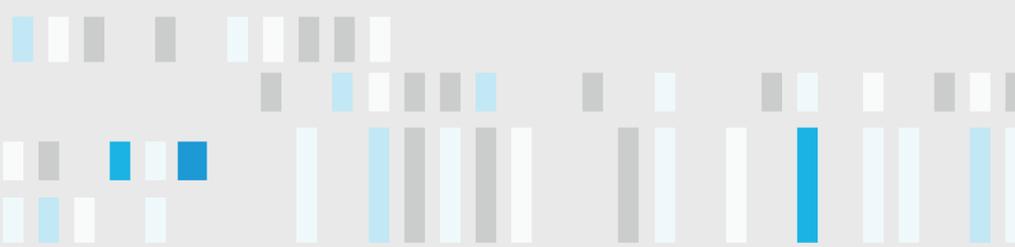




CFA Institute

INDUSTRY RESEARCH



A brief catalog of works
July–December 2019

cfainstitute.org/research

INTRO

The investment profession stands at an inflection point, and we can't rely on old models and maxims. From the leading journal on investment management practice, to thought leadership, to independent research on current issues, to a forum for useful analysis, CFA Institute provides in-depth insights on the world of today in order to push the industry into the future.



"We strive to produce the highest-quality research on the topics and emerging trends most relevant and influential to the investment management profession."

Rhodri Preece, CFA
Senior Head, Industry Research
CFA Institute



INDUSTRY RESEARCH

FOUR KEY FUNCTIONS



Financial Analysts Journal

As the flagship publication of CFA Institute, the *Financial Analysts Journal* is the leading practitioner journal in the investment management community. Since 1945, it has advanced the knowledge and understanding of the practice of investment management through the publication of rigorous, peer-reviewed, practitioner-relevant research from leading academics and practitioners.

cfainstitute.org/research/financial-analysts-journal



CFA Institute Research Foundation

Since 1965, the CFA Institute Research Foundation has been providing independent, high-quality research that helps investment management professionals effectively fulfill their duties with prudence, loyalty, and care.

cfainstitute.org/research/foundation



Future of Finance

Future of Finance develops CFA Institute thought leadership to help shape a more trustworthy, forward-thinking investment profession that better serves society. The goals are to motivate and empower the world of finance to become an environment where investor interests come first, markets function at their best, and economies grow.

cfainstitute.org/research/future-finance



Enterprising Investor

For investment professionals by investment professionals, *Enterprising Investor* provides thoughtful and provocative analysis of current issues in finance and investing.

blogs.cfainstitute.org/investor

A selection of articles from the second half of 2019.

CELEBRATING

75
YEARS

Corporate Governance, ESG, and Stock Returns around the World

Mozaffar Khan

Nonfinancial performance measures, such as environmental, social, and governance (ESG) measures, are potentially leading indicators of companies' financial performance. In this study, the author draws on prior academic literature and the concept of ESG materiality to develop new corporate governance and ESG metrics.

Change Is a Good Thing

David Blanchett, CFA, Michael Finke, James Licato

Do DC plan sponsors add value by monitoring and refreshing the menu of investments offered to participants? The authors find evidence that they do, particularly by successfully removing underperforming funds.

Net Share Issuance and Asset Growth Effects: The Role of Managerial Incentives

Shingo Goto, Zhao Wang, Shu Yan

By considering executives' stock holdings (incentives) alongside their decisions over equity buybacks/issuance and asset growth, investors can discern companies likely to outperform.

Carry Investing on the Yield Curve

Martin Martens, Paul Beekhuizen, Johan Duyvesteyn, CFA, Casper Zomerdijk, CFA

The carry of a government bond is the return on investment if the yield curve doesn't change. The authors investigate the profits to global curve carry strategies (buy high carry, sell low carry) and their relationship with "betting against beta" (BAB)—a curve strategy that buys short-maturity government bonds and sells longer maturities.

Optimal Currency Hedging for International Equity Portfolios

Jacob Boudoukh, Matthew Richardson, Ashwin Thapar, Franklin Wang

This study explores optimal currency exposures in international equity portfolios through the lens of a modified mean-variance optimization framework. This method is an integrated, practical, and economically intuitive approach to currency management that simultaneously provides lower risk and higher returns than either hedged or unhedged benchmarks.



