

EDHEC-Princeton Institutional Money Management Conference 2015

Academia meets Practice

April 23, 2015

The Princeton Club of New York - New York City

Equity Portfolios with Improved Liability-Hedging Benefits

When Everyone Misses on the Same Side: Debiased Earnings
Surprises and Stock Returns

Synthetic Diversification: The Theory and Practice
of Creating Diversification via Randomization?

Portfolio Choice and Asset Pricing with Illiquid Assets

Funding Liquidity Risk and the Cross-Section of Stock Returns

The Banking View of Bond Risk Premia



EDHEC-Princeton Institutional Money Management Conference

In the face of a number of key paradigm changes that are currently affecting the investment industry, this one-day conference is intended to provide a selected number of invited investment professionals with the latest academic insights related to new frontiers in institutional money management. The format of the conference is

meant to facilitate an exchange of views between academicians and practitioners; it involves presentations by a member of the faculty of Princeton University or EDHEC-Risk Institute, followed by a discussion with the audience.

Program of the Conference

Morning Sessions (8:30am-12:30pm)

8:30am-9:00am: Introductory Comments

Jianqing Fan, Frederick L. Moore '18 Professor of Finance, Professor of Statistics, and Chairman of the Department of Operations Research and Financial Engineering (ORFE), *Princeton University*

Lionel Martellini, Professor of Finance, *EDHEC Business School*, and Scientific Director, *EDHEC-Risk Institute*

9:00am-10:00am: Equity Portfolios with Improved Liability-Hedging Benefits

Lionel Martellini, Professor of Finance, *EDHEC Business School*, and Scientific Director, *EDHEC-Risk Institute*

10:00am-11:00am: When Everyone Misses on the Same Side: Debiased Earnings Surprises and Stock Returns

Jianqing Fan, Frederick L. Moore '18 Professor of Finance, Professor of Statistics, and Chairman of the Department of Operations Research and Financial Engineering (ORFE), *Princeton University*

11:00am-11:30am: Morning Break

11:30am-12:30pm: Synthetic Diversification: The Theory and Practice of Creating Diversification via Randomization?

John Mulvey, Professor of Operations Research and Financial Engineering, ORFE Department, *Princeton University*

12:30pm-1:30pm: Lunch Break

Afternoon Sessions (1:30-5:00pm)

1:30pm-2:30pm: Portfolio Choice and Asset Pricing with Illiquid Assets

Raman Uppal, Professor of Finance, *EDHEC-Risk Institute*

2:30pm-3:30pm: Funding Liquidity Risk and the Cross-Section of Stock Returns

René Garcia, Dean of Graduate Studies, *EDHEC Business School*, and Professor of Finance, *EDHEC-Risk Institute*

3:30pm-4:00pm: Afternoon Break

4:00pm-5:00pm: The Banking View of Bond Risk Premia

Valentin Haddad, Assistant Professor, Department of Economics, *Princeton University*

5:00pm-6:30pm: Drinks Reception

Fees

Registration fee: EUR 200.00

The registration fee includes a buffet lunch, refreshments and full conference documentation. Delegates may be refused admission if payment is not received prior to the conference. Accommodation is not included.

Cancellation Policy

Given the moderate conference fee, we do not accept cancellations; invoiced sums will remain payable in full. If a registered delegate is unable to attend, a substitute delegate from the same organization is welcome at no extra charge. Conference documentation designed by EDHEC Business School and Princeton University will be made available online to all delegates. EDHEC Business School reserves the right to alter the program without notice.

Billing and Payment

The fee is billed following registration and must be settled before the conference begins. Payment can be made by credit card.

