

---

## **FTSE Group and EDHEC-Risk Institute collaborate to create innovative benchmarking with new risk efficient indices**

---

**Sydney, Tokyo, Hong Kong, London and New York, 18 January 2010:** FTSE Group ("FTSE"), the award winning global index provider and EDHEC-Risk Institute, a leading centre for applied asset and risk management research, have today launched the FTSE EDHEC-Risk Efficient Indices, an index series which uses a risk adjusted investment strategy to that of traditional market capitalisation-weighted indices, to deliver investors with an optimal risk: return ratio.

The FTSE EDHEC-Risk Efficient Index Series, a global offering, can be used by asset owners and investment consultants to capture equity market returns with improved risk/reward efficiency. This efficiency is achieved by maximising what is known as the Sharpe ratio, by weighting the constituents of the indices accordingly. This enhanced methodology, combined with a constituent base deriving from the FTSE All World Index Series, allows investors to utilise a new passive investment strategy, an area that is consistently growing amidst the global recovery. These indices serve a different purpose to traditional market capitalisation-weighted indices which are created to track the performance of the market, using an advanced methodology to achieve efficient risk to return.

Professor Noël Amenc, Director of EDHEC-Risk Institute, said: "Overall, traditional commercial capitalisation-weighted indices are not designed to be at the pinnacle of efficiency or provide well-diversified portfolios, as they principally track the market. EDHEC-Risk Institute has therefore undertaken major research in a methodology that minimises excessive concentration of risk and affords investors the ability to benefit from the maximum Sharpe ratio portfolio. This simple concept is primarily based on the concept of a positive and robust long-term relationship between the risk of a stock and its return and we are pleased to have partnered with FTSE Group, an authority in the field of indexing, to achieve this within an innovative index series."

Mark Makepeace, Chief Executive FTSE Group said: "Increasingly, investors are looking to diversify their core passive funds across a range of benchmarks weighted by market cap and other weighting schemes. The weighting methodology developed by the EDHEC-Risk Institute provides a robust and transparent approach to constructing a benchmark seeking to achieve an efficient risk return."

For more information or data regarding the index series contact:

## **FTSE Group**

### **New York**

Jill Mathers, Tel: + 1 212-314-1141 or email [media@ftse.com](mailto:media@ftse.com)

### **London**

Mittal Shah Tel: +44 (0) 207 866 1821 or email [media@ftse.com](mailto:media@ftse.com)

### **Hong Kong**

Meredith Blakemore / Emily Mok, Tel: + 85 222 305 801 or email [media@ftse.com](mailto:media@ftse.com)

### **Tokyo**

Stewart Ueno, Tel: +81 3 35 81 3444 or email [media@ftse.com](mailto:media@ftse.com)

### **Australia**

Natalie Brooke, Tel: +61 2 92 93 2867 or email [media@ftse.com](mailto:media@ftse.com)

## **EDHEC Risk Institute**

S  verine Anjubault: Tel.: +33 (0)4 93 18 78 63

E-mail: [severine.anjubault@edhec-risk.com](mailto:severine.anjubault@edhec-risk.com)

## **Notes to Editors**

### **About FTSE Group**

FTSE Group ("FTSE") is a world-leader in the creation and management of indexes. With offices in Boston, Beijing, London, Frankfurt, Hong Kong, Madrid, Milan, New York, Paris, San Francisco, Sydney, Shanghai and Tokyo, FTSE works with investors in 77 countries globally. It calculates and manages a comprehensive range of equity, fixed income, real estate and investment strategy indices, on both a standard and custom basis. The company has collaborative arrangements with a number of stock exchanges, trade bodies and asset class specialists around the world.

FTSE indices are used extensively by investors world-wide for investment analysis, performance measurement, asset allocation, portfolio hedging and for creating a wide range of index tracking funds. [www.ftse.com](http://www.ftse.com)

### **About EDHEC-Risk Institute**

The aim of the EDHEC-Risk Institute is to produce research that meets the most stringent academic standards and to facilitate corporate use of this research. In partnership with large financial institutions, the EDHEC-Risk Institute brings together 46 researchers and implements six industry-sponsored programmes and ten research chairs focusing on asset allocation and risk management in the traditional and alternative investment universes.

In keeping with its mission, the centre systematically seeks to validate the academic quality of its research through publications in leading scholarly journals, implements a multifaceted communications policy to inform investors and asset managers on state-of-the-art concepts and techniques, and develops business partnerships to launch innovative products.

To optimise exchanges between the academic and business worlds, the EDHEC-Risk Institute maintains a website devoted to asset management research for the industry: [www.edhec-risk.com](http://www.edhec-risk.com), circulates a monthly newsletter to over 400,000 practitioners, conducts regular industry surveys and consultations, and organises annual conferences for the benefit of institutional investors and asset managers.

The EDHEC-Risk Institute's executive education activities help investment professionals to upgrade their skills with advanced risk and asset management training across traditional and alternative classes and include the prestigious PhD in Finance which is exclusively offered in executive and residential tracks and the Executive MSc in Risk and Investment Management which is designed to be completed in seventeen months of part-time study and is formatted to be compatible with professional schedules.