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There has been growing interest in infrastructure assets which have relatively stable and predictable cash flow over a long period of time. However, the characteristics and advantages of such investment are not common to all infrastructure assets. This article provides an outline of infrastructure investments and details what points should be given attention when conducting investments.

Building an Infrastructure Portfolio	<i>Partners Group</i>	16
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Investors have increasingly focused on infrastructure due to its low correlation to the economy and inflation protection characteristics. We often see a mismatch between the risk characteristics of an asset class and the portfolio construction process, which has prevented many investors from enjoying the full benefits of infrastructure exposure.

Risk Estimation of Infrastructure Investments for Total Risk Management Planning	<i>Hidenori Shimizu, CMA</i>	26
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It is challenging to model the risk characteristics attaching to infrastructure investment because, as a highly illiquid asset class, it lacks frequent transaction-based data. This paper first looks at infrastructure indexes and examines risk and return characteristics of infrastructure investments as an asset class. Then, it discusses modeling infrastructure investments based on a multiple factor risk framework that deals with global and multiple asset classes. Finally, this approach is extended to total risk management planning for asset owners, especially pension funds.

Launch of New Market for Listed Infrastructure Funds	<i>Yasuyuki Konuma, CMA and Masahiko Miyashita, CMA</i>	36
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Following discussions with many financial institutions, the Tokyo Stock Exchange (TSE) plans to launch a new market for listed infrastructure funds by the end of FY14. This article introduces issues that have been taken into consideration by the exchange and an overview of provisional listing rules.

Prospects

Interest Rate Hike by Central Banks of Japan, the US, and Europe: The world takes a step into the “sixth jinx”

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Analysis of High-frequency Trading on Tokyo Stock Exchange

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The main purpose of this thesis is to analyze the impact of high-frequency trading (HFT) on price formation and liquidity on the Tokyo Stock Exchange (TSE). It is observed that HFT firms tend to place more orders than non-HFT firms during auction trading sessions, most of their orders could be classified as “make” orders, the ratio of HFT orders which restrain price movements is higher than that of non-HFT orders, and the execution of HFT orders tends to restrain concurrent price movements. These observations suggest that HFT firms on TSE adopt a market-making strategy known as ‘electronic liquidity provision’.

Predictability of Stock Market Returns by Internet Search Frequency Data: A survey of economic analysis by big data with an empirical application

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This paper partially surveys the use of ‘big data’ in economic forecasting, and reports the results of an empirical investigation on the predictability of weekly stock market returns using Internet search frequency data. To the author’s knowledge, this is the first attempt reported in the literature to predict returns on a Japanese stock market index using Internet search frequency data. The results of regression analysis provide some evidence regarding the predictability of Nikkei 225 returns up to five weeks ahead utilizing Internet search category data.

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