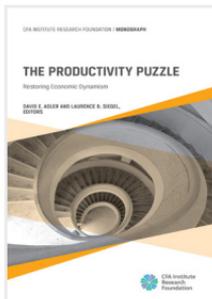
Behavioral Finance: The Second Generation Meir Statman

The first generation of behavioral finance described investors as irrational, but the second generation of research has revealed more complex behavior. This publication focuses on new behavioral insights and guidance for avoiding errors.

African Capital Markets: Challenges and Opportunities

Editor: Heidi Raubenheimer, CFA

African markets have experienced rapid transformation but face fundamental challenges, such as illiquidity and access. To help investors, local authors share their perspectives on current developments and future trends for key markets.



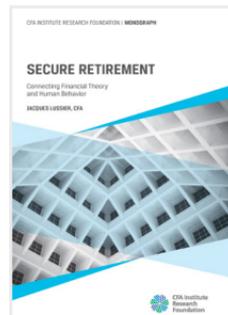
The Productivity Puzzle: Restoring Economic Dynamism

Editors: David Adler and Laurence Siegel

Economists cannot explain why productivity growth slowed after 2005 in the US and advanced economies. But an innovative interdisciplinary approach goes beyond traditional economic analysis to offer policy solutions and new insights for investors.

Secure Retirement: Connecting Financial Theory and Human Behavior Jacques Lussier, CFA

Financial science can be used to improve the retirement planning effort. Despite a vast amount of literature on the topic, *Secure Retirement* recognizes the need to validate this knowledge and develop a comprehensive framework for investors. What are the factors of success and lessons learned?



FUTURE OF FINANCE



Investment Professional of the Future

This report focuses on the changing roles, changing skills, and changing organizational cultures facing investment professionals. The influence of technological innovation and the need for continuous learning are especially important. It offers a roadmap for individuals to proactively manage their careers and for employers to attract top talent.

Investment Firm of the Future

This report looks at what the investment firm of the future may look like in 5–10 years through the prisms of a firm's functional areas: business, investment, operating, people, and distribution models. The report culminates in a series of actions organizations and the industry can take to effectively prepare themselves for the future.



Driving Change: Diversity & Inclusion in Investment Management

The successful investment firm of the future will be differentiated by its culture and its ability to attract the best talent. This report provides data on priorities and motivations for diversity and inclusion among firms in North America and offers ideas on how to move forward.

Uncertain Futures: 7 Myths about Millennials and Investing

This report explores the differences between millennials and previous generations around a variety of topics, including investment preferences, the catalysts and barriers to saving and investing, and attitudes toward financial advisers and investment advice.



ESG Investing: Can You Have Your Cake and Eat It Too?

Gautam Dhingra, PhD, CFA, and Christopher J. Olson, CFA

Do companies with high environmental, social, and governance (ESG) ratings outperform their lower-ranked counterparts?

Edward Altman: Where Are We in the Credit Cycle?

Edward Altman

Has the bubble in credit markets achieved new momentum? Edward Altman weighs in.

Australian Water Entitlements: A Unique Alternative Asset Class

Brent Loeskow, CFA, and Nick Waters

Australia's water markets form an intriguing investment case study.

The Active Manager Paradox: High-Conviction Overweight Positions

Alexey Pancheckha, CFA

Is active management's decade-long losing streak to passive management due to high fees, a lack of manager skill, or something else?

INDUSTRY RESEARCH TRENDS & INSIGHTS



AI Pioneers in Investment Management

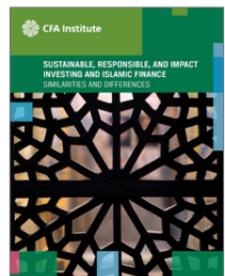
Larry Cao, CFA

Will robots replace human investment managers? As the investment industry stands on the cusp of arguably its greatest technological transformation, we set out to understand the current state of adoption of artificial intelligence (AI) and big data applications in investment management and to exemplify where and how such technologies can be put to use.

Sustainable, Responsible, and Impact Investing and Islamic Finance: Similarities and Differences

Usman Hayat, CFA

Although Islamic finance and sustainable, responsible, and impact (SRI) investing appear unrelated, they share key similarities. Emerging trends may enable financial services providers to develop products that satisfy criteria of both approaches.



CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials.

The organization is a champion of ethical behavior in investment markets and a respected source of knowledge in the global financial community. Our aim is to create an environment where investors' interests come first, markets function at their best, and economies grow.

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