FROM THE
Managing Editor

KEVIN DAVIS SF Fin, Professor of Finance, University of Melbourne
Research Director, Australian Centre for Financial Studies and Professor of Finance, Monash University

With interest rates remaining close to zero in global capital markets and the search for yield continuing, this issue of *JASSA* canvasses a range of equity markets listing and valuation issues as well as some of the key determinants of retirement wealth.

The special section in this issue of the journal includes four papers on superannuation issues with important implications for policy makers and practitioners. The papers are based on longer papers prepared by the CSIRO-Monash Superannuation Research Cluster (see www.superresearchcluster.com) and Guest Editor, Professor Deborah Ralston SF Fin, Monash University, has written an introduction to these papers at the beginning of the special section. While not subject to the usual double-blind process, each of these papers was reviewed by a member of the Editorial Board and by me prior to inclusion.

In the first paper in the main section of the journal, Peter Lam and Kelly Chan examine the long-run performance of a sample of firms that went public through backdoor listing (BDL) on the ASX during the 1994–2013 period. Despite a similar regulatory process for both backdoor and front-door listings in Australia, the authors document significant long-run underperformance for a sample of non-financial BDLs relative to a controlled sample of IPO firms. They find that BDLs tend to raise less equity capital and be less profitable and more financially distressed than their IPO peers. While these findings may not be consistent with the assertion in the literature that lax regulatory oversight is the main reason for the underperformance of backdoor-listed firms in the aftermarket, it seems that the negative image associated with backdoor listings may be warranted.

In the next article, which also has an equity markets listing theme, Adam Steen and James Murray explore the long-run survival and share market performance of companies which made an Initial Public Offering (IPO) around the time of the share market correction in 2000, widely known as the dotcom or internet crash. With investors currently being attracted by so-called 'unicorns', privately held high-tech start-up companies often with valuations over $1 billion, the authors suggest it is an opportune time to revisit the aftermath of the 2000 dotcom crash in search of useful lessons for today's investors. Their findings, which challenge the conventional wisdom on the dotcom bubble, were that dotcom stocks failed no more frequently than non-dotcom stocks and that non-dotcom stocks did not significantly outperform dotcom stocks.

Next, Wayne Lonergan SF Fin and Hung Chu SA Fin highlight what they see as the inherent dangers in the uncritical use of the EBITDA multiple-based method in valuing capital-intensive businesses. They show that equity valuations of established capital-intensive firms by EBITDA multiples (i.e. based on a measure of earnings higher up in the profit and loss account) are more susceptible to distortions than those based on net profit after tax (NPAT) multiples. Lonergan and Chu suggest that distortions arise from the tendency of the former to overlook idiosyncratic, value relevant, differences below the EBITDA line between the subject company and the 'comparables' from which multiples are derived. They argue that valuation based on EBITDA multiples should not be used in isolation unless all material relevant facts about the entity being valued and the 'comparable' companies are known or reasonably allowed for.

Finally, with the changes to the age pension assets test thresholds set to take effect in January 2017, Anthony Vassallo, Lance Fisher and Geoffrey Kingston examine possible features of an ideal Comprehensive Income Product for Retirement (CIPR). Their paper provides a survey of long-term retirement products offering risk protection (other than plain vanilla life annuities) being offered by Australian institutions to elderly Australian investors. The authors argue that the ideal CIPR would probably insure at least partly against estate-planning, market and inflation risks — and longevity risk. They note that a key issue for CIPRs in Australia is the fact that the market for lifetime annuities is thin and another is the absence of a requirement that part of an individual's retirement wealth be annuitised.

We aim to attract high-quality, topical and relevant papers for practitioners, policy makers and those in academia, and I would encourage anyone with interesting research or analysis on the latest developments and issues in applied finance to contact us at membership@finsia.com about contributing to the journal. While submitted papers go through a standard double-blind refereeing process, the journal also publishes invited or commissioned articles and welcomes proposals for such articles. These could, for example, involve analysis of financial market developments, brief surveys explaining the import of recent academic research for practitioners, or policy-related papers.

2015 *JASSA* Prize

In this issue, we are delighted to announce the winners of the 2015 *JASSA* Prize.

Awarded annually since 1987, the prize recognises the best original article published in *JASSA*. The criteria for the award are topicality, originality, practicality and readability. Overall contribution to the industry's literature is also considered.

Of the papers published in 2015, we are pleased to recognise Andrew Ferguson, Professor of Accounting, Business School, University of Technology Sydney and Peter Lam, Senior Lecturer in Accounting, Business School, University of Technology Sydney for their paper 'Backdoor listings in Australia'. This paper, published in issue 1 of 2015, has been awarded the 2015 *JASSA* Prize valued at $1000.

Additionally, we extend our congratulations to Kathleen Walsh, Associate Professor, Research School of Finance, Actuarial Studies and Applied Statistics, ANU College of Business and Economics for her paper 'Renminbi trade invoicing: Benefits, impediments and tipping points'. This paper, published in issue 2 of 2015, has been awarded the 2015 *JASSA* Merit Award valued at $350.

Both papers were reviewed by *JASSA*'s Editorial Board, and deemed overall to make the most impactful insights into contemporary Australasian financial service industry issues.