

News from the Centre, November 2009

Dear MCFS Associate,

Welcome to the 5th Melbourne Centre for Financial Studies' e-newsletter containing details and updates about MCFS activities and events. The various links to our website also allow you the opportunity to delve deeper into topics of greater interest.

Please let us know what you think – we welcome your feedback to enable us to provide you with the information you find most valuable.

News

1. Australia's superannuation system ranked second in the world - release of initial results of the Melbourne Mercer Global Pension Index (MMGPI)
2. Nominations open for the 2010 MFSS Investment Stewardship Award
3. Upcoming events – Jaime Caruana to be the International Distinguished Lecturer Wed February 10th 2010 – Save the Date; lock in your clients
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1. Australia's superannuation system ranked second in the world - release of the Melbourne Mercer Global Pension Index

On October 14, MCFS with the Victorian Government hosted a cocktail evening to launch the inaugural Melbourne Mercer Global Pension Index. The Index was also simultaneously released in the 10 other countries included in the report: Canada, Chile, China, Germany, Japan, the Netherlands, Singapore, Sweden, the UK and the USA.

The cocktail party also provided an opportunity to welcome delegates to the prestigious Rotman International Centre for Pension Management (ICPM) Discussion Forum.

The night was recognized as a great success by all concerned. MCFS had arranged for representatives from many of the world's largest institutional investment organisations to share the floor with the top echelon of Australia's funds management industry. The night provided a valued opportunity to build relationships and transfer knowledge between practitioners, academics and policy makers.

Professor Deborah Ralston, Director of MCFS highlighted the importance of the Index as a unique new benchmark to spur industry and policy makers in Australia and internationally to pursue best practice in retirement incomes arrangements.

Evening co-host, the Victorian Treasurer and Minister for Financial Services, the Honourable John Lenders MP spoke about Victoria's vibrant financial services industry and the motivation

behind the Victorian government's support for the project. The MMGPI had originally been recommended by a government-facilitated committee of industry leaders.

Dr David Knox, Worldwide Partner with Mercer and lead author of the Index announced that Australia ranks second in the 11-country comparative study, and outlined key findings.

Director of Rotman ICPM, Keith Ambachtsheer spoke about his Centre and its role in encouraging best practice in pension fund governance.

The night ended on a high note, with the expectation that the Melbourne Mercer Global Pension Index and the Rotman ICPM Discussion Forum will continue to inform and contribute to discussions amongst citizens, industry, government and academia towards a better pension system.

:: Visit the [Global Pension Index website](#) for more details on the Index report

:: Visit the [MCFSS website](#) for reading materials and powerpoints presented at the Rotman ICPM Discussion Forum

:: [View international media coverage](#) for the event

2. Nominations open for the 2010 MFSS Investment Stewardship Award

Nominations are now open for the 2010 MFSS Investment Stewardship Award. A highlight of the annual Melbourne Financial Services Symposium Dinner, the Award recognises long term responsible investment achievement. Category awards are given for each **Superannuation Fund** and **Investment Manager**.

Past winners of the MFSS Award include Cbus, Telstra Super, Black Rock, UniSuper and Lend Lease Investment Management. The winner who excels in implementation of the United Nations Principles for Responsible Investment, UN PRI, will receive special commendation.

The award recipients will be announced at the annual Melbourne Financial Services Symposium Forum Dinner to be held on Monday 1 March, 2010. The closing date for applications is Monday 23 November, 2009.

The 2010 Award is proudly sponsored by VFMC and category sponsors, Northern Trust and EPA Victoria.

:: [Click here for more information and a nomination form](#)

Please share this with any colleagues who may be interested in the Award.

