

Press Release

Nice, February 20, 2008

EDHEC Creates Research Chair in Alternative Investment for Institutional Investors with the support of Morgan Stanley

EDHEC Risk and Asset Management Research Centre and Morgan Stanley Investment Management (MSIM) have announced the creation of a new research chair titled Financial Engineering and Global Alternative Portfolios for Institutional Investors. The research chair is a three-year research programme piloted by a joint MSIM/EDHEC committee.

The EDHEC Risk and Asset Management Research Centre's team, led by the centre's scientific director, Lionel Martellini, will research new forms of welfare-improving financial innovation through the engineering of alternative solutions for institutional portfolios. The study will look at whether alternative investment strategies, such as hedge funds, commodities, real estate and private equity, can be useful in both the core and the satellite components of a performance-seeking portfolio. It will also look at where these strategies can potentially bring beta and alpha benefits respectively, given that their impact on relative and absolute risk budgets must be assessed properly.

"The search for alpha is fast becoming a key driver in the investment process and is driving the need for more investment options than just skilled management within the traditional asset classes," commented Jim Dilworth, Managing Director and Chief Executive Officer of MSIM Europe, Middle East and Africa. "We look forward to partnering with EDHEC as they study how new asset classes, from hedge funds to commodities, offer diversification and non-correlation benefits to the asset allocation mix."

The initial research project relates to the design of dedicated financial engineering techniques aimed at allowing for sound management of risk budgets when alternative investment strategies are introduced into institutional investors' portfolios. The findings of this research will be presented at both MSIM's Second Annual Alternatives Investment Conference (2ème Conférence Gestion Alternative) in Paris on 23 October and the EDHEC Alternative Investment Days at the ExCeL Conference Centre in London on 9 and 10 December 2008. All results of the Financial Engineering and Global Alternative Portfolios for Institutional Investors research chair, in line with EDHEC's "Research for Business" philosophy, will be widely disseminated to finance professionals, notably through the specialised website, www.edhec-risk.com, and at conferences organised by EDHEC.

EDHEC

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About EDHEC

EDHEC Business School, founded in 1906 and among the select few institutions to have garnered international recognition through the triple crown of EQUIS, AACSB and Association of MBA accreditations, offers management education designed to meet the needs of companies. Its large range of international graduate programmes draws students from the world over. With its three campuses in Lille, Nice, and Paris, its 4,700 students, more than 25% of whom are from abroad, and its 100 full-time faculty, EDHEC has been ranked among the top European business schools for several years.

For the last four years, as part of its strategy for international excellence, EDHEC Business School has espoused an innovative research policy that takes into account the needs of companies and the market. Research at EDHEC is organised into four centres built on the expertise of the faculty.

EDHEC Business School is recognized as a centre of excellence for asset management and alternative investment research and several of its professors are regarded as international experts in the fields of asset management, fixed income securities, alternative investments and risk management. The aim of the EDHEC Risk and Asset Management Research Centre is to produce research that meets the most stringent academic standards and to facilitate corporate use of this research. In partnership with large financial institutions, the research centre brings together 35 researchers and implements six industry-sponsored programmes focusing on asset allocation and risk management in the traditional and alternative investment universes.

About Morgan Stanley Investment Management

Morgan Stanley Investment Management, together with its investment advisory affiliates, has nearly 1000 investment professionals around the world and approximately \$597 billion in assets under management or supervision as of November 30, 2007. MSIM strives to provide outstanding long-term investment performance, service and solutions to a diverse client base, which includes governments, institutions, corporations and individuals from all over the world. Through its global ‘community of boutiques’ structure and the strength of Morgan Stanley, MSIM is uniquely qualified to achieve these goals.

Morgan Stanley is a leading global financial services firm providing a wide range of investment banking, securities, investment management and wealth management services. The Firm's employees serve clients worldwide including corporations, governments, institutions and individuals from more than 600 offices in 33 countries. For further information about Morgan Stanley, please visit www.morganstanley.com.

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