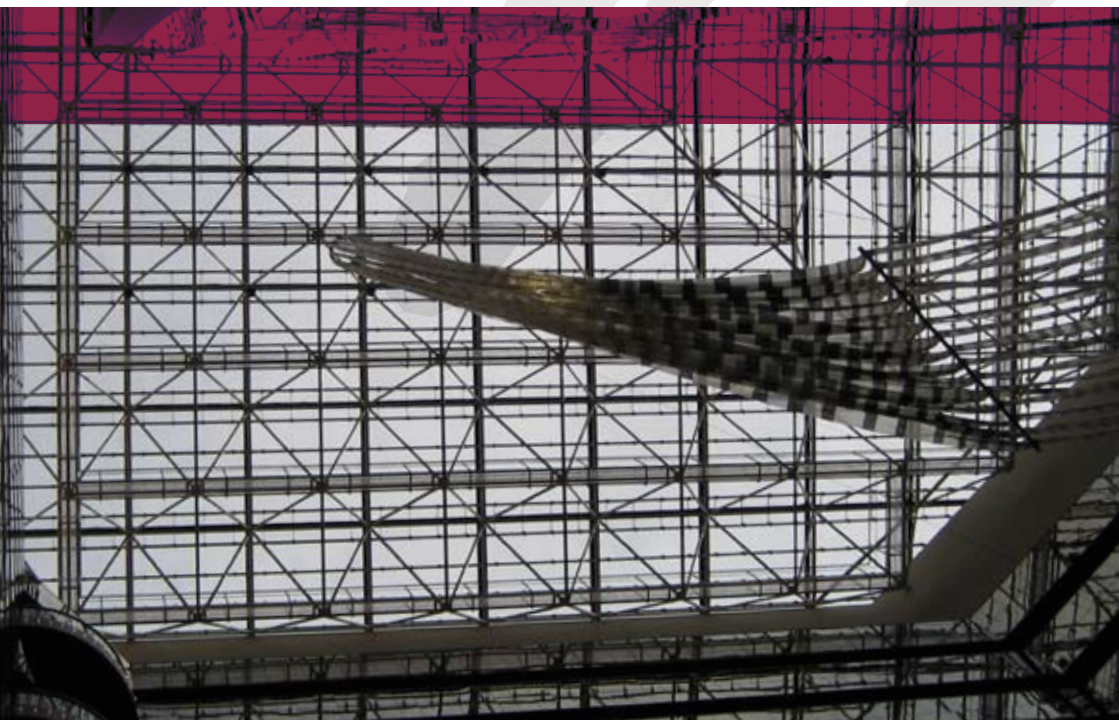


M MELBOURNE CENTRE
FOR FINANCIAL STUDIES
Annual Review 2006-2007





FOUNDING PARTNERS

- The University of Melbourne
- Monash University
- RMIT University
- Finsia

MAJOR CORPORATE SPONSORS

- AAMI
- CBA

MESSAGE FROM THE CHAIRMAN

On behalf of the Board of the Melbourne Centre for Financial Studies, it is my pleasant duty to present this update on the Centre's activities for the past year.

In two years, the Melbourne Centre has delivered a substantial program of financial research and events. Our Director Professor Kevin Davis is a sought after commentator with the media, and events such as the International Distinguished Lecture have helped establish a higher profile for Melbourne's financial services community domestically and abroad. The Centre's many events provide valuable occasions where town and gown come together.

However, much of the Melbourne Centre's work goes unseen. It has developed itself as a valuable interface between Melbourne's finance academics and industry. One result is commissioned research and consulting by academics which may not have occurred but for the Centre's helping hand. The nature of academic work is that it relies on equal parts of education, inspiration and perspiration and so can be at times long in gestation. Much of the fruit of this important work will emerge only over the next year.

I would again like to thank the Victorian Government for its foresight in establishing and seed funding the Melbourne Centre for Financial Studies and for its continued support. I extend a special thank you to AAMI, as the first corporate sponsor of the Centre, and to Mr Michael Kay (Chief Executive Officer, AAMI) for his participation in, and significant contribution to, the Centre's Board of Management. Moreover, I would also like to thank Commonwealth Bank of Australia for its support through its continued sponsorship of the Commonwealth Bank Chair of Finance at the University of Melbourne which is held by the Centre's Director.

Finsia - the Financial Services Institute of Australasia - is proud to be a partner with the three Universities - Melbourne, Monash and RMIT - and the Centre's sponsors in this important endeavour.

