

# From the Chair of the Editorial Board



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AS *JASSA* ENTERS ITS FORTIETH YEAR OF PUBLICATION, we include a paper at the beginning of this issue, which examines the evolution of the journal over the 1999 to 2009 period. In this paper, David R. Gallagher F Fin and I outline the findings of our study, which underlines *JASSA*'s status as the pre-eminent independent, peer-reviewed journal in Australasia dealing with issues of applied finance and investment, and serving practitioners.

Our study confirms the growing sophistication of many *JASSA* articles over the 1999–2009 period, with contributions being provided by more than 300 authors and co-authors, from academia or financial institutions. 2009 was a landmark year in which the journal received recognition through inclusion in a number of major abstracting, citation, indexing and information services for the economics and finance professions.

Our analysis also indicates that because *JASSA* eschews an 'ivory tower' approach, relying on both industry and academia not just for authorship, but also for its peer-review process. This means that the articles published are not only technically sound, but also relevant and accessible to its wide audience. We also argue that this partnership between industry and academe will be a vital ingredient in *JASSA*'s future success.

Other papers in this first issue of *JASSA* for 2010 address a variety of current important issues and developments for financial services practitioners in the post-GFC environment. These include discussions on behavioural finance issues such as risk, uncertainty and trust, as well as a number of applied finance techniques designed to: predict takeover target firms or movements in the S&P/ASX 200 Index; produce hedge fund clones; or manage price risk in renewable energy portfolios.

Eben van Wyk and Anh H. Nguyen have built a model to predict high-probability M&A targets firms in the Australian market, for the purpose of risk management. It combines existing academic theories about the typical characteristics of takeover target firms with their observation that information is often leaked before such events. Their paper suggests that fund managers can be proactive about this significant risk source by integrating this prediction model with their investment process.

The paper by Wang Chun Wei outlines his factor-based approach to cloning hedge funds. He indicates that recent research and institutional experience dispute the notion that absolute returns are uncorrelated to traditional markets and that hedge funds' high fees are justifiable. He demonstrates how to construct liquid and transparent hedge fund clones from a set of various asset-based style (ABS) factors to provide a cheaper alternative and comparable returns for investors.

Volatility implied from option prices is widely regarded as the market's estimate of future expected volatility of the underlying asset. And, after constructing an implied volatility index for the S&P/ASX 200 Index, the AVX, Bart Frijns, Christian Tallau and

Alireza Tourani-Rad F Fin outline the findings of their recent research, which indicates that the AVX index contains important information for predicting the volatility of the ASX and significantly outperforms other predictors commonly used.

Jocelyn Pixley F Fin examines behavioural finance issues such as risk and uncertainty as they relate to the bank client in the wake of the global financial crisis. Her research on how Australians feel about financial investment suggests that consumers may be seen less as customers than clients, and highlights the importance of financial professionalism. She notes the irony that while gambling is more likely to face losses than investment in assets, gambling is less uncertain than investment.

Neil Hartnett takes a close look at trust and the financial planning relationship, noting that as the business world deals with financial crises and the erosion of public confidence, the issue of trust inevitably commands greater attention. His paper provides an overview of trust concepts and addresses various issues concerning trust within the context of financial service providers and, in particular, financial planning.

And, finally, Allan Barton provides a very comprehensive review of Ross Garnaut's latest book, *The Great Crash of 2008*. He says the book is a must-read for all professionals and students concerned with the issues involved in the world's worst financial collapse since the Great Depression of 1929–33.

On behalf of the Board, I would like to congratulate the 2009 JASSA Prize winner Dr Norman Sinclair F Fin for his article, 'A perfect storm' in retirement savings', and the 2009 Merit award winner Lujer Santacruz, for his article, 'Investor risk tolerance and general economic mood'. These are both very insightful papers and they reflect the increasingly high quality of articles being submitted to JASSA in recent years.

Please note that the guidelines for submission are available at [www.finsia.com](http://www.finsia.com) and any comments on these or any previous articles in JASSA are also welcome at [m.fahrer@finsia.com](mailto:m.fahrer@finsia.com). ☺

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