3. Upcoming Events

18+19 November 2009

Securities Lending Seminar with Data Explorers Consulting (UK) and e-SecLending

Sydney: Wednesday 18th November 2009, 8.30am-12.30pm, Sheraton on the Park

Melbourne: Thursday 19th November 2009, 8.30am-12.30pm, Westin Hotel

Topics:

#1 The fundamentals of securities lending including trends in Australia and around the globe

#2 The regulators' perspective with a focus on transparency, short selling and regulation in Australia

#3 Borrowing demand drivers and trading strategies

#4 The beneficial owners' perspective including lessons learned and best practices going forward

Includes presentation - Evidence from short selling research by Assoc Prof Olan Henry, University of Melbourne and MCFS-associate

:: [Click here to register](#)

:: [More information](#)

Week commencing 18th January 2010

Finance Forum

Pioneer Investments on their Defined Contribution Default Solution

Venue: Thomson Reuters Markets, 43/80 Collins Street, Melbourne (TBC)

A really interesting product i.e. provides a default product with focus on the decumulation/annuity phase, the inflation benchmarking, the modular open architecture. Product will be attractive to at least 3 distinct parts of the market

- a) self-managed superannuants (perhaps serviced by)
- b) currently emerging advisory only financial planners and also
- c) the industry funds movement.

10 February 2010

4th MCFS International Distinguished Lecture

Speaker: Jaime Caruana, General Manager, Bank for International Settlements, Basel

Mr Caruana became the General Manager of the Bank for International Settlements on April 1, 2009. His previous positions include Financial Counsellor to the Managing Director and Director of the Monetary and Capital Markets Department of the IMF, Governor of the Bank of Spain and Director General of the Spanish Treasury.

Lead sponsored by KPMG



Details available soon at www.melbournecentre.com.au

1 + 2 March 2010

Melbourne Financial Services Symposium (MFSS 2010)

:: [Click here fore more information](#)

:: [Download the nomination form for 2010 Award](#)

4. MCFS Annual Review 2008-09

2008-2009 has been an active year for MCFS with many highlights. MCFS has held a number of conferences including the second Superannuation Fund Governance Conference (held jointly with AIST), the Consumer Finance Symposium and the Banking and Finance Conference (both in conjunction with Finsia). The 14th Melbourne Money and Finance Conference was timely and well attended by practitioners and academics alike, given its theme of 'Financial Globalisation: Implications for Australian Financial Institutions and Markets'.

It was also a strong year for events. 'Voodoo Banking – the Outlook for Banks' by Satyajit Das attracted in excess of 500 across Australia. The Future Fund industry briefing in December 2008 and the International Distinguished Lecture in November 2008 each attracted over 250 attendees.

Last but not least has been the Centre's research program highlighted by the completion of contracted research for the Australian Council of Superannuation Investors (ACSI). The completed report included an analysis of recent case studies on governance issues arising from private equity takeovers, leading to ACSI-endorsed guidelines and a code of conduct.

From 2009 MCFS is moving to a new business model. With this change come a number of projects strategically aligned with the direction of MCFS, bringing us together with prestigious partners and assisting MCFS to achieve a financially sustainable position. Some of these projects are outlined in the MCFS 2008-09 Annual Review and include the Melbourne Mercer Global Pension Index, the MCFS ANZ Trustees Share Price Database and the Melbourne Financial

Services Symposium. We look forward to strengthening the links between industry, academics and postgraduate students by introducing research reference groups in banking, funds management and insurance.

:: [Download the MCFS 2008-09 Review](#)

5. MCFS People in the media

Melbourne Mercer Global Pension Index – national and international media coverage includes:

Business Spectator 15 Oct 2009 [Australia's pension system ranked second in Mercer study](#)

Mozo 16 Oct 2009 [Aussie superannuation savings accounts 'some of best in world'](#)

International Adviser (UK) 16 Oct 2009 [Netherlands, Australia top new pensions league table; UK fifth](#)

The Star (Canada) [Olive: Pension crisis? Not so fast](#)

World at Work (US) [First Global Pension Index Ranks Public and Private Pension Systems](#)

The Straits Times (Singapore) 16 Oct 2009 [Pensions: S'pore ranks low](#)

Asian Investor (Hong Kong) 20 Oct 2009 [Grading Asia's pension systems, China and Japan get a 'D'](#)

19 October 2009

Professor Deborah Ralston on securitisation - ABC Lateline Business

:: [Click here to read the transcript](#)

17 September 2009

Professor Kevin Davis on GFC lessons - ABC Australia Talks

:: [Click here for audio and further information](#)

6. *Reassessing the Role of Financial Services* - 14th MCFS-Finsia Banking & Finance Conference

The 14th MCFS-Finsia Banking and Finance Conference which took place on the 28th & 29th of September attracted over 100 attendees from academe and financial industry. This annual conference once again proved an excellent platform for knowledge exchange, networking with peers and open forum discussion and provided the participants with opportunities to sample leading edge finance knowledge and research from industry professionals and academia.