I commend the following report to anyone interested in the breadth and

depth of the Melbourne Centre's work over the past year. However, much more can be found on the Centre's website www.melbournecentre.com.au. The site is constantly being updated and including working papers and information on past and forthcoming events.

John Unkles
Chairman
Melbourne Centre for Financial Studies
1 July 2007



L-R: John Unkles, Glenn Stevens (Governor, Reserve Bank of Australia), Mervyn King (Governor, Bank of England), and Kevin Davis at the Centre's Inaugural International Distinguished Lecture.

BACKGROUND

MISSION:

To build linkages between academics, practitioners and government in the Melbourne financial community which contribute to enhanced finance research, practice and education and the reputation of Melbourne's financial institutions and Universities and of Melbourne as a financial centre.

VISION:

To be recognised by industry, academia and government as the pre-eminent Australian organisation facilitating knowledge creation, knowledge transfer and thought leadership within the financial sector, and able to attract industry funding to support those activities.

The Melbourne Centre for Financial Studies is a partnership between public and private sectors, and between industry and academe. The Centre was launched with seed funding from the Victorian Government. Members of the consortium are Melbourne, Monash and RMIT Universities, and Finsia. They have joined together to enhance Melbourne's national and international reputation for excellence in financial practice, research and education. The Centre facilitates knowledge transfer between, and builds research synergies between, industry and academe by undertaking finance research, providing consulting services, and organising research focused conferences, workshops, public lectures and other educational activities.

The Melbourne Centre for Financial Studies is a key plank in the Victorian Government's Financial Services Strategy. Its primary roles, of raising the profile of Melbourne as a centre of excellence for financial research and bringing industry together with academe, are in keeping with the missions of the consortium Universities.

The Melbourne Centre aims to be the central source of referral for the consulting work and research opportunities (pure and applied) for finance academics at each of the consortium universities. A key element of the Melbourne Centre's activity is bringing practitioners, regulators and academia together.

Forums and methods include:

- Conferences and symposia
- Lunchtime Workshops
- Thought Leadership pieces
- Academic Internships within industry
- Commissioned Research
- Visiting Speakers
- Arranging Research/Consulting projects
- Executive Briefing Series (which provide insights for practitioners into recent academic research - to be launched second half 2007)

Conferences, workshops and seminars are an integral part of the Centre's activities with a particular focus on structuring events which bring together academics and practitioners for sharing of ideas. The program of events held to date and currently planned for 2007 is listed on the following pages.

Enquiries regarding the Centre's activities should be directed to any of the staff of the Centre as listed at the end of this report.



L-R: Kevin Davis, Hugh Harley (CBA), John Unkles, The Hon. André Haermeyer, Kim Langfield-Smith, Tony Naughton, and Michael Kay (AAMI) at the Centre's one year anniversary function.

ESTABLISHING CAPABILITY AND AWARENESS AND SEEDING CO-OPERATION BETWEEN ACADEME AND INDUSTRY

Professor Kevin Davis

Director, Melbourne Centre for Financial Studies

Over the past twelve months, Melbourne Centre for Financial Studies made significant strides in all areas.

Staff and Infrastructure

Having relocated in early 2006 to the new Finsia offices at Level 12, 330 Collins Street, the Centre built its staffing up to a full complement.

- Research Fellow John Fowler joined in January 2006. He is a former Finance Director of Carlton and United Breweries.
- Research Assistant Patrick Zhang joined in June 2006. He recently completed Master's degrees in both Applied Finance and Professional Accounting.
- Senior Consultant Graham Cocks joined in July 2006. With many years of experience in consulting, investment management, investment banking, and stock-broking, he is charged with progressing of our Funds Management Research Program.
- Business Development Manager David Michell joined in August 2006. He was formerly the Technical Director and Deputy CEO of The Finance and Treasury Association.

Events and other highlights

The number of events increased markedly. In the past twelve months, the Melbourne Centre was involved in running or contributing to 27 events. In addition to organising two major conferences, there have been 15 free forums, 9 seminars/symposia and 3 other high profile events organised by the Centre.

The undoubted highlight of the year was the **Inaugural International Distinguished Lecture** delivered by **Mervyn King, Governor of the Bank of**

England just prior to Christmas. The guest list of 430 included some of the most senior finance, corporate and academic leaders in Australia. The Governor gave an important lecture titled **“Through the Looking Glass: Reform of the International Institutions”** that was reported in the English press. The event commenced with an address by Victorian State Treasurer Hon. John Brumby. Governor King was introduced by Glenn Stevens, Governor of the Reserve Bank of Australia, and the vote of thanks was given by Professor John McKenzie, Acting Vice-Chancellor of the University of Melbourne.

