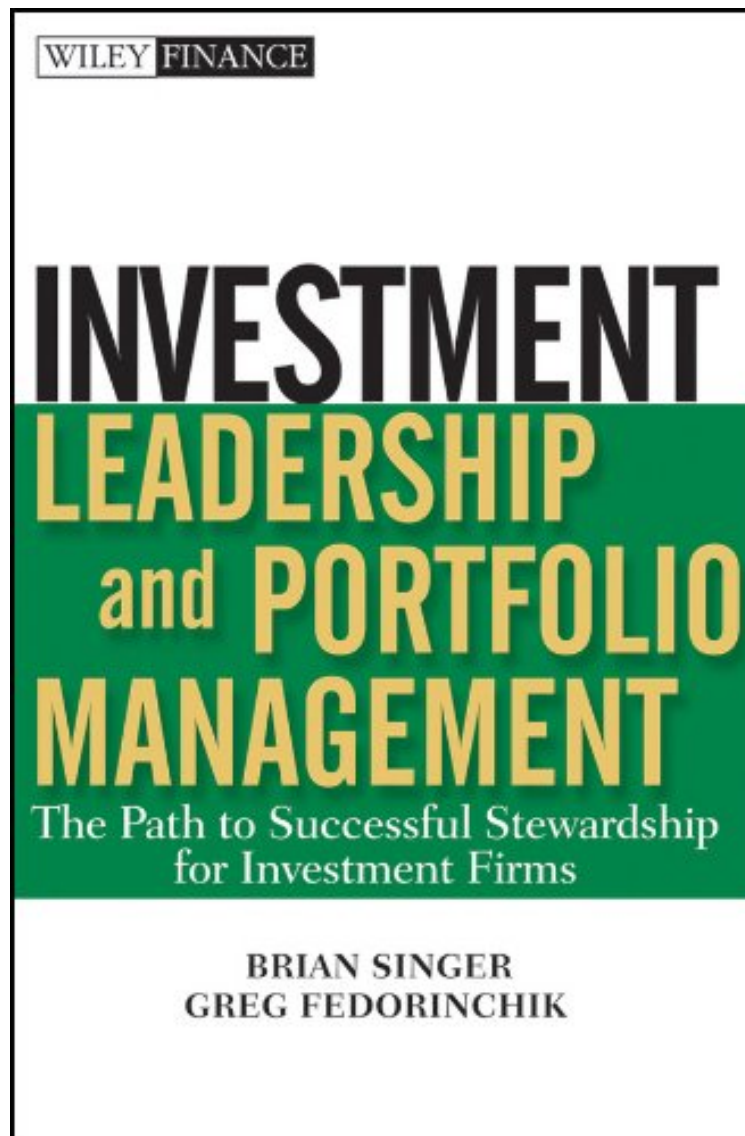


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Investment Leadership and Portfolio Management: The Path to Successful Stewardship for Investment Firms (Wiley Finance)

Brian D. Singer, Greg Fedorinchik

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Brian D. Singer, Greg Fedorinchik : Investment Leadership and Portfolio Management: The Path to Successful Stewardship for Investment Firms (Wiley Finance) before purchasing it in order to gage whether or not it would be worth my time, and all praised Investment Leadership and Portfolio Management: The Path to Successful Stewardship for Investment Firms (Wiley Finance):

1 of 1 people found the following review helpful. Investment Leadership and Portfolio Management: Leadership and

Portfolio Management By Lorraine These words are not mine, but I concur. "This book provides a top-down analysis of successful strategies, structures, and actions that create an environment for generating strong investment performance and...[for]rewarding investor outcomes." It is an easy read for not only the investor and those knowledgeable of portfolio management, but also for those who would like to know more about successful investing and how to manage those investments. It is full of practical ideas for the expert and the novice--those who would like a better understanding of financial theories. The statistical graphics are easy to understand by both the novice and the expert.

