

**News – Headline**

MACQUARIE

## INSEAD & Macquarie Bank partner to create a new Master of Finance

*The world's first full master's degree program from a top-tier business school tailored specifically for one global company and for investment banking professionals.*

4 September 2006: INSEAD, the international business school with campuses in Europe (France) and Asia (Singapore), and the Macquarie Group<sup>1</sup> (Macquarie), the international investment bank and financial services provider, will launch a global Master of Finance program for Macquarie's investment banking managers. This new degree will be available from early 2007 to eligible Macquarie employees around the world.

The program targets Macquarie's top young investment banking executives, who will be selected based on their abilities, performance and potential. Macquarie expects hundreds of its people to undertake the program in coming years, and has made a long-term commitment beyond 2010 to make the INSEAD Master of Finance (Investment Banking) degree a centrepiece in its professional development activities. All participants will need to comply with INSEAD's high academic standards – from entry to graduation.

"This is the first program of its kind in the world. Macquarie has always provided opportunities for our people to further develop their skills through education. We are confident this latest initiative will benefit the individuals working in our team today, and that it will also attract the best and brightest graduates from all countries to join us," said Nicholas Moore, head of Macquarie's Investment Banking Group.

The new Master of Finance (Investment Banking) complements INSEAD's existing program portfolio which includes a full-time MBA program, an Executive MBA program, a PhD degree, and a broad range of executive education programs. The curriculum has been developed by INSEAD with input from Macquarie's senior investment banking group management. It combines INSEAD's academic

expertise with the latest developments in international investment banking. Over the coming years, INSEAD's faculty will work closely with Macquarie to regularly update the curriculum and to develop a suite of case studies specific to investment banking practice and management.

The program integrates courses on finance, accounting, leadership, management, and strategy in the context of global investment banking. Participants will spend a total of 14 weeks on campus over a four year period with multiple groups attending classes on INSEAD's Europe and Asia campuses as well as in Australia and the USA. In addition to the class room sessions, the program includes individual on-line learning and virtual teamwork activities.

**For full press release, [click here](#)**

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### Upcoming Event



**AIMA-INSEAD  
Award Presentation  
Ceremony Tuesday,  
28 November, 2006 @ INSEAD  
Asia Campus auditorium.**

<sup>1</sup> Macquarie Group (Macquarie) refers to the Macquarie Group of companies which comprises Macquarie bank Limited, its subsidiaries and affiliates worldwide and the funds or companies that they manage.



## Hedge Funds and Alternative Investments Set to Grow with Launch of Prestigious Research Award

The Alternative Investment Management Association (“AIMA”) Singapore Chapter and INSEAD’s Asia Pacific Institute of Finance (“APIF”) have launched the 2006 Research Award to encourage high-level applied research on the Alternative investment and Hedge Fund industry in Asia. The 2006 Research Award is a key part of a collective effort to stimulate technical innovation and increase understanding of the rapidly growing financial marketplace in Singapore and throughout Asia.

“The APIF recognizes that Alternative Investments are an increasingly important part of Asian finance” says Professor Pierre Hillion, the de Picciotto Chaired Professor of Alternative Investments at INSEAD. “We are fully committed to encouraging bright minds and helping to develop new thought leaders to address present challenges and create new innovations for the future.”

The first prize is US\$10,000 and publication on the AIMA global website ([www.aima.org](http://www.aima.org)). Awards will be judged by a distinguished international research panel, including leading university faculty from the United States and Singapore, senior officers from prominent asset management firms, and will be led by Mr. Peter Douglas, Chairman of the AIMA Singapore Chapter.

Winners and runners-up to be announced before end of 2006.

For further information, [click to follow the link](#)

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### APIF Partnerships

**InnovAsia** – Aimed at providing specialised custom research capabilities and information on Asian technology markets, InnovAsia offers vast information resources and a range of solutions for global corporations and investors. Clients can learn from leading Asian entrepreneurs and keep track of potential threats, opportunities, customers and convergence opportunities, through case studies and a range of offered research services including: Sector Monitoring, Scouting and Market Assessment.