Other highlights of the past year included:

- The half day symposium in February 2007, “Australia’s New Future Fund: Getting Down to Business” also attracted press and over 100 delegates to Melbourne University’s Wentworth Conference Centre.
- The publishing of papers from the relaunched Melbourne Money and Finance Conference with the theme “The Future of Australian Banking” in a special December 2006 edition of Economic Papers by the Economic Society of Australia.
- Developing the technical program for the 59th International Banking Summer School over eleven days in August and September 2006. Delegates from 30 countries attended.
- The one year anniversary cocktail party hosted by the Victorian Minister for Financial Services.
- The dinner presentation by David Murray, Chairman of the Future Fund Board of Guardians to 150 guests at the 11th Annual Banking and Finance Conference (with Finsia) in September 2006.
- During October 2006 the symposium “Off-Market Share Buybacks: Efficiency and Equity Issues in Capital Management” was presented in conjunction with the Australian Financial Review and sponsored by UBS. The event ran in Melbourne and Sydney and attracted significant newspaper coverage as well as enjoying high profile advertising in the AFR.
- The creation of several unique research databases.

-
- The foundation of the Australia-New Zealand Shadow Financial Regulatory Committee—the Melbourne Centre manages its website.

Research and Consulting

In its first two years of operation, the Melbourne Centre for Financial Studies has funded forty-two research proposals by local academics to conduct advanced financial research on a range of important issues.

The Centre is working to develop research programs in three core areas of Funds Management, Financial Regulation and New Financial Markets and Instruments, each of which has strong interest for industry and thus potential opportunities for generating financial support and synergies between industry and academe. Those general areas therefore are given higher weighting in the Centre's academic research grant decision making.

Since the Melbourne Centre's rationale for existence is to build and capitalise on better links between industry and academia, it is also crucial that the relevance and practical significance of its academic research program can be conveyed to industry. For that reason, there is particular interest in research which

- Is forward looking
- Is relevant to current market developments and policy debates
- Involves practitioners as co-authors
- Uses data specific to a particular institution
- Can form the basis for, or contribute to Melbourne Centre conferences and symposia.

The Centre will continue to fund academic research in other finance topics. But strategically it is committed to building research capability in Melbourne in the core areas.

The bulk of the Centre's early consulting activity and contract research was for arms of government including regulatory bodies. The cost of regulation and funds management topics predominated.

The challenge for the Centre in 2007 has been to secure new consulting

assignments from industry for academics at the consortium Universities. An ongoing challenge is to find corporate sponsorship for the Centre's "public good" type activities – which benefit all members of the Melbourne financial sector. Developing industry awareness of, and willingness to fund such activities inevitably takes time for a new institution such as the Melbourne Centre for Financial Studies which aims to provide independent and unbiased commentary, research and thought leadership. From this perspective, the far-sighted sponsorship support of AAMI and Commonwealth Bank is even more appreciated.

Reflecting on Achievements to date

Over the past twelve months, the Centre has made great strides improving co-operation between academe and industry.

In fact, it has clearly delivered on key indicators which include:

- Providing consulting opportunities for academics within industry
- Generating sponsored research for academics
- Raising the profile of Melbourne as a centre of excellence for financial research by developing a higher media profile – locally and abroad
- Running high quality research-related events
- Producing thought leadership articles and commentary
- Arranging secondments of academics into industry
- Developing unique research databases
- Running regular Finance Forums targeted at bringing together academics and industry.

I would like to take this opportunity to thank the staff of the Melbourne Centre, our Industry Advisory Committee, our advisors in the Victorian Government and of course the Centre's Board of Management for their support and guidance.

Kevin Davis

Commonwealth Bank Chair of Finance

Director, Melbourne Centre for Financial Studies

CENTRE ACTIVITIES: JULY 1 2006 - JUNE 30 2007

1. Visitors to the Centre

- **Prof. Andy Mullineux**, Professor of Global Finance, Department of Accounting and Finance, The Birmingham Business School, University of Birmingham (with Melbourne Business School), March 23rd – April 7th 2007
- **Mr Peter Nicholl**, former Governor - Central Bank of Bosnia and ex Deputy Governor RBNZ, January 19th 2007
- **Mr Mervyn King**, Governor, The Bank of England, December 21st 2006
- **Prof. Glenn Boyle**, The NZ Institute of the Study of Competition and Regulation, October 27th 2006
- **Prof. Ben Hermalin**, Berkeley, September 26th 2006
- **Prof. Richard Herring**, Wharton School, University of Pennsylvania, Visiting Professorial Fellow, Reserve Bank of New Zealand, August 25th 2006
- **Prof. Mark Flannery**, Bank of America Eminent Scholar in Finance, University of Florida, Co-director of the FDIC Finance Research Centre, July 17th 2006
- **Prof. Benton Gup**, Robert Hunt Cochrane Banking Chair, University of Alabama, July 17th 2006
- **Prof. Harald Benink**, Erasmus University, The Netherlands, July 17th 2006

