

## **Q GROUP ANNOUNCES WINNERS OF ITS ANNUAL JACK TREYNOR PRIZES**

Prizes recognize academic research papers relevant to  
investment management and financial markets

New York, November 27, 2017

The Institute for Quantitative Research in Finance (The Q Group) is pleased to announce the 2017 winners of its annual Jack Treynor Prizes. The Prize was instituted in 2014 to recognize superior academic working papers with potential applications in the fields of investment management and financial markets. The three 2017 winners (in alphabetical order by paper title) are:

### **Performance Isn't Everything: Personal Characteristics and Career Outcomes of Mutual Fund Managers**

Brad Barber, University of California, Davis

Anna Scherbina, University of California, Davis

Bernd Schlusche, Board of Governors of the Federal Reserve System

Past performance—measured by returns and fund flows—largely determine mutual fund managers' career outcomes. Managers' personal attributes also matter. All else equal, female fund managers are less likely to be promoted than male managers, and they have shorter tenures. Furthermore, managers from elite schools and those holding advanced degrees have better career outcomes, while older managers face significantly worse career prospects, possibly by choice.

### **Sensation-Seeking Hedge Funds**

Stephen Brown, NYU Stern School of Business and Monash Business School

Yan Lu, College of Business, University of Central Florida

Sugata Ray, Culverhouse College of Commerce, University of Alabama

Melvyn Teo, Lee Kong Chian School of Business, Singapore Management University

The authors collect data on hedge fund manager automobile purchases and show that managers who own powerful sports cars take on more investment risk than do other managers but do not deliver higher returns. Moreover, funds managed by performance car owners exhibit higher operational risk and are more likely to fail. Performance car owners demonstrate other attributes associated with sensation seeking, such as a preference for lottery-like stocks, unconventional strategies, and active trading.

### **Trading on Talent: Human Capital and Firm Performance**

Anastassia Fedyk, Harvard University

James Hodson, Jožef Stefan Institute

Using a novel dataset with information about 37 million employees of U.S. public companies, the authors show that human capital affects firm performance. Firms with low employee turnover perform better in the market than firms with higher turnover. Also, firms with disproportionately more employees with sales-oriented skills perform better than others, whereas firms with more employees with administrative skills underperform. The effects of skill are heterogeneous across industries. Web development skills are more valuable in information industries, but sales-oriented skills are not notably more valuable in Finance.

Copies of these papers are available on the Q Group website at <http://www.q-group.org/jack-treynor-prize-winners/>.

### **About Jack Treynor**

Jack Treynor was one of the founders of modern quantitative investment management. His pioneering work on how discount rates should depend on risk anticipated and contributed to the development of the Capital Asset Pricing Model. Jack subsequently made numerous other contributions in the areas of performance evaluation, risk management, trading analytics, and inflation dynamics. As the long-time editor of the *Financial Analysts Journal*, Jack substantially raised the quality of discourse among financial analysts. Many of his articles, including some written under the pseudonym Walter Bagehot, have become classics of investment management. Until his death in May 2017, Jack was a Q Group Research Fellow and a long-time member of Q Group, where his contributions to the program and to the discussions at our meetings were invaluable.

### **About the Q Group**

The Institute for Quantitative Research in Finance, the “Q Group” ([www.q-group.org](http://www.q-group.org)) advances the practice of global investment management by connecting investment professionals with rigorous research and ideas at the frontier of the industry. We are a membership organization with over 140 sponsor organizations that represent many of the most important investment sponsors, managers, and consultants in North America and beyond. Our membership includes banks, insurance companies, securities firms, investment consultants, investment advisors, mutual fund managers, state and private pension fund managers, foundations and university endowment funds.

Q-Group’s semi-annual conferences are renowned for bringing scholars, investment practitioners, and other interested professionals together to discuss and debate current issues and new ideas at the frontier of investment management. Since our founding in 1966, our programs have explored relevant topics without bias toward any perspective other than the promotion of better investment management practices for the billions of people who depend on responsible financial management for their future security.

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