Further Information and Registration

For further information, contact Maud Gauchon at: maud.gauchon@edhec-risk.com or on: +33 493187887

To register, visit: <https://www.regonline.co.uk/edhecprinceton2015> before April 10, 2015

Venue

The Princeton Club of New York
15 West 43rd Street
New York, NY 10036
Tel.: +1.212.596.1200

Conference Speakers

Jianqing Fan is Frederick L. Moore '18 Professor of Finance, Professor of Statistics, and Chairman of Department of Operations Research and Financial Engineering at the Princeton University. He previously held professorships at CUHK, UNC-Chapel Hill, and UCLA. He has authored or co-authored over 200 articles on financial econometrics, computational biology, and various aspects of theoretical and methodological statistics. His finance work focuses on the analysis of high-frequency data, portfolio allocation, risk management, time series, high-dimensional data, and non-parametric modeling. His published work has been recognized by the 2000 COPSS Presidents' Award, the 2007 Morningside Gold Medal of Applied Mathematics, and a Guggenheim Fellowship in 2009, Academian of Academia Sinica 2012, Guy Medal in Silver, 2014. He is an Elected Fellow of the American Association for Advancement of Science, the Institute of Mathematical Statistics, and the American Statistical Association, and a past President of the Institute of Mathematical Statistics. He is past co-editor of *The Annals of Statistics* and *Probability Theory and Related Fields* and serves as co-editor of *Econometrics Journal* and as associate editor of *Econometrica*, the *Journal of American Statistical Association*, and *Journal of Financial Econometrics*.

René Garcia holds a PhD in Economics from Princeton University. After that, he joined the Université de Montréal, where he held the Hydro-Québec Chair in Risk Management and was a Research Fellow of the Bank of Canada. He was also the scientific director of the Centre for Interuniversity Research and Analysis on Organizations (CIRANO). He joined EDHEC Business School in Nice (France) in 2007 where he is today Dean of Graduate Studies and Director of the PhD in Finance. He is the founding editor of the *Journal of Financial Econometrics*, published by Oxford University Press and was its Editor-in-Chief until June 2012. His most recent research focuses on the evaluation of asset pricing models accounting for higher moments, long-run asset pricing models, the use of cross-sectional variance of equity returns to measure idiosyncratic volatility, the analysis of hedge fund returns, and the funding liquidity premium in bonds.

Valentin Haddad is an Assistant Professor at the Department of Economics at Princeton University. He joined the Bendheim Center for Finance in 2013, and teaches courses on money and banking, asset pricing and options, futures and financial derivatives. His research focuses on asset pricing and macroeconomics with financial frictions. Valentin holds B.Sc. and M.Sc. degrees in Applied Mathematics and Economics from the Ecole Polytechnique, France and a Ph.D. joint degree in Economics and Finance, from University of Chicago Booth School of Business and Department of Economics. Prior to joining Princeton University he was a teaching assistant at University of Chicago. He also worked as a quantitative analyst at Credit Suisse.

Lionel Martellini is Professor of Finance at EDHEC Business School and the Scientific Director of EDHEC-Risk Institute. He has graduate degrees in economics, statistics, and mathematics, as well as a PhD in finance from the Haas School of Business at University of California, Berkeley. He was a visiting fellow at Princeton University's Department of Operations Research and Financial Engineering from 2011 to 2012, and he was on the faculty at the Marshall School of Business at the University of Southern California before joining EDHEC Business School. He is a member of the editorial board of the *Journal of Portfolio Management* and the *Journal of Alternative Investments*. An expert in quantitative asset management and derivatives valuation, he has published widely in leading academic and practitioner journals and has co-authored textbooks on alternative investment strategies and fixed-income securities.

John Mulvey is Professor of Operations Research and Financial Engineering within the Department of Operations Research and Financial Engineering at Princeton University. Professor Mulvey is a senior consultant and head of quantitative strategies at SandPointe, LLC., a global macro hedge fund in Palm Beach, Florida. He is a leading expert in large-scale optimization models and algorithms, especially financial applications. He has implemented integrated risk management for many large financial companies, including American Express, Towers Perrin-Tillinghast, Pacific Mutual, and St. Paul Insurance. These ALM systems link the key risks within these organizations and assist the companies in making high-level decisions. His recent work involves the area of alternative investments (hedge funds, private equity, venture capital, commodities), their relationship to traditional assets, and dynamic investment strategies to enhance performance.

