



**The Pensions Institute**

# **Fund Manager Performance: Skill or Luck?**

**Wednesday 13 June 2001 at 2pm**

**Armourers' Hall  
81 Coleman St  
London, EC2R 5BJ**

**Host: The Pensions Institute**

**Sponsor: BSI Gamma Foundation**



## **Fund Manager Performance: Skill or Luck?**

The issue of performance by active managers is the subject of much debate these days. All active managers try to outperform their benchmarks. All investment clients try to choose the managers who will outperform. Often, however, portfolio performance turns out to be disappointing.

**Can active managers really reliably outperform?**

**Do 'hot hands' cool quickly?**

**Is it worth paying active management fees?**

**Do active managers have genuine skills that enable them to outperform or are they just lucky?**

**Is there a secret to finding good active management?**

This conference examines some of the latest evidence in this area, looking at studies which address the question of whether outperformance does really persist. We examine the crucial issues of whether we can find managers who will be consistently 'above average' and whether active managers can be relied upon to outperform their benchmarks.

The conference will be of major interest to all those involved in the management of investment portfolios, including:

**Institutional Investment Clients**  
**Investment Consultants**  
**Financial Advisers**  
**Fund Managers**  
**Pension Fund Trustees**  
**Financial Journalists**  
**Academics**

These are fundamental issues for all in the investment industry to address. Don't miss it!

Attendance at the conference is by invitation only. There are only a limited number of seats available, so early application is essential.

## Fund Manager Performance: Skill or Luck?

Chair: Barry Riley, Investment Editor, *Financial Times*

13.30 – 14.00 **Registration**

14.00 – 14.05 **Introduction** by Barry Riley

### ***The View from the Ivory Tower***

14.05 – 14.45 **Performance Clustering and Incentives in the UK Pension Fund Industry** by Professor David Blake, Director, Pensions Institute, London University

14.45 – 15.30 **Star Performance Amongst Fund Managers: Pure Luck or Genuine Skill?** by Professor Allan Timmermann, University of California at San Diego

15.30 – 16.00 Coffee break

### ***The View from the Street***

16.00 – 16.45 **Finding Fund Managers who will Outperform their Benchmark** by Jon R Bailie, Managing Director, European Institutional Investment Services, Frank Russell

16.45 – 17.30 **The Challenging Search for Sustainable Alpha** by Roger Urwin, Global Head of Investment Consulting, Watson Wyatt

### ***Round Table Discussion***

17.30 – 18.00 Chaired by Barry Riley, *Financial Times*

Canapés and wine at 18.00

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For further information, please contact:

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## **About the Host**

The Pensions Institute was established in June 1996 as the first academic research centre in Europe devoted exclusively to the study of pensions and pensions-related matters. The mission of the Pensions Institute is to undertake or organize high quality research in all fields related to pensions, to disseminate the results of that research to both the academic and practitioner community, to establish an international network of pension researchers from a variety of disciplines, and to provide expert advice to the pensions industry and government. Information about the Pensions Institute can be found at [www.pensions-institute.org](http://www.pensions-institute.org).

## **About the Sponsor**

The BSI Gamma Foundation (Global Asset Management Methods and Applications) is a private Swiss Foundation established by BSI AG to mark the Bank's 125th anniversary. The mission of the Foundation is to promote the development of theoretical and empirical research in the following domains:

- Asset management
- The functioning of capital markets, including asset pricing and the competitive structure of the fund management industry
- The role and form of public regulation in fund management

Researchers from the international academic community are invited to submit research proposals. Previous winners of awards include: Hayne Leland, Francois Longin, David Blake, Allan Timmermann, and Giovanni Barone-Adesi.

## **About the Participants**

### **Barry Riley**

A *Financial Times* journalist since 1967, and since 1987 investment editor and writer of the weekly *Long View* column. A director between December 1992 and July 1997 of Pearson Group Pension Trustee, and still currently a member of the investment sub-committee of the Pearson Pension Plan. Awarded an honorary fellowship of the Institute of Actuaries, June 2000.

### **Jon R. Bailie**

Jon R. Bailie graduated from Imperial College, London, with a physics degree in 1985 and was awarded an M.B.A. from the University of Kansas in 1990.

Jon is managing director of Frank Russell's European institutional investment services business. In this capacity, he heads the company's rapidly growing European institutional investment team. Jon joined the investment group as director of client service in 1997, overseeing relationships with institutional investors in Russell's multi-manager funds.

Jon joined Russell's London office in 1993 as a research analyst in the company's fixed income manager research group. In the same year he championed the development of Russell's multicurrency fixed income portfolio profiling system and in 1994 was appointed senior research analyst. Jon led Russell's world-wide program of multicurrency fixed income, emerging market debt and currency research and became an acknowledged expert in these fields.

In addition to evaluating money managers, Jon played a key role in a number of major investment strategy reviews for Russell's consulting clients. He was a member of Russell's Fixed Income and Currency practice groups. In 1996, Jon was appointed director of Fixed Income Manager Research.

### **David Blake**

Dr David Blake is Professor of Financial Economics at Birkbeck College and Senior Research Associate of the Financial Markets Group at the London School of Economics. He was a student at the London School of Economics in the 1970s and early 1980s, gaining his PhD on UK pension fund investment behaviour in 1986. He is author of *Financial Market Analysis* published by Wiley in 2000, *Modelling Pension Fund Investment Behaviour* and *Issues in Pension Funding* both published by Routledge in 1992, and *Pension Schemes and Pension Funds in the United Kingdom* published by Oxford University Press in 1995. He gave evidence to the Goode Committee on the Maxwell Pension Scandal in March 1993. In June 1996, he established the Pensions Institute at Birkbeck College.

### **Allan Timmermann**

Allan Timmermann holds a Master's degree from the London School of Economics and a PhD from the University of Cambridge. He has worked as a Professor of Finance at the London School of Economics and is currently an Associate Professor of Economics at the University of California, San Diego. He has published extensively in leading finance and economics journals on the predictability of stock returns, the performance of mutual funds and pension funds, and on time series econometrics. Dr. Timmermann is an associate editor of the *Journal of Business and Economic Statistics* and the *Journal of Forecasting* and he is on the editorial board of the *Journal of Asset Management*.

### **Roger Urwin**

Roger graduated from Oxford University and qualified as a Fellow of the Institute of Actuaries in 1983. He worked as an investment consultant for Bacon and Woodrow and headed William Mercer's investment practice before joining Gartmore Investment Management in 1987, responsible for business development and quantitative investment. He joined Watson Wyatt as a partner in 1989 to head up the firm's investment consulting practice.

Roger has wide experience of investment matters having been both on the investment management and consulting side. He has responsibility for a number of the firm's major investment clients both in the UK and internationally advising them on all investment issues. He is the author of a number of papers on asset allocation policy and manager selection.

Roger is the Global Head of Investment Consulting and has a worldwide team of over 250 in his charge.