0 of 0 people found the following review helpful. How to run asset managers By investingbythebooks From a management perspective the investment business is an unusual animal due to the loose relationship between cause and effect. In most other industries, if you do the right thing and do it better in every way than your competitors you will win. In investment management yoursquo;ll have gained a say 55 to 60 percent probability of yearly outperformance that during relatively long periods will be almost indistinguishable from randomness. At the same time, due to the fact that competition has taken the business of investment management so close to being short-term efficient, it is the subtle differentiating things that can tip the conditions in your favor. Having a leadership and a corporate culture that nurtures the appropriate type of environment for asset management is an underestimated source of long-term alpha and also the topic of this book.

The two authors are former colleagues from the value investing focused Brinson Partners and from UBS Asset Management. Today Brian Singer is the head of dynamic asset allocation at William Blair and chairman of the CFA Institute board of directors while Greg Fedorinchik is the head of client portfolio management at Mesirow Financial. The book is meant to present the characteristics of leaders and firms that are to be successful stewards of client capital; analyzing the strategies, structures and actions that create an environment that delivers outstanding investment outcomes. Apart from their own experiences they build their work on interviews with individuals covering hundreds of different investment firms. The authors point to the fact that asset managers can become successful in two ways, as a business venture and as a superior investor. The two can be connected but donrsquo;t have to be. Even though there are two chapters covering fee structures and client communication the focus of the book is to implement the characteristics of a successful investment driven firm. They identify five critical aspects to manage this: 1) a strong culture, 2) limited size and complexity, 3) clear governance of the business and investment functions, 4) first-rate non-hierarchical investment leadership and 5) integrity. The culture is key, number three through five contributes to the culture and number two is a constant threat if the business of investing is given priority over stewardship of client capital.

The bulk of the booksquo;s chapters expand on the five critical aspects above and gradually the authors paint a picture of how they perceive that an asset management firm should be run. Mission, investment philosophy, processes, performance evaluation, merit based compensation and promotions, organizational set up and several other topics are brought up. There is a sound core of customer focus, consistency in execution and of integrity. The authors not surprisingly show a marked knowledge of the character of big institutional investment organizations. Seemingly simple guiding principles like ldquo;people + philosophy + process = performancerdquo; contain a lot of wisdom as superior long-term performance cannot be forced but instead is a residual of other decisions. If something I think the recipe the authors present is a bit to specific. Itrsquo;s obvious that Brinson Partners is the role model; hence the book describes how a big mutual fund with value investing focus should function. I think itrsquo;s a pity that they had to be this restrictive. Further, chapter five mainly describing how to view the (stock) market is the most inspired and cutting edge of all the chapters. I still think that it is a bit misplaced. Only by developing onersquo;s own view of market functionality can an investment firm build a solid foundation for its investment philosophy. It cannot be served one-size fits all.

Books on strategy and management could easily fill an Alexandrian library, as could those on investing. Despite this there are very little written on management of asset management firms. Since leadership and corporate culture matter more than most realize, Investment Leadership and Portfolio Management is an important book. This is a review by investingbythebooks.com

7 of 8 people found the following review helpful. Building a cathedral, for investment professionals and their clients By Thomas Clarke Singer and Fedorinchik's text is a diverse discussion of attributes that they believe are necessary and sufficient for operating a successful investment management organisation. It is not a "How to beat the market" script, although investment process; valuation, analysis and portfolio design (decision-making) does make a medium-sized appearance in its middle two chapters. And this is where the reader discovers that the affiliation of these authors is grounded in top-down, fundamental value-based long term investment discipline. But the prescriptions for success in this book are by no means tied to selection of that, or any specific process, nor subscription to a predefined investment-philosophical church. In fact, one of the most important requirements is simply to clearly identify both of these--philosophy and process--accurately delineate what they are, and to embed them in a firm's culture such that they guide, bind (to some extent) and also empower investment officers. Such is scarcely rocket science and most asset management consulting agents would probably agree with it. But for Singer and Fedorinchik this is not actually the start of the plan. It starts further back, or higher up, with establishing that culture just mentioned. Opening with chapters about strong culture, integrity, values and the like, runs a risk of superficiality and platitudes. The authors know this: Enron Corporation's much publicised "values statement" is reproduced early on in tacit acknowledgement that words without mechanisms--even if smithed to look like some Hippocratic oath--make for emptiness in this realm. So the reader is given some