2. Consulting / Contract Research undertaken and in progress

- Finsia: provision of Academic Director for planning and facilitation of 59th International Banking Summer School held in Melbourne 27th August – 6th September 2006
- Monash APEC Finance Centre: "Financial Sector Capacity Building in APEC Economies"

-
- St. George Bank: Overview of Financial Market Trends for Victoria Management Group Strategic Planning
 - Australian Treasury: Taxation of Financial Instruments
 - Australian Treasury: Preparation of report on “Catalogue of Policy Options for Financial Reform in APEC Economies”
 - ASX – Portfolio management
 - Member’s Equity Bank: Preparation of preliminary risk assessment framework for funds involving CDO’s
 - Department of Innovation, Industry and Regional Development – Funds Management
 - ACCC - WACC for regulated industries
 - Invest Victoria - Financial Services Strategy
 - BHP Billiton – Sunk Costs and the determination of Usage Fees

In addition to work conducted explicitly through the Centre, consultancy work undertaken independently by Centre Associates with Allen Consulting Group and with the Board of Taxation arose from events conducted by, and contacts established through, the Centre.

3. Seminars / Workshops / Conferences

(more details, presentation materials and papers can be found on the Centre’s website)

2007

- Finance Forum 7-07: **“An Introduction to Stochastic Portfolio Theory – The Importance of Diversity”** with Dr Adrian Banner, Director of Research, Enhanced Investment Technologies LLC, May 29th 2007
- Conference 1-07: **12th Melbourne Money and Finance Conference – Wealth Management** Thursday May 24th to Saturday May 26th 2007

-
- Finance Forum 6-07: **“Measuring Carbon Value-at-Risk and Value-of-Gain”** with Dr Geoff Wells, Joint Managing Director, ImperativePlus Pty Ltd, May 16th 2007
 - Finance Forum 5-07: **“Governance of Superannuation Funds”** with Jane Neville, Trustee Development Manager, Australian Institute of Superannuation Trustees (AIST), April 13th 2007
 - Luncheon Forum: **Jack Schwager**, Investment Director, Fortune Group, April 5th 2007
 - Academic Seminar: **“Monetary Policy, Wealth Effects and Easy Credit”** with Prof Andy Mullineux, April 4th 2007 at Melbourne Business School
 - Academic Seminar: **“Governance in Financial Institutions - The Impact of Market Structure”**, with Prof Andy Mullineux, March 28th 2007
 - Finance Forum 4-07: **“European Venture Capital: Some recent experiences of a State development bank”** with Roger Bendisch, General Manager of the IBB-Beteiligungsgesellschaft, March 27th 2007 (evening)
 - Academic seminar: **“Creating an EU Retail Banking Market-The future of retail banking in the EU”** with Prof Andy Mullineux, March 27th 2007 (morning) at Monash University
 - Finance Forum 3-07: **“Exchange Traded Funds (ETFs): As Good as Gold”** with R.Mark Holberton, Director, Gold Bullion Securities, March 19th 2007
 - Finance Forum 2-07: **“Carbon Trading: It’s Already Happening – The Story So Far”** with Ken Edwards, Director of Next Generation Energy Solutions, March 1st 2007
 - MCFS-IAESR-UoM Finance Symposium: **“The Future Fund – Getting Down to Business”**, February 27th 2007.