The conference format included morning plenary sessions from distinguished finance practitioners and afternoon streams of presentations from Australian and international research. This year the research focused on funds management, banking, corporate finance and new financial markets. The special session on Islamic Finance explored differences between Islamic and conventional banking, looked into complementarity of Islamic equity based structures and Western limited partnerships and provided insights into key factors of establishing of Islamic finance on Australian ground.

At the conference dinner, John Wylie, Managing Director and Head of Corporate Advisory at Lazard, spoke to "The future of Investment Banking and the role of financial services in the real economy". John was less than complimentary about investment banking practices of the boom that ended in 2008. He was recently quoted (by Don Miller of the Melbourne Centre for Ideas) as saying that "Wall Street is nothing if not creative, especially on matters of the hip-pocket, and has form in being able to weasel out of well-intentioned regulatory reforms. Remember the market clamour in the aftermath of the .com bust? What sustained change did that produce?"

MCFS and Finsia had the honour to host the following distinguished industry practitioners:

:: Peter Boxall, Commissioner, Australian Securities and Investment Commission (ASIC)

:: Deborah Cope, Commissioner, Victorian Competition and Efficiency Commission

:: Chris Dalton, CEO, Australian Securitisation Forum (ASF)
:: John Daley, CEO, Grattan Institute
:: Prof Kevin Davis, Research Director, Melbourne Centre for Financial Studies
:: Stephen Halmarick, Head of Investment Markets Research, Colonial First State Global Asset Management
:: Dr Munawar Iqbal, Chief of Research, Islamic Banking and Finance Division, Islamic Research and Training Institute, Islamic Development Bank
:: Kevin Stevenson, Chairman and CEO of Australian Accounting Standards Board (AASB)

:: [Click here to view conference papers and presentations](#)

7. Other past events - presentations, papers and event summaries

22 October 2009
Research Seminar

Analyzing the Spectrum of Asset Returns: Jump and Volatility Components in High Frequency Data

Speaker: Prof Yacine Ait-Sahalia, Otto A. Hack'03 Professor of Finance and Economics and the Director of the Bendheim Center for Finance at Princeton University

:: [More information](#)

:: [Download practitioner synopsis](#)

14-16 October 2009

Rotman International Centre for Pension Management - Discussion Forum

Themes: #1 Pension Things that Australia and New Zealand Can Teach the World... and Vice Versa, #2 The Financial Crisis and Pension Fund Management: Lessons Learned and Actions Implied

:: [View presentations](#)

2 October 2009

MCFS - Janus Capital Funds Management Forum Series

Canary in the Coal Mine - How nonlinear dynamics based risk evaluation proved itself in the US Mortgage Crisis and is now being adopted by RMBS investors - implications for Australia

Speaker: Dr Joe Breeden, Founder and Chief Scientist of Strategic Analytics (US)

Date: Friday October 2nd 2009, 12.15pm for 12.30pm - 2.00pm

Venue: Thomson Reuters Markets, 43/80 Collins Street, Melbourne (opposite MCFS and Finsia office)

:: [Download flyer](#)

:: [Download presentation](#)

[Other past events](#)

Questions / comments: Email us at info@melbournecentre.com.au or call +61 (03) 9666 1050

Sponsorship of / partnering with opportunities: refer [Sponsors and Partners webpage](#)

Or, to discuss ideas for working with MCFS, please contact David Michell, Business Development Manager, on +61 (03) 9666 1050 & info@melbournecentre.com.au.

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