, the more his questions in the classroom will be relevant and useful for his or her colleagues. Since the background of the students in the programme is quite diverse, it is often the case that a question will open a new way of thinking for the others.

In some courses, assignments can be done in groups so this is another way of benefitting from your fellow students. Experience collaborating professionally can make this process easier, particularly when one is working with students spread across different geographies. This doesn't guarantee a good group experience but I believe that it reduces the likelihood of a poor one. The unpredictability of my work and home schedules forced me to do all my assignments alone since I did not want teammates to be hostage to the vagaries of my availability. But I gladly would have partnered with a number of my classmates under different circumstances and likely would have learned more from the assignments.

The next stage of the programme will be the submission of your dissertation proposal; could you please introduce the topic you would like to develop in your thesis?
The portfolios I manage include allocations to alternative risk premia – quasi-beta strategies spanning carry, trend, convergence and equity style premia. While the latter has received significant attention from academia, the entire universe has not. However, this is an area of significant interest among practitioners. I would like to focus upon creating a unique database of alternative risk premia, distilling common risks and testing against traditional factors, assessing robustness and data mining vulnerability, and evaluating the role of these returns in a diversified
portfolio. Although the number of anomalies put forward in the academic literature is exploding, one needs to distil the common threads that are producing specific risk premia and to establish how/why these can add value to a portfolio. What generally is missing is a robust assessment of the statistical properties of the empirical findings. What may appear to be an investment opportunity may not survive serious statistical scrutiny.
Programme and faculty news

Programme adds two new alumni
This summer, two PhD candidates successfully defended their theses.

Mohan Subbiah produces a nonparametric forecasting methodology to assist with style allocation in Asian equity funds and proposes a model to assist in building an Asian fund of hedge funds through various statistical methodologies and portfolio construction techniques.

Mohan was advised by EDHEC PhD in finance core faculty member Professor Frank Fabozzi and his thesis committee also included Professor René Garcia, PhD programme Director, Professor Bing Liang, (Isenberg School of Management, UMass Amherst) who served as external examiner and Professor Abraham Lioui (EDHEC Business School).

Based in London, Mohan is Chief Executive Officer at HL Asset Management, holds an MBA from London Business School and previously completed a first degree in mathematics and computer science.

With his thesis titled “Short-Term Nodal Trading in Electricity Markets: Momentum Strategies and Benchmarking Performance”, Bahi Kandavel provides robust evidence of profitable momentum-strategies in the largest and most liquid wholesale electricity market in the world, the Pennsylvania-Jersey-Maryland (PJM) Independent System Operator (ISO) and designs a benchmark index for nodal electricity markets.

The dissertation committee included Bahi’s advisor Professor Joëlle Miffre (EDHEC Business School), Professor René Garcia, EDHEC PhD in Finance programme Director and the external examiner Professor Peter Christoffersen (University of Toronto - Joseph L. Rotman School of Management).

Based in Toronto, Bahi Kandavel is Founder and Trading Director at Northstar Trading, a quantitatively-oriented proprietary trading company providing liquidity in wholesale electricity markets across North America; Bahi holds a Master’s in Mathematical Finance and a BASc in Engineering Science from the University of Toronto.

2015 Graduation Ceremony
To celebrate the achievements of eight PhD in Finance programme participants, Kai Wing Chan, Yifan Yang, Shankar Ramachandran, Yaacov Kopeliovich, Igor Lojevsky, Chris Firth, Mohan Subbiah and Bahi Kandavel, the third graduation ceremony for the EDHEC PhD in Finance programme was held on 28 September 2015 at EDHEC Business School’s London premises in the presence of the families, programme participants, faculty, and staff.

The commencement speech was delivered by Mr Emmanuel Gueroult (EDHEC 1989), Founding Managing Partner of Altice Capital Enterprises (non-telecom/media investment arm of Patrick Drahi). Prior to founding Altice Capital Enterprises, Emmanuel Gueroult worked with Morgan Stanley for 22 years leaving as Chairman of Global Capital Markets, Co-head of Equity Capital Markets and Co-Chairman of the Credit Commitment Committee in Europe Middle East and Africa.

Professor René Garcia, Programme Director started his address by congratulating the new graduates, the faculty and the team involved in the programme in London, Nice and Singapore. He then discussed the research work of each graduate. A cocktail reception followed the award of the degree.

EDHEC Business School believes that academic research has a vital role to play in promoting innovation and constantly raising professional standards. With a century-long tradition of serving the needs of the community, it has defined a ‘Research for Business’ orientation and has spelled out its educational credo as ‘professional development through research-based excellence.’
Since 2008, with the support of EDHEC-Risk Institute, the EDHEC PhD in Finance has been the culmination of this ambition and it has been designed to offer finance industry professionals the opportunity to become autonomous researchers by following a rigorous doctoral curriculum while remaining in their jobs.