Speakers included:

Paul Costello, General Manager, Future Fund

Host Prof Glyn Davis, Vice Chancellor, University of Melbourne

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- Finance Forum 1-07: **"The Advantages and Disadvantages of Investing in Hedge Funds: A practical solution to mitigating risk and maximising return"** with Richard Tarvin, The Fortune Group, January 31st 2007
 - Lunch forum: **"Establishing a Central Bank in a Transition Country"** with Peter Nicholl, Former Governor Central Bank of Bosnia, January 19th 2007

2006

- **haugural Melbourne Centre for Financial Studies International Distinguished Lecture - Mr Mervyn King**, Governor, The Bank of England, conducted jointly with Finsia, December 21st 2006
Speakers:
 - John Brumby MP, Treasurer of State of Victoria,
 - Glenn Stevens, Governor, Reserve Bank of Australia,
 - Mervyn King, Governor of the Bank of England,
 - Prof. John McKenzie, Acting Vice-Chancellor of University of Melbourne
- Finance Forum: **Developments and Opportunities in Japan**, December 15th 2006
Presenter:
 - Michael Thomas, Director and Head of Japan Team, Martin Currie Investment Management
- Finance Forum: **Superannuation Trustees: Who They Are, Their Responsibilities and Educational Needs, and Research Opportunities**, November 24th, 2006
Presenter:
 - Rachel Poulson, Australian Institute of Superannuation Trustees
- Symposium: **Off-Market Share Buybacks - Equity and Efficiency Issues in Capital Management** (in conjunction with Australian Financial Review and sponsored by UBS), October 26th 2006 (Sydney) and October 30th 2006 (Melbourne)
Presenters:
 - Karen Phin, Managing Director, UBS Investment Bank

Malcolm Rodgers, Executive Director, Policy & Markets Regulation
Christine Brown, Associate Professor, the University of Melbourne
Frank Drenth, Executive Director, Corporate Tax Association
Jeremy Cooper, Deputy Chairman, ASIC
Tax experts – Deloitte Touche Tohmatsu
Legal experts - Freehills, and others

- Finance Forum: **The Cost of Capital for Regulated Industries** (Jointly with ACCC), October 27th 2006
Presenters:
 - Prof. Glenn Boyle, The NZ Institute of the Study of Competition and Regulation
 - Assoc. Prof. John Handley, University of Melbourne
 - Prof. Joshua Gans, Melbourne Business School
- **11th Annual Banking and Finance Conference** (with Finsia) September 25th and 26th, 2006, sponsored by KPMG
Conference Dinner Speaker:
 - David Murray, Chairman, Future Fund
- Lunch Forum: **“Self-Regulatory Organisations”** with CFA Institute, US and Hong Kong, Friday September 1st 2006
- Finance Forum: **Implementing Basel II: Is the Game Worth the Candle?** August 25th 2006
Presenter:
 - Prof. Richard Herring, Wharton School, University of Pennsylvania, Visiting Professorial Fellow, Reserve Bank of New Zealand
- Finance Forum: **Global Alpha**, August 8th 2006
Speaker:
 - Alison Hamilton, Martin Currie Investment Management
- Workshop: **Financial Literacy Research – Analysis of Design and Impact**, July 20th 2006
Presenters:
 - Prof. Tim Fry, RMIT University,
 - Dr. Roslyn Russell, RMIT University,

Miss Sandra Mihajilo, RMIT University; and
Prof. Rob Brooks, Monash University

- Academic Seminar: **Major Investments, Firm Financing Decisions, and Long-run Performance**, July 17th 2006

Presenter:

Prof. Mark Flannery, Bank of America Eminent Scholar in Finance, University of Florida, Co-director of the FDIC Finance Research Centre

- Academic Symposium: **Basel 2 and Bank Regulation – International and Australian Perspectives**, July 17th 2006, sponsored by ANZ

Presenters:

Prof. Mark Flannery, Bank of America Eminent Scholar in Finance, University of Florida, Co-director of the FDIC Finance Research Centre

Prof. Benton Gup, Robert Hunt Cochrane Banking Chair, University of Alabama

Prof. Harald Benink, Erasmus University

Mr. Bernie Egan, Program Director – Basel 2, APRA

Mr. Morris Batty, Basel 2 Program Executive, ANZ



David Murray (Chairman of the Future Fund) who spoke at the 11th Banking and Finance Conference



The Victorian Treasurer (now Premier), the Hon John Brumby with Central Bank Governors Mervyn King and Glenn Stevens at the Inaugural Distinguished Lecture.