welcome pragmatic ideas whereby the culture of an investment firm can be made to properly connect its professionals, and tangibly engage their contribution to its success. Examples include the ownership of the firm itself (publicly traded ownership is not recommended, it can conflict with fiduciary obligation), the roles of senior leadership (CIO and CEO should be one and the same) and who should even be a leader (it is an inappropriate and unuseful reward for investment or business success, despite its near universal link to both). Meanwhile, mission statements and values are offered as additional checks and balances to help culture become cemented and hard to change. The formation of advisory boards, populated partially by the organisation's clients, is a good idea as well. This is all set down with the objective of "client outcomes" being a goal of success, ranking equally with investment performance success. Here the authors lament (with tangible irritation) the pervasive performance-chasing meme, which deprives most end users of the profits from outperforming firms--which are themselves few and far between and hard to identify. Fiduciary duty is extended to include the responsibility to safeguard clients from loss-earning buy-me-high / sell-me-low reactivity, and chapter 6 offers their combined wisdom on how client relations professionals can and should exert this effort. This is important and often overlooked; clients will not naturally affix themselves to successful managers even if/after they are fortunate enough to find them. Skill is hard to build, and remains hard to detect from outside even then. If there is one industry-wide characteristic that can be identified as hampering success along the lines of this treatise, Singer and Fedorinchik believe they know very well what it is: badly designed incentive structures which reward contrary interests too much, and aligned interests not nearly enough. Their penultimate chapter zeroes in on this with a discussion of financial incentives, or fees. It is not too surprising to learn at this stage that compensation schemes can be guilty of scuppering the best intentions and even (probably) the best implementations of the theories in this book. It is a good deal more refreshing to hear about some sensible ideas to re-craft financial incentives so that they support rather than undermine everything the authors have presented so far. Indeed, responsible institutional investors have been calling for change for some time, and those with clout have been able to require it of their managers. It is good to see the same sentiment from the side of those on the receiving end of investment management fees as well. Although that should be expected after all, if integrity and culture have more bite than website banners.[...]

An industry leader candidly examines the role of investment leadership in portfolio management Investment Leadership Portfolio Management provides a top down analysis of successful strategies, structures, and actions that create an environment that leads to strong macro investment performance and rewarding investor outcomes. By examining how to manage and lead an investment firm through successful investment decision-making processes and actions, this book reveals what it will take to succeed in a radically changed investment landscape. From firm governance and firm structure--for single capability, multi-capability, and investment and product firms--to culture, strategy, vision, and execution, authors Brian Singer, Barry Mandinach, and Greg Fedorinchik touch upon key topics including the differences between leading and managing; investment philosophy, process, and portfolio construction; communication and transparency; and ethics and integrity. Leadership issues in investment firms are a serious concern, and this book addresses those concerns Details the strong correlation between excellence in investment leadership and excellence in portfolio management Written by a group of experienced professionals in the field, including the Chairman of the CFA Institute Board of Governors Understanding how to operate in today's dynamic investment environment is critical. Investment Leadership Portfolio Management contains the insights and information needed to make significant strides in this dynamic arena.

