Editorial

The lead paper in this issue is titled 'A Benchmark Approach to Asset Management' and is written by Professor Eckhard Platen, a distinguished financial mathematician who is a professor at the University of Technology, Sydney. Practitioners whose mathematics may be a little rusty might find some of the technical details in the paper challenging and be put off. The purpose of my editorial is to place the paper in the asset management literature and encourage the Journal's readers to take up the aforementioned challenge. Platen develops a pricing theory using the growth optimal portfolio as the analogue of the market portfolio. Without getting side-tracked into detail, the reason I find this interesting is that there are a number of papers written by mathematicians using a similar notion as a growth optimal portfolio; such terms as universal portfolios come to mind. However, what

is not presented in these papers is an asset pricing theory to complement the mathematical results; Platen provides such a theory.

The intuitive relevance of this is that it is a framework for benchmarking performance against a growth optimal portfolio. Since a number of active managers have such products, and since there is much change and flux in the world of benchmarks generally, such a framework is worth considering.

I have focused on this paper rather than the other papers, which is not in any way to belittle the others. This issue is the last in Volume 6, and we hope to innovate the Journal and the board membership in various ways. Suggestions, as always, are very welcome.

Stephen E. Satchell
Editor