CENTRE ACTIVITIES: 2007 PLANNED AND POTENTIAL ACTIVITIES

as at 1 July 2007

(further details available on the Centre's website)

Conferences, Symposia, Workshops, Forums

- Finance Forum 8-07 (in association with PRMIA): **“Extreme Value Theory - The impact of changing parameters over time”** with Assoc. Professor Frank Ashe, Macquarie University Applied Finance Centre, July 6th 2007
- Finance Forum 9-07 **“Innovations in Housing Finance: Reverse Mortgages and More”** with Mark Brennan, Manager – Commercial and Funding, Over Fifty Group, July 10th 2007
- Occasional Seminar Series: Modern Finance – Insights from Academia **“Insights for Investors from Behavioural Finance Research”** with Professor Terrance Odean, Haas School of Business, University of California, Berkeley, July 12th 2007 (at Vanguard Investments Australia)
- Conference 2-07: **“Financial Regulation: Costs, Benefits and the Process of Regulatory Change”** – commissioned papers & conference, sponsored by ASIC, APRA and FICA (by invitation) – Wednesday September 19th 2007
- Conference 3-07: MCFS-AMSI **“Quantitative Methods in Investment and Risk Management: Sourcing new approaches from mathematical theory and the real world”** – Thursday September 20th 2007 (at Innovation@257)
- Workshop (Financial Integrity Research Network - FIRN with MCFS and Melbourne Derivatives Research Group): **Correlations and Copulas - Pushing the boundaries of risk management**, Friday September 21st 2007 (at Melbourne Business School)
- Conference 4-07: **12th Annual Banking and Finance Conference** (with

Finsia), Monday September 24th to Tuesday September 25th, RMIT Business School, Level 6, 239 Bourke Street, Melbourne
Incorporating Executive Conference Dinner, Monday September 24th, with Stephen Mayne of crikey.com.au

- Melbourne Centre for Financial Studies **2nd International Distinguished Lecture**, Wednesday December 12th 2007, Park Hyatt Hotel, Melbourne
Speaker:

Robert Joss (former Westpac CEO and President of Stanford Business School), Topic: “**Modern Finance and its Leadership Challenges**”



Michael Kay, CEO of AAMI, was thanked by John Unkles for his and AAMI's support of the Centre at the one year anniversary celebration.



CBA executives, Chris Barnes (L) and Hugh Harley (R), received thanks from the Victorian Minister for Financial Services, André Haermeyer for CBA's support of the Centre

RESEARCH PROGRAM

Research Projects Supported by Competitive Grants

(Research papers from these and other Melbourne Centre activities are available on the Centre's web site)

The Academic Research Grants Program

The Melbourne Centre has granted research projects based on the following research areas.

- Financial Regulation
- Funds Management
- New Financial Markets and Instruments
- Other

Financial Regulation

2006

Round 2

Is a Mandatory 'Quiet Period' Appropriate in the New Issues Market?

Victor Fang, Dept. of Acc. and Fin, Monash University

The Costs of Financial Services Regulation in Australia: The Price of Consuming Regulation

Heather Mitchell, Sch. of Eco, Fin and Marketing, RMIT

Terrence Hallahan, Sch. of Eco, Fin and Marketing, RMIT

Bruce Cowling, Sch. of Eco & Fin, RMIT

The Role of Trust and Competence in the Supply of External Advice to SMEs in Australia

George Tanewski, Dept. of Acc. & Fin, Monash University

Peter Carey, Dept. of Acc. & Fin, Monash University

A Consistent Framework for Stressing Credit Risk Parameters

Harald Scheule, Dept of Fin, Melbourne University

Daniel Roesch, Dept. of Statistics, University of Regensburg, Germany

An Investigation into the Chinese Exchange Rate Regime and its Implications for International Financial and Trading Relations

Imad Moosa, Dept of Acc & Fin, Monash University

Larry Li, Dept of Eco & Fin, La Trobe University

Tony Naughton, Sch. of Eco, Fin and Marketing, RMIT

Round 1

Director Share Trading: Disclosure and Market Integrity

Robert Faff, Dept. of Accounting and Finance, Monash University

Steve Easton, School of Business, University of Newcastle

Corporate Governance and Risk-Taking of US Banks

Michael Skully, J. Wickramanayake, Dept. of Accounting and Finance, Monash University

Alternative Methods of Issuing Equity in Australia: Effects of Rights Issues and Private Placements on Shareholder Wealth and Ownership Structure

Chander Shekhar, University of Melbourne

Vladimir Atanasov, College of William & Mary, USA.