Raman Uppal is Professor of Finance at EDHEC Business School. He was formerly Professor of Finance and Chair of the Finance Subject Area at the London Business School, having previously worked at the University of British Columbia. He has held visiting positions at Catholic University (Leuven), the MIT Sloan School of Management, and the London School of Economics and Political Science, and has served as Co-Director of the Financial Economics Programme of the Centre for Economic Policy Research (CEPR). His research focuses on optimal portfolio selection and asset allocation in dynamic environments, valuation of securities in capital markets, risk management, and exchange rates. His research has been published in *Journal of Finance*, *Review of Financial Studies*, *Journal of Economic Theory*, *Journal of Financial and Quantitative Analysis*, *Journal of International Money and Finance*, and *Management Science*. He has received numerous grants and awards for his research and teaching.



ORFE is the intersection of five core disciplines: financial mathematics, operations research, optimization, probability theory, and statistics. Research in the Department ranges from the mathematical foundations of these fields to the development of state-of-the-art methodology for solving complex problems that arise in important real-world applications in engineering and the sciences. ORFE students obtain a strong quantitative and interdisciplinary training, and acquire the skills to become leaders in academia and industry.

The Bendheim Center for Finance was established in 1998 to encourage interdisciplinary research in finance, primarily from a quantitative or mathematical perspective. The research activities of the center are directed toward the study of financial markets and asset prices, the financial structure of firms, banks and other financial intermediaries, and the linkages between financial economics and other fields, such as engineering, operations research, mathematics, computer science, psychology and public policy.

ORFE

Princeton University
Sherrerd Hall, Charlton Street
Princeton, NJ 08544
United States of America

<http://orfe.princeton.edu>

Bendheim Center for Finance

26 Prospect Avenue
Princeton University
Princeton NJ 08540-5296
United States of America

<http://www.princeton.edu/bcf>



Founded in 1906, EDHEC Business School offers management education at undergraduate, graduate, postgraduate and executive levels designed to meet the full spectrum of business needs. Holding the AACSB, AMBA and EQUIS accreditations and regularly ranked among Europe's leading institutions, EDHEC Business School delivers degree courses to over 6,000 students from the world over and trains 5,500 professionals yearly through executive courses and research events. The School's 'Research for Business' policy focuses the efforts of research centres on issues that correspond to genuine industry and community expectations.

Established in 2001, EDHEC-Risk Institute has become the premier academic centre for industry-relevant financial

research. In partnership with large financial institutions, its team of ninety five permanent professors, engineers, and support staff, and forty-eight research associates and affiliate professors, implements six research programmes and sixteen research chairs and strategic research projects focusing on asset allocation and risk management.

In 2012, EDHEC-Risk Institute signed two strategic partnership agreements with the Operations Research and Financial Engineering department of Princeton University to set up a joint research programme in the area of risk and investment management, and with Yale School of Management to set up joint certified executive training courses in North America and Europe in the area of investment management.

EDHEC-Risk Institute
393 promenade des Anglais
BP 3116 - 06202 Nice Cedex 3
France
Tel: +33 (0)4 93 18 78 24

EDHEC Risk Institute—Europe
10 Fleet Place, Ludgate
London EC4M 7RB
United Kingdom
Tel: +44 207 871 6740

EDHEC Risk Institute—Asia
1 George Street
#07-02
Singapore 049145
Tel: +65 6438 0030

EDHEC Risk Institute—North America
One Boston Place, 201 Washington Street
Suite 2608/2640, Boston, MA 02108
United States of America
Tel: +1 857 239 8891

EDHEC Risk Institute—France
16-18 rue du 4 septembre
75002 Paris
France
Tel: +33 (0)1 53 32 76 30

www.edhec-risk.com