From the Inside Flap The new breed of investment professional knows that there is a strong correlation between excellence in investment leadership and excellence in portfolio management--and in this book, a group of experienced investment industry experts puts this paradigm in perspective. Investment Leadership and Portfolio Management provides a top-down analysis of successful strategies, structures, and actions that create an environment for generating strong investment performance and, most importantly, delivering rewarding investor outcomes. By examining how to manage and lead an investment firm through successful investment decision-making processes, this reliable resource reveals what it takes to excel in a radically changed investment environment. Additionally, it includes informative case studies of the approach in action, so you can see the real applications of the ideas addressed throughout these pages. From firm governance and structure for investment and product firms to culture, strategy, vision, and execution, authors Brian Singer--Chairman of the CFA Institute Board of Governors--and Greg Fedorinchik touch upon pressing issues, including the differences between leading and managing; investment philosophy, process, and portfolio construction; communication and transparency; and ethics and integrity. Along the way, you'll also become familiar with: The role of behavioral biases and market behavior analysis in the investment decision-making process The appropriate incentive structures and fee models for asset management firms The practical considerations required for living organizational values, setting goals, and measuring organizational success The details involved in developing a meritocratic investment process that rewards individual contributions And much more There is no one-size-fits-all approach to leading a diverse group of intelligent individuals and the firms they represent. However, there are a few best practices and rules that can make the task a more manageable one. With the

ideas articulated in *Investment Leadership and Portfolio Management*, you'll gain a better understanding of how to effectively operate within today's competitive investment industry and achieve a significant level of success.

From the Back Cover
Praise for *Investment Leadership and Portfolio Management* "This short book packs a lot of wisdom about portfolio management. It demonstrates the importance of firm culture and longer time horizons to successful investing, while putting forward a truly creative approach to performance fees."—Bob Pozen, Chairman, MFS Investment Management "Singer and Fedorinchik have added an important book to the library of investment leaders. They drill deep into the question of product-driven vs. investment-driven firms, covering important foundational topics like vision, mission, culture, compensation, and fee structures. When serious practitioners like these three take the time to write about best practices, the result is a book that rings true. Full of practical ideas that are supported by a deep understanding of the underlying financial theories and lots of real-world, front-line experience. A must-read for all investment professionals who are committed to 'getting it right' in this post-crisis environment."—James Ware, CFA, author of *High Performing Investment Teams*, founder of Focus Consulting Group "In an exceptional and decidedly unique style, *Investment Leadership and Portfolio Management* deserves special attention from any investor. The authors weave a wonderful mosaic of the investment management landscape that is both different from other investment books and compelling in its focus on the truly relevant issues. The case studies and references to actual experiences make this book an enjoyable read and, equally important, provide long-sought attention to the factors that really matter in the quest for investment performance."—Gary P. Brinson, President, GP Brinson Investments "Singer and Fedorinchik have laid out a clear vision of the modern, post-crisis asset management firm in which the interests of the investment professionals, the firm and the end client are fully aligned. This book combines decades of practical experience with original insights from portfolio and behavior theory, in equal measures of wit and wisdom."—Donald M. Raymond, PhD, CFA, Senior Vice President, Public Market Investments, Canada Pension Plan Investment Board

About the Author
BRIAN SINGER is Chief Investment Officer of Singer Partners and Chairman of the CFA Institute Board of Governors. Previously, he was head of global investment solutions at UBS Global Asset Management (formerly Brinson Partners, Inc.), responsible for asset allocation and currency strategies. Singer is also Emeritus Board Member of the Research Foundation of CFA Institute and an advisory board member of the *Journal of Performance Measurement*. He is a recipient of the 1991 Graham and Dodd Award and a 2001 recipient of the Dietz Award. Singer holds an MBA from the University of Chicago. **GREG FEDORINCHIK** is head of investor solutions at Mesirow Advanced Strategies, Inc., an institutional fund of hedge funds firm based in Chicago. Prior to joining Mesirow, he was a senior strategist with the global investment solutions team at UBS Global Asset Management (formerly Brinson Partners, Inc.) and a member of the asset allocation and currency committee. Fedorinchik holds an MBA from the Kellogg School of Management, Northwestern University.