Dividend Strip and Information Revelation

Qi Zeng, Dept. of Finance, University of Melbourne

2005

Corporate Governance: Asian Boards of Directors

Richard Heaney, School of Econ & Fin. RMIT

Funds Management

2006

Round 2

The Impact of Anonymous Trading on SFE Market Microstructure

Sean Pinder, Dept of Fin, Melbourne University

Christine Brown, Dept of Fin, Melbourne University

Intraday and Interday Time-Zone Volatility Forecasting

Petko Kalev, Dept of Acc. and Fin, Monash University

The Identification of Issues Relating to the Marketing Orientation of Managed Funds

Kate Westberg, Sch. of Eco, Fin and Marketing, RMIT
Terrence Hallahan, Sch. of Eco, Fin and Marketing, RMIT
Michael Schwartz, Sch. of Eco, Fin and Marketing, RMIT

Fundamental Indexation Down Under: An Examination of the Performance of Non-Capitalization Weighted Indexation in the Australian Equity Market

Terrence Hallahan, Sch. of Eco, Fin and Marketing, RMIT
Norm Sinclair, Sch. of Eco, Fin and Marketing, RMIT

The Nature and Impact of Short Selling in the Hong Kong Stock Market:

Michael McKenzie, School of Economics, Finance and Marketing, RMIT
Olan Henry, Department of Economics, Melbourne University

Does Investor Disagreement Explain Stock Returns or Managed Fund Returns?

Philip Gharghori, Dept. of Acc. & Fin, Monash University
Madhu Veeraraghavan, Dept. of Acc. & Fin, Monash University

International Evidence on the Other January Effect

Sean Pinder, Dept of Fin, Melbourne University
Steve Easton, School of Bus, Newcastle University

Revealing Market Expectations with Derivatives

Bruce Grundy, Dept of Fin, Melbourne University
Paul Kofman, Dept of Fin, Melbourne University

Understanding the Risks in and Rewards for Pairs Trading

Michael T. Chng, Department of Finance, Melbourne University
Aihua Xia, Dept of Mathematics and Statistics, Melbourne University

Round 1

Validating the Characteristics Based Asset Pricing Approach Using a Statistical Clustering Asset Pricing Model

Prof. Steven Brown, New York University
Prof. Robert Faff, Dept. of Accounting and Finance, Monash University
Dr. Paul Lajbcygier, Faculty of Information Technology, Monash University
Assoc. Prof. Madhu Veeraraghavan, Dept. of Accounting and Finance, Monash University

A New Approach to the Evaluation of Mutual Fund Performance: The Case Study of Australia and US Mutual Funds

Francis In, Dept. of Accounting and Finance, Monash University

Optimal Fund Size, Funds Flows and Fund Performance in the Presence of Structural Breaks

Dr Petko S. Kalev, Dept. of Accounting and Finance, Monash University
Assoc. Prof. Mark Harris, Dept. of Econometrics and Business Statistics,
Monash University

Alternative Risk Indices for the Mutual Fund Industry

Mike Dempsey, Mohammad Ariff. Dept of Accounting and Finance,
Monash University

Towards a Reconciliation of Portfolio Theory and Empirical Outcomes in Stock Price Behaviour: Australian Evidence

Mike Dempsey, Madhu Veeraraghavan, Dept of Accounting and Finance,
Monash University

An Investigation into the Smart Money Effect in Australian Superannuation Funds

Madhu Veeraraghavan, Philip Gharghori, Dept of Accounting and Finance,
Monash University

Foreign Entry into the Australian Funds Management Industry Through Investment Advisory Alliances

Robert Faff, Dept. of Accounting and Finance, Monash University;
Jerry Parwada, School of Banking and Finance, University of New South
Wales

Dynamic Hedge Funds Allocation – An Adaptive Neuro-fuzzy Inference System (ANFIS) Approach

Dr Victor Fang, Dept. of Accounting and Finance, Monash University;
Dr Vincent Lee, Clayton School of IT, Monash University
Dr K. F. Phoon, Dept. of Accounting and Finance, Monash University

2005

Rating Transitions: How Do They Vary With the Business Cycle?

Guay Lim, Michael Chua and Penny Smith, Melbourne Institution of
Applied Econ. & Soc. Research, University of Melbourne

Analyst Incentive and Signals: The Role of the Institutional and Disclosure Environment

Howard Chan and Rob Brown, Dep. Of Finance, University of Melbourne
Robert Faff, Dept. of Accounting & Finance, Monash University

Modelling Time-Varying Asymmetric Foreign Exchange Exposures

Robert Faff and Robert Brooks, Dept. of Accounting & Finance, Monash University

Jonathan Dark, Dep. of Econometrics & Bus Stats, Monash University

Amalia Di Iorio and Tim Fry School of Econ, Fin and Marketing, RMIT

The Systematic Risk Effect of Hybrid Securities Classifications

Jayne Godfrey, Farshid Navissi and Keryn Chalmers, Dept. of Accounting & Finance, Monash University

Are Actively Managed Funds Really that Bad?