**Centre for Decision Making and Risk Analysis** – The CDMRA supports research and teaching in the areas of descriptive decision making (how people typically make decisions), normative decision making (how people should make decisions) and prescriptive decision making (resolving tensions between normative and descriptive theories).

**Bloomberg** – With APIF acting as a key knowledge partner, the **Bloomberg Leadership Forum** hosts a series of breakfast events for groups of 150 – 200 executives in various regions. Interactive panel discussions and workshops with high profile CEO panels led by distinguished speakers including Bloomberg’s Bernard Lo and William Pesek, writer for Bloomberg and the New York Times.

For event dates and locations, [click to follow the link](#)

**SPECIAL SECTION**

**Feature article**

**Returns of Major Asset Classes**

**By Jean Wee,  
APIF Research Associate**

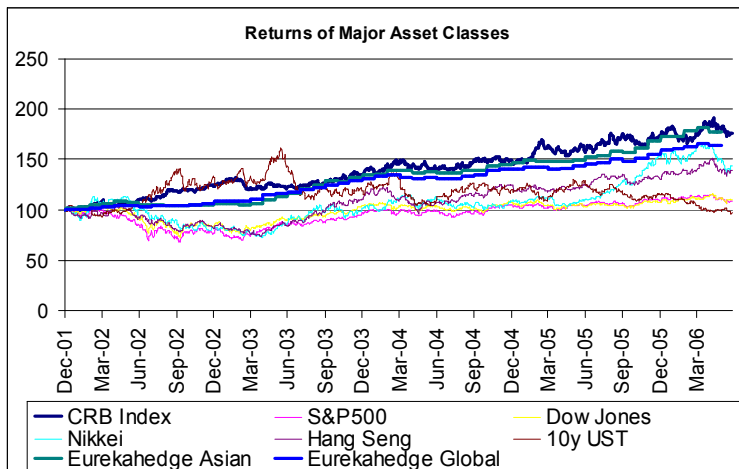
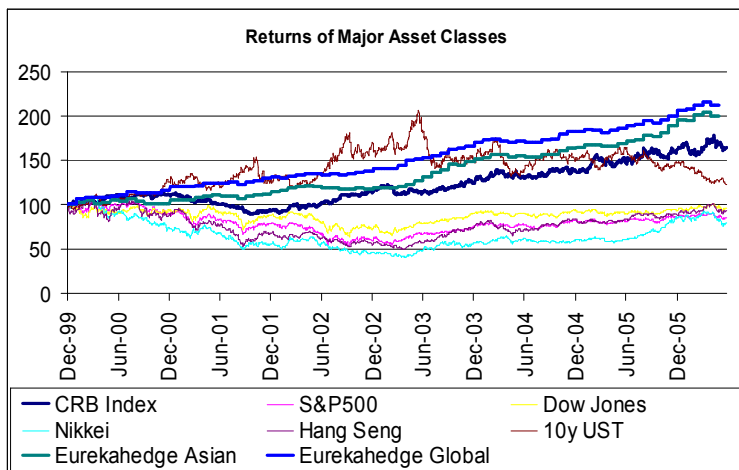


Fig 1: Dec 2001 - present



IF you think the traditional asset classes have been taking a beating the past few months, perhaps it is time to consider other non-traditional investment instruments.

High oil prices have stoked alternating fears of inflation due to the pass-through of oil costs; and deflation as hawkish central banks raise rates preemptively that tend to have the unfortunate effect of choking off growth. The spectre of the dreaded stagflation of the 1970s looms over the markets. With investors fearing that the Fed is still on a hiking spree, both bond markets and stock markets have been subject to selling pressure. Even the bull run in Asia has been stopped in its tracks.

Alternative investment assets like hedge funds, as measured by Eurekahedge's Asian and Global indices, and commodities, as measured by the CRB index, on the other hand, have shown relatively better performance (bold lines). From post Sep-11, commodities have gained at least 70%, while the hedge funds have gained at least 60% (Fig 1); the best performing stock markets have gained about 40%. In fact, if we look at their performances from post dot.com bubble (end 99), the stock markets have only just broken even (Fig 2).

These alternative asset classes tend to have low correlation with the traditional asset classes. Given their high volatility (high risks high returns!), by themselves, such investments are not for the faint hearted. Nonetheless, many studies have shown that keeping 5-10% of a portfolio in these alternative investments improves risk-adjusted returns.