The main achievement of any doctoral programme is the authoring of a dissertation, a work that makes a significant contribution to the body of knowledge and demonstrates not only mastery of the research techniques in the field but also the ability to articulate and substantiate original thinking.

While the EDHEC PhD in Finance allows participants to work on fundamental research pursuits, its differentiating ambition is to train a new breed of practitioners who will be combining their practical, in-field expertise with the knowledge and research skills acquired through the programme to exert thought-leadership and introduce radical innovation in the finance industry.

**Frank Fabozzi honoured by the CFA Institute Research Foundation**

On 28 October 2015, during its 50th anniversary celebration, the CFA Institute Research Foundation honoured PhD in finance faculty member Frank J. Fabozzi with the 2015 James R Vertin Award for lifetime excellence in research.

The award was established in 1996 to honour James R. Vertin, CFA, for his outstanding leadership in promoting excellence and relevancy in research and education. It is presented periodically to recognise individuals who have produced a body of research notable for its relevance and enduring value to investment professionals. Frank J. Fabozzi joins a distinguished group of prior recipients of the award, including Nobel prize recipients William Sharpe and Robert Schiller, and highly regarded investment professionals Roger Ibbotson and Andrew Lo.

A member of the EDHEC PhD in finance core faculty, Frank J. Fabozzi is responsible for doctoral dissertations in finance and coordinates and lectures in the Yale School of Management–EDHEC Risk Institute Certificate in Risk and Investment Management. He is a visiting fellow at Princeton University’s Department of Operations Research and Financial Engineering.

Frank J. Fabozzi’s research focuses on structured products and the measurement, modelling, and management of risk. His work has appeared in leading journals, including the *Journal of Finance*, the *Journal of Financial and Quantitative Analysis*, and *Operations Research*. He has been the Editor of the *Journal of Portfolio Management* since 1986. In 2002, he was inducted into the Fixed Income Analysts Society’s Hall of Fame for his lifetime contributions to the advancement of fixed-income analysis and portfolio management. He has edited and/or authored over one hundred books and is the eponymous manager of an authoritative series of finance books for practitioners and academics. In 2007, he was already distinguished by the CFA Institute for his outstanding contribution to the education of professional investors. He advises financial institutions and government agencies and is on the board of the BlackRock family of closed-end funds.

**EDHEC PhD faculty members involved in the NBER Summer Institute**

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EDHEC PhD in Finance Core Faculty Professor Raman Uppal presented the paper «Portfolio Choice under the APT with Model Misspecification» with his co-author Paolo Zaffaroni at the NBER Summer Institute 2015.

The National Bureau of Economic Research (NBER) organises the NBER Summer Institute, a three-week gathering of applied economists and that takes place in Cambridge, Massachusetts during July each year.

The four-day part dedicated to Forecasting and Empirical Methods in Macro and Finance was organised by Jonathan H. Wright (Johns Hopkins University) and EDHEC PhD in Finance affiliate faculty member Professor Allan Timmerman* (UC San Diego).

On the speaker list, EDHEC PhD in Finance affiliate faculty member, Professor Francis X. Diebold** (University of Pennsylvania and NBER), and his co-authors presented their current research work, "Real-Time Forecast Evaluation of DSGE Models with Stochastic Volatility".

* Professor Allan Timmerman delivered a seminar on Predictive Modelling and Forecast Evaluation in Financial Markets for the EDHEC PhD in Finance candidates in October 2015.
** In Spring 2016, within the EDHEC PhD in Finance programme, Professor Francis X. Diebold will deliver a seminar titled "Aspects of Real-Time Measurement and Monitoring in Financial Markets, Macro Fundamentals, and the Interface".

A selection of recent and forthcoming presentations:

Money, Macro and Finance Conference
Last September in Cardiff (UK), Professor Giuseppe Bertola, was key note speaker at Money, Macro and Finance Research Group Annual Conference and presented “Money, Finance, and Labour Markets.”

Econometric Society World Congress
Four papers of Professor René Garcia were on the programme of the 11th Econometric Society World Congress in Montreal in August 2015.


His co-authors presented:


European Finance Association
At the European Finance Association 2015 meeting held in Vienna, Professor Raman Uppal was chair of the session General Equilibrium, Information, and Financial Markets. He also presented “Do Idiosyncratic Individual Behavioural Biases Have Aggregate Effects?” with co-author Harjoat Bhamra and "Where Experience Matters: Asset Allocation and Asset Pricing with Opaque and Illiquid Assets" with co-authors Adrian Buss and Grigory Vilkov.

