

Editorial

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In the first article of this FMPM issue, Christian Andres, André Betzer and Charlie Weir investigate the value effect of leveraged buy-outs in Europe. For their sample consisting mostly of UK firms, they find that pre-LBO corporate governance quality can explain the size of the wealth effect of LBOs. Announcement returns tend to be higher in countries where the protection of minority shareholders is weak and for firms that have a high free-float and a dispersed shareholder base. Poor stock market performance prior to the LBO also seems to increase the wealth effect of the buyout.

In the second article, Roland Füss and Dieter G. Kaiser analyze the long-term relationship between specific hedge fund strategies and traditional asset classes. Using a cointegration approach, they find that most hedge fund strategies offer less long-term diversification benefits than suggested by measures such as correlation.

In the third article, Christina E. Bannier presents an economic analysis of bank lending for small and medium-sized firms. In particular, a theoretical explanation is given for the observation that in Europe many firms borrow from several banks while one bank takes the role of a relationship bank to the firm.

In this issue's Perspectives articles, Stefan Neher investigates the shareholder base of Swiss cantonal banks. Several biases are found in the distribution of the shareholders: In addition to a pronounced bias toward the bank in their home canton, investors also seem to be more inclined to buy shares of cantonal banks close to their canton or in the same language area.

In the first book review in this issue, Rachel Berchtold discusses the book titled "Corporate Finance" by Jonathan Berk and Peter DeMarzo. In the second review,

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Alexander Ising discusses the book “Behavioral Finance and Wealth Management—How to Build Optimal Portfolios That Account for Investor Biases” by Michael Pompian.

Finally, I would like to draw your attention to the annual conference organized by the Swiss Society of Financial Market Research. It takes place at the Swiss Exchange (SWX), Zurich, on April 11, 2008. A call for registration is included in this issue.

This issue completes Volume 21 of FMPM. On this occasion, I would like to thank all the people that contributed to the successful production of the journal, namely the editorial board, our numerous external referees, the publisher, and our sponsors for their support this year. I also thank the editorial assistant, Rachel Berchtold, and the production manager at Springer, Friedhilde Meyer, who did an excellent job in coordinating the production of the journal. As always, special thanks go to our authors, to whom we are very grateful for contributing their research to the journal. Last but not least—I would like to thank our valued subscribers and readers for their continued interest in FMPM. Without you, this journal would not exist. I wish you all a Merry Christmas and a Happy New Year!

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