FROM THE
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This first issue of *JASSA* for 2013 includes papers on a range of highly topical market-related and regulatory issues, with several focusing on different aspects of firm and equity market performance. In view of the apparent shift in investors' risk appetites in recent months, these articles are very timely.

With disclosure now a key consumer financial protection measure in Australia, the paper by Gerry Gallery, Natalie Gallery and Kym Irving SA Fin examines the use and usefulness of product disclosure statements (PDSs) within the financial planning context. It reports the findings of an online survey of financial planners regarding the use of managed investment scheme (MIS) PDSs with clients, and their views on new requirements for shorter PDSs. The findings suggest that there is a tension between the need to make PDSs shorter, and more client-friendly, and the reality that clients are unlikely to access important investment information located outside the PDS, and rely heavily on information provided by advisers. The paper casts some doubt on whether more informed investment decision making is achievable with shorter PDSs and suggests that further research is needed to inform future policy directions in this area.

With media announcements and annual reports increasingly emphasising performance measures other than regulated earnings determined in accordance with International Financial Reporting Standards (IFRS), these performance measures have become quite contentious. The paper by Brett Govendir and Peter Wells provides empirical evidence on the relative ability of regulated earnings and alternative non-IFRS performance measures to capture firm performance. It also evaluates the appropriateness of the regulatory response to the increasing incidence of non-IFRS performance measures. Their findings suggest that there is no single superior performance measure to regulated earnings and that ASIC's response to the growing incidence of non-IFRS performance measures, RG230, and allowing firms to make such disclosures, was most likely appropriate.

'Mobile money' is the term used by Jonathan Greenacre to encompass the growing phenomenon of the transfer of alternative stores of value and means of exchange, such as mobile phone credit, by devices such as mobile phones. He explains how such money, and money transfer, substitutes operate in emerging markets and how they have prompted regulators to explore how to regulate this sector. Greenacre says e-money is being increasingly used as an alternative currency that operates largely or entirely outside the banking system in a number of emerging markets, effectively marginalising banks in the payment process. There is no reason to expect that modern technology will not lead to similar innovations in countries such as Australia. In that regard, Australian regulators may find merit in examining the experiences of fellow regulators in developing economies, with important issues including prudential regulation, consumer protection, AML rules and competition policy.

The study of the market reaction to divestiture announcements by Justin R Lal, Pascal Nguyen and Nahid Rahman shows that divesting firms achieve abnormal returns of about 1.8 per cent in the three-day period surrounding the announcement. The authors note that although the extent of the market reaction depends on the relative size of the divested asset, divestitures by firms with high leverage and poor operating performance do not appear to generate higher returns. The application of quantile regressions reveals a high degree of asymmetry in the market reaction. And, contrary to results reported in the past, the paper also finds that increased focus through the divestiture of non-core assets is no longer associated with higher returns. Lal et al. suggest that with firms generally becoming much more focused, reduction in diversification is no longer viewed as having the same positive effects.

Sazali Abidin, Ron Bird and Danny Yeung examine the most likely characteristics of extreme-performing stocks (those with the largest share price movement up or down over a defined time). Their findings, which are generally in line with key studies of US and European data, suggest that extreme performers tend to be small companies that have had volatile share prices in the past and spend significant amounts of money on research and development. The authors note that accounting variables tend to be useful in separating out the best and worst performers, and the latter also tend to be smaller companies which have lower share prices. They indicate that their findings are encouraging in suggesting where one might look to develop an investment strategy that has the potential to generate large returns given the huge difference in the returns generated by these two groups of stocks.

As part of this issue, we also include four articles which are edited versions of papers presented at the AIST/ACFS Superannuation Research Forum — held in November by the Australian Centre for Financial Studies. While not subject to the usual double-blind review process, each of these papers has been reviewed by our guest editor Prof Deborah Ralston SF Fin and by me, prior to inclusion. See page 39 for Prof Ralston's introduction to these papers.

I believe that all of the papers in this issue will be of interest to both practitioner and academic readers. We would very much like to encourage more submissions to *JASSA* from practitioners as well as those in academia, and we look forward to more outstanding contributions throughout 2013. ■

JASSA articles

Contributions:
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