In the course of summer 2015, Professor Uppal’s working papers that follow were also presented:
• "Portfolio Choice with Model Misspecification: A Foundation for Alpha and Beta Portfolios", co-authored with Paolo Zaffaroni, at the UBC Finance Summer Conference in Vancouver.

• "Do Idiosyncratic Individual Behavioural Biases Have Aggregate Effects?”, co-authored with Harjoat Bhamra, at the Econometric Society World Congress in Montreal.


MPT Forum Tokyo
Professor Lionel Martellini will give the keynote address at the MPT Forum to be held in Tokyo on 4 December 2015. The MPT Forum is the Japanese finance/quants association composed of financial practitioners and academic researchers, the Japanese equivalent to such institutions like Inquire in Europe or the Q-Group in the United States.

13th Paris December Finance Meeting
Co-organised by the EUROFIDAI (European Financial Data Institute) and the AFFI (French Finance Association), the traditional annual International Finance Meeting will take place on December 17, 2015 in Paris and will be presided by core faculty
member and vice academic director, EDHEC PhD in Finance, Professor Abraham Lioui. Also amongst the 2015 Scientific Committee members who organised the sessions, EDHEC PhD in Finance Affiliate Faculty, Professor Yacine Aït-Sahalia (Princeton University and NBER).

The Paris December Finance Meeting is one of the top 3 European conferences in terms of the quality of the papers presented.

Recent and forthcoming articles by faculty
Below is a selection of articles by programme faculty members which were published in 2015 or are forthcoming. Appearing are representative articles in scientific journals co-authored by faculty members publishing under their EDHEC Business School or EDHEC-Risk Institute affiliations.


*Daniel Mantilla-Garcia, Andrea Tarelli and Yifan Yang are graduates of the EDHEC PhD in finance programme.
Alumni news in brief

The paper “On The Correct Evaluation of Cost of Capital for Project Valuation” authored by Carlos-Heitor Campani, PhD (2013), Professor of Finance at COPPEAD Graduate School of Business of the Federal University of Rio de Janeiro, is forthcoming in Applied Mathematical Sciences.

Kai Wing Chan, PhD (2014), based in San Francisco has just joined Marlette Funding as Head of Modeling.


Bahi Kandavel, PhD (2015) features on the list of TC's Most Influential Tamils of 2015 for his remarkable entrepreneurship. He is founder and Trading Director at Northstar Trading that employs five people and operates in three US electricity markets. This privately held company takes a highly quantitative and technology-based approach to trading while placing a strong emphasis on risk management and controls. Although Northstar focuses on a niche market, there is extensive room for expansion within the energy market as well as through different synergies, such as natural gas.

Yaacov Kopeliovitch, PhD (2014), who has recently joined academia as full time professor at the University of Connecticut had his paper “Robust Risk Estimation and Hedging: A Reverse Stress Testing Approach”, co-authored with Arcady Novosyolov, Daniel Satchkov and Barry Schachter published in the Journal of Derivatives (Summer 2015).

EDHEC Business School news

EDHEC will recruit 50 new Faculty members

Within the framework of the EDHEC ambitious 2015-2020 Strategic Plan, Olivier Oger, Dean of EDHEC Business School and Christophe Roquilly, Dean for Faculty and Research, announce the objective to add 50 new professors to the current academic community, in different fields of expertise, in order to support three major aims:

• Increase the teaching hours covered by the core faculty
• Develop the EDHEC "pedagogical style"
• Improve the "research for business" approach through the reinforcement of existing Centres of Excellence and the development of new ones.

Twenty per cent of EDHEC resources are devoted to research, primarily in five Centres of Excellence that concentrate academic community expertise:

• EDHEC-Risk Institute: Asset and risk management
• LegalEdhec: Legal performance and competitiveness
• Economics: Evaluation of public policy
• Financial Analysis & Accounting: International accounting standards and new approaches to financial valuation
• EDHEC Family Business Centre: management quality within family firms, developing issues such as governance, management, succession, finance and family business role in society.

Please, click here to learn more.

EDHEC’s TI&CD shortlisted for the Reimagine Education Awards 2015

This international contest, which will celebrates its second edition, is a joint initiative of QS Quacquarelli Symonds, publisher of the QS World University Rankings, and The Wharton School SEI Center of the University of Pennsylvania. It aims to provide a platform through which to celebrate and share the most effective higher education innovations worldwide. The panel of 60 international judges hailed from both industry and academia.