In the current uncertain times, perhaps it is high time that investors start looking more closely at including these non-traditional asset classes in their portfolio.

**See also**      **How hedge fund investors can improve their alpha forecasting ability**

**By Robert Kosowski,  
Assistant Professor of Finance**

Many hedge fund investors are becoming more discerning regarding whether they pay for performance that is the result of alpha or beta exposure to common risk factors. Unfortunately, when it comes to identifying and forecasting alpha, hedge fund investors face a couple of challenges. First, investors need to identify the funds that have skill and did not just generate good performance as a result of luck. This is a serious problem given the large number of funds in existence - according to Hedge Fund Intelligence, there are now over 8000 hedge funds in existence managing over \$1.5 trillion. Second, investors face a challenge in precisely estimating fund performance given funds' relatively short track record - the median length of fund life in many hedge fund data sets being about three years long. This issue is of particular relevance for many recently founded Asia-focused funds.

Fortunately recent work by Robert Kosowski, Narayan Naik and Melvyn Teo presents solutions to these twin challenges facing investors. Their work can help investors to increase the alpha (information ratio) of a portfolio of hedge funds by more than 50% (100%) compared to standard hedge fund picking approaches.

Robert Kosowski is an Assistant Professor in Finance at INSEAD. His research on hedge funds and mutual funds has been published in top finance journals including the *Journal of Finance* and the *Journal of Financial Economics*.

[Click to link for full article](#)

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**See also**

**Mastering Alternative Investments (MAI)  
29 - 31 August, 2006  
INSEAD Asia Campus, Singapore**

Designed in conjunction with the highly accredited Chartered Alternative Investment Analyst Association®, the MAI focuses on the unique features and analytical tools for alternative investments, after building a solid understanding of key theories in investing. It also covers all subject matters required for the CAIA Level 1 exam, serving as an excellent preparatory course for candidates seeking the CAIA designation. (INSEAD has been appointed the sole training provider for CAIA exam preparation course in Asia, helping candidates to achieve “The Global mark of Distinction in Alternative Investments.”)

For further information, [click to follow the link](#)

**Feature:** Faculty Feature: Lighter moments of truth

## GETTING TO KNOW....

**Professor Zhang Hong****• Favourite saying?**

Every man dies; not every man really lives -- "Braveheart." This reminds me that I need to enjoy life before I die.

**• Favourite book?**

History. I mean, history is more interesting than most books. The dilemma is that we discover history mostly through books.

**• Favourite author?**

I like authors that can bring me something to chew upon.

**• If you weren't pursuing your present career, what other might you have chosen?**

Perhaps writing poems or singing songs, which means my wife will probably need to support me for my living expense.

**• Greatest ambition?**

Become a world known researcher.

**• Period of history you'd most like to have lived in and why?**

When I studied Physics I hoped that I could have lived through the first twenty to thirty years of the last century, when all the greatest achievements of modern Physics were established. Now I feel pretty satisfied with the current period, because there are so many exciting things happening everyday in our financial markets.

**• If you weren't a human being, which animal would you have chosen to be?**

Currently my MSN name is "Dragonfly." So I would like to be a dragonfly for a while before I move to another animal. Well, dragonflies are happy, quick, free, yet weak. Aren't they similar to our spirits?

**• Humanity's most useful invention?**

Money. What else can I say as a finance professor? The invention is so important that it can slave its masters.

**• What would be your dying words?**

Let there be silence.

**News & Events**

Mark your calendar for more APIF activities

November 28	AIMA-INSEAD Award Presentation Ceremony
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THE 2006  
LEADERSHIP FORUM



**INSEAD APIF and Bloomberg TV Leadership Forum**

August to November 2006. For more information, please check out our website:  
[www.insead.edu.sg/AsiaFinance](http://www.insead.edu.sg/AsiaFinance)

**APIF-Executive Education: Open enrolments**

August 29 to 31	Mastering Alternative Investment
May 23 – 29, 2007	Integrated Risk Management – Core Module
May 30 – 31, 2007	Integrated Risk Management – Elective Module

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