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For 40 years, *JASSA* has enabled industry practitioners and academics across Australia and New Zealand to publish peer-reviewed research, providing members and subscribers with access to industry-leading material. As a result, *JASSA* was recently accepted for listing in the highly regarded *EconLit* service and in *Social Science Citation Index*.

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From the Chair of the Editorial Board

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Grappling with systemic risk

JAIME CARUANA

This paper analyses systemic risk and considers appropriate policies to reduce it. It examines systemic risk as a negative externality in two dimensions: the cross-sectional and the time dimension. The paper further argues that financial regulatory policies are not enough to address systemic risk. Other policies – especially monetary and fiscal policy – also have a role to play. It also argues that policy coordination is essential, nationally among monetary, fiscal and macro- and microprudential policies, as well as internationally.

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Merger control during the GFC, systemic risk issues and failing banks

DAVE PODDAR F Fin AND
JAMES MARSHALL

While the global financial crisis has resulted in more compressed timetables for merger reviews in order to minimise financial systemic risk, regulators have been reluctant to accept failing firm arguments. And, now that the global maelstrom appears to be receding, competition regulators are again tightening their assessments.

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Lifecycle investing: is it more about behavioural finance than risk management?

JOHN LIVANAS F Fin

While 'lifecycle investing' has been a marketing success, this paper demonstrates the fallacy of this approach when sold as a gradual risk reduction strategy, and argues that lifecycle investing is rooted more in behavioural finance than in lifetime risk management. A more appropriate approach would be to assess lifetime risk assumed and manage this according to the investor's risk profile.

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Managed Investment Scheme regulation: lessons from the Great Southern failure

CHRISTINE BROWN F Fin, COLM TRUSLER AND KEVIN DAVIS SF Fin

In April/May 2009, two large ASX-listed companies which dominated the agri-business Managed Investment Scheme sector were placed into administration, leading to significant losses for investors in those companies and the schemes they operated. We provide a concise overview of the demise of one of these companies, Great Southern Limited, to identify a number of inadequacies in current investor protection arrangements.

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The valuation of franking credits to investors

AARON MINNEY

With an increasing focus by fund managers on post-tax return and tax-efficiency, including the benefits arising from franking credits, this paper investigates the extent to which the value of franking credits is reflected in the market price of stocks. A particular emphasis is placed on evidence from recent years to determine whether there has been any change in behaviour from that previously exhibited or whether the franking credit is fully valued by the market.

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The valuation of specialised operational assets – unbundling enterprise and asset value

ROY FARTHING

The measurement of goodwill is not a precise science and valuation professionals continue to have difficulty in making a clear distinction between enterprise and asset values. This paper explores this important distinction, as valuations completed for acquisition accounting, tax and stamp duty purposes are all affected by these considerations, and a number of high-profile stamp duty cases have arisen where these issues have been in dispute.

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Firm characteristics and information risk

CHUAN LIAO, CHIEN-TING LIN AND
LEI XU

Following the work of Easley et al. (2002) in documenting the effect of private information on cross-sectional stock returns, we examine the relationship between a firm's fundamental characteristics and its probability of information-based trading (PIN). We find that asset turnover and dividend yields are important firm characteristics that influence a firm's PIN. The findings also offer an alternative explanation as to why firm characteristics are informative about asset prices.

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Book Review:

***Nudge: improving decisions about health, wealth and happiness* by Richard Thaler and Cass Sunstein**

REVIEWED BY SCOTT DONALD SF Fin

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Webmaster recommends