Please, click here to learn more about these awards: http://www.reimagine-education.com/
EDHEC-Risk Institute news

Upcoming event

The EDHEC-Risk Smart Beta Day 2015 will take place on 15 December 2015 in New York and will present the research carried out by EDHEC-Risk Institute.

The event is structured to appeal to institutional investors and financial advisors and enables participants to have access to the latest conceptual advances and research results in smart beta investing and to discuss their implications and applications with researchers who combine expertise of advanced financial techniques with a sound awareness of their industry relevance.

The one-day conference will include multiple plenary sessions allowing professionals to review major industry challenges, explore state-of-the-art investment techniques and benchmark practices to research advances.

Part I of the conference will focus on smart beta indexation and will present and discuss the latest research results on equity long-term rewarded factors, diversified factors and concentrated factors, robustness of smart beta strategies and quality dimensions in smart beta investment.

Part II will focus on smart beta solutions and will present research of great interest to institutional investors on the shift from smart beta products to smart beta solutions and smart beta and ALM. The conference will close with a round table including the participation of three major institutional investors and will discuss how investors organise their smart beta investments.

EDHEC-Risk Smart Beta Day is organised in partnership with ERI Scientific Beta and full programme is available here.

Latest news about the conference and react on Twitter with #ERISmartBetaDay and via @ScientificBeta.

Executive Education

Building upon the success of the first seminar series, the second edition of the Yale School of Management – EDHEC-Risk Institute Certificate in Risk and Investment Management will start again from January 2016 both in London and New Haven.

This ambitious high-level programme in risk and investment management consists of four seminars that are intended to reflect the major steps in a modern investment process:


This joint programme offers top-quality executive education courses in the areas of risk and investment management, based on the exceptional strength and relevance of academic research conducted by both Yale SOM and EDHEC-Risk finance faculty. Participants will be taught by world-class thought leaders in their fields and will be exposed to cutting-edge research and latest trends, in a very attractive format which fits conveniently into an executive's agenda as the Certificate in Risk and Investment Management can be completed over a 1 to 2-year period. Further information available here.

A selection of recent EDHEC-Risk Institute Publications

- Introducing a Comprehensive Investment Framework for Goals-Based Wealth Management, Romain Deguest, Lionel Martellini, Vincent Milhau, Anil Suri and Hungjen Wang

Any investment process should start with a thorough understanding of the investor problem. Individual investors do not need investment products with
alleged superior performance; they need investment solutions that can help them meet their goals subject to prevailing dollar and risk budget constraints.

This paper develops a general operational framework that can be used by financial advisors to allow individual investors to optimally allocate to categories of risks they face across all life stages and wealth segments so as to achieve personally meaningful financial goals.

One key feature in developing the investment framework for goals-based wealth management is the introduction of systematic rule-based multi-period portfolio construction methodologies, which is a required element given that risks and goals typically persist across multiple time frames.

This research was conducted with the support of Merrill Lynch Wealth Management as part of EDHEC-Risk Institute’s research chair on a “Risk Allocation Framework for Goal-Driven Investing Strategies”.

• What are the Sources of Return for CTAs and Commodity Indices? A Brief Survey of Relevant Research

Hillary Till

This survey paper will discuss the (potential) structural sources of return for both CTAs and commodity indices based on a review of empirical research articles from both academics and practitioners. The paper specifically covers (a) the long-term return sources for both managed futures programs and for commodity indices; (b) the investor expectations and the portfolio context for futures strategies; and (c) how to benchmark these strategies.

More...

• The Limitations of Factor Investing: Impact of the Volkswagen Scandal on Concentrated versus Diversified Factor Indices,

Noël Amenc, Sivagaminathan Sivasubramanian and Jakub Ulahel

Volkswagen has been caught up in one of the most notorious scandals in corporate history by installing cheat software to reduce emissions during testing. The news broke on the eve of Friday, 18 September 2015 and the stock markets heavily penalised Volkswagen AG and other automobile stocks, including suppliers, on Monday, 21 September 2015. In the present study, we show that, in the month of September 2015, the impact of the Volkswagen scandal is much stronger in concentrated factor indices as opposed to Scientific Beta’s well-diversified smart factor indices which outperformed the cap-weighted benchmark.

More...
Important information for prospective applicants

Application Information
Executive track
The next deadlines for application for September 2016 admission into the programme are 15 December 2015 and 31 March 2016.

EDHEC is seeking to matriculate ten to fifteen new participants in 2016.

Programme presentations
Presentations are scheduled all year round in Asia, Australasia, Europe, North America and online.

For more information about the programme, to register for a presentation or to request an application form, please contact Brigitte Bogaerts.