

Invitation

Cass Business School and the Investment Management Association (IMA) cordially invite you to

The Challenges Ahead for the Fund Management Industry

Friday 9th December
Cass Business School
106 Bunhill Row
EC1Y 8TZ

This one day conference will bring together leading academics and investment professionals to stimulate debate about the challenges currently facing the investment management industry. Leading figures from the industry including Gordon Midgley, Research Director, IMA, Daniel Godfrey of the AITC, and Keith Jones of Morley Fund Management, will give their views on these challenges from their own perspectives. They will be joined by academics from Cass which has an active fund management research programme. Professor David Blake of the Pensions Institute, Professor Harry Kat, Director of the Alternative Investments Research Centre, and former Bank of England financial economist Professor Andrew Clare will draw on this research.

Professor Harry Kat will advocate that hedge fund returns are not unique and can be replicated by mechanical trading strategies in traditional assets. Furthermore the flow of money into hedge funds will slow down and may even reverse, he says: "Pension funds can no longer ignore derivatives and their use will increase many fold over the next couple of years."

Cass Finance experts Professor Keith Cuthbertson and Dr Dirk Nitzsche will be looking at UK equity mutual funds (1997-2002), and explaining the 'bootstrap methodology' they used to distinguish between 'skill' and 'luck' for individual funds. Their analysis strongly rejects the hypothesis that most poor performing funds are merely unlucky - most of these funds demonstrate 'bad skill'.

Aneel Keswani, Senior Lecturer in Finance at Cass will talk about the "smart money effect" arguing that if money is smart, investors should channel money towards mutual funds that subsequently perform well. Recent evidence on this issue in the US suggests that although at first glance money may appear smart, this is entirely due to momentum in fund returns. In this paper, the smart money effect is re-examined using a unique British dataset. The results indicate that, on the whole, both individual and institutional investors are able to identify superior mutual funds when making their buying (but not selling) decisions.

If you wish to attend this event, book online at www.cass.city.ac.uk/events and please note that places will be allocated on a first-come-first-served basis.

For directions on how to find Cass visit <http://www.cass.city.ac.uk/about/location/findus.html>