Terry Hallahan, Richard Heaney, Tom Josev and Heather Mitchell, School of Econ, Fin. & Marketing, RMIT

Price Discovery in Spot and Derivative Equity Markets

Dr Petko Kalev, Dept. of Accounting & Finance, Monash University

Prof. Sugato Chakravarty, Dept. of Consumer Sciences & Management, Purdue University

New Financial Markets and Instruments

2006

Round 2

An Exploratory Study in the Pricing of Credit Default Swaps

Vikash Ramiah, Sch. of Eco, Fin and Marketing, RMIT

Tony Naughton, Sch. of Eco, Fin and Marketing, RMIT

George Tawadros, Sch. of Eco, Fin and Marketing, RMIT

2005

Integrated Framework for Financial Ship Risk

Dr Harald Scheule, Dept. of Finance, University of Melbourne

The Price Formation of Substitute Markets: Theory and Empirical Applications

Michael T Ch'ng, Dept. of Accounting and Finance, Monash University

Aihua Xia, Dept. of Maths & Stats, University of Melbourne

Electricity Pricing

Richard Heaney, Heather Mitchell, Vikash Ramiah, and Stuart Thomas,
Sch of Econ, Fin. & Marketing, RMIT

The End of Non-tradable Shares in China: Modeling the Impact on Existing shareholders

Prof. Tony Naughton, Dept. of Econ, Fin. And Marketing, RMIT
Assoc. Prof. Madhu Veeraraghavan, Dept. of Acc. & Fin., Monash University
Prof. Charles Corrado, Dept. of Commerce, Massey University
Dr. Larry Li, Dept. of Econ & Fin., School of Business, LaTrobe University

Other Topics

2006

Do Australian Firms have a Lower Propensity to Undertake R&D?

Sinclair Davidson, RMIT University

2005

Dynamic Capital Structure Choice

Xin Chang, Dep. Of Finance, University of Melbourne
Sudipto Dasgupta, Dep. Of Finance, Hong Kong University of Science and Technology

Does the Diversification Penalty Crowd Out R&D Value?

Sinclair Davidson, School of Econ, Fin. & Markets, RMIT
Robert Brooks, Dept. of Econometrics & Bus. Stats, Monash University

Improving Techniques for Evaluating Financial Literacy and Inclusion Programs

Tim Fry, School of Eco, Finance & Mark, RMIT
Roslyn Russell, Research Dev. Unit Bus, RMIT
Robert Brooks, Dept. of Econometrics & Bus. Stats, Monash University

Succession Financing in Small and Medium Sized Enterprises in Australia

Asjeet Lamba and Andre Gygax, Dept. of Finance, University of Melbourne

INDUSTRY ADVISORY COMMITTEE AT 30ST JUNE 2007

Steve Bartholomeusz (The Age)

Syd Bone (CEO, VFMC)

Jeremy Cooper (Deputy Chairman, ASIC)

Tim Coyne (Partner, Ernst & Young)

John Daley (Head of Margin Lending, ANZ)

Andrew Dexter (Managing Director, JPMorgan)

Jeremy Duffield (Managing Director, Vanguard Investments)

Vince Fitzgerald (Chairman, Allen Consulting)

Les Hosking (Managing Director, NEMMCO)

Michael Kay (Chief Executive Officer, AAMI)

Stephen King (Commissioner, ACCC)

David Knox (Principal, Mercer)

Geoff MacFarlane (Principal, Alitum Partnership)

Rod Maddock (Executive General Manager, Strategy, CBA)

Jane Niall (Director, Department of Innovation Industry and Regional Development)

Bob Officer (Chairman, Acorn Capital)

Graham Reeve (Managing Director, Myer Family Office)

Bob Stribling (Chief Risk Officer, Australia, NAB)

Ian Thompson, (Managing Director and Chief Credit Officer, S&P)

Rob Turnbull (Partner, McMahons Lawyers)

John Wilson (Managing Director, Tolhurst Ltd)

Peter Yates (Managing Director, Allco Equity Partners)

(Elmer Funke-Kupper, CFO - Acting CEO Tabcorp, resigned from the IAC in March 2007 due to work commitments)

BOARD OF MANAGEMENT

The Board of Management consists of representatives of the founding institutions supplemented by invited members of the business and financial community.

Chairman

- Mr John Unkles (Executive General Manager, Finsia)

Members (at 30 June 2007)

- Professor Paul Kofman (The University of Melbourne)
- Professor Kim Langfield-Smith (Monash University)
- Professor Tony Naughton (RMIT University)
- Mr Michael Kay (AAMI)



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