Forty Years in the Academic Trenches

History: In the 'Real' World, A Country's Success is often determined in the Trenches

In the World of 'Academia', So Too is Academic Success.

Thomas Schneeweis

Abstract

Books are written for many reasons. It is the responsibility of any author to come up with his or her own before one is thrust on them by their editor or by their readers. While not the only reason, the reason for this relatively short book is a simple one. I hope that this book may offer some insight as to the changing nature of the academic and finance profession over the past forty years as well as to offer for some, an insight into the random process by which one weaves one's career through the ebbs and flows of a lifetime.

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Preface

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What unique views can this author provide to that process? The very fact that I remained an academic and/or a finance practitioner for over forty years, indicates that in the Academic world or the Finance 'Real World', I was never enough of a failure to be fired or enough of a success to quit. Therefore, this book is from the viewpoint, of an academic who over his almost forty years in the field published well over 100+ referred articles and authored or co-authored over six books. I was an academic who found his way into a research university, received his Full Professor at a young age, and eventually obtained the coveted "Research Chair". However, while considered a success by some, I view my academic pathway as sort of a "Selig Moment." I made it to the "Majors," but for most I was the equivalent to the .250 hitter who was brought in the later innings as a defensive replacement. I have had the chance to meet and work with most of the noted "academic luminaries" of my time. Similarly, my business career has allowed me to witness that parade and often to be part of it. For instance, I have been credited in part with the creation of alpha transfer (thank you Peter Bernstein), was at the center of the development of an international non-profit Academic educational center focusing on alternative investments (e.g., University of Massachusett's CAIA), as well as one of the first academic (e.g., referred)

Thomas Schneeweis, 86 Mahtomedi Ave., Mahtomedi, MN. 55115
Office: 651-401-0465; Cell: 413-218-0206;email: trschneeweis@gmail.com; Web: www:tschneeweis.com

/practitioner journals which focused on alternative investments (The Journal for Alternative Investments) and one of the primary Global non-profit educational center that provides a educational service and a certificate of successful completion of a degree in the area of Alternative investments (The Charted Alternative Investment Program).

My participation in the financial industry was likewise as a successful participant but not as a major player. I often was the breakfast speaker on the second day of investment conferences. I felt sorry for financial players who found themselves at my table and not the table funded by the "big boys' but I helped in the establishment of one of the first and one of the largest hedge fund separate managed account platforms (e.g., URSA). In additional I was the creator or co-creator as the creator of several 'financial firms' (S Capital Management, TRS Associates, Lyra Capital, White Bear Capital …..) which were involved in the creation of 'financial' solutions to the problems of the day (Commodity index products, option based collar programs, active long short equity based hedge funds) and when the day ended for those products so did those firms. For the most part, I acted as a consultant or business associate, who was one step removed from much of the day-to-day battles but connected enough to witness who won the battles and see the carnage that often resulted.

Why now? Perhaps a better response would be why not now. It is good to be clear up front. I have been very, in fact unbelievably fortunate in my life. I spent over forty years with my wife, and I cherish every moment (well almost every moment) that we had together. She has passed away now, and the world is less for her not being here. This book, however, is not about those days (although perhaps it would be a better one). This book is less personal and one that I can view more dispassionately. As to my academic career, I have few, if any, regrets. I am not jealous of my peers and grant them all of their past and futures successes. I have had enough of mine to feel comfortable in who I am and in what I have achieved and continue to endeavor to create. What led me in part to this endeavor is a recent business meeting. While waiting outside of the office of an old acquaintance of whom I had not seen in over twenty years, I heard him exclaim (as he was told I was in the office) "Is he still alive? I thought he died years ago." Well before I do, this seemed as good a time to reminisce on the voyage. I hope for the forgiveness of those who I bring along with this trip (some came willingly and others I suspect by force). More importantly, as in any story, some of the facts have become fiction in my mind, and much of the fiction has become fact. At this point I cannot tell the difference, but like any story, while the fish has become bigger and the fight more grandiose, the battle was part of what made us, and the enjoyment was having others on the boat with me at the time. For all of those thank you. For my readers, I understand that one of the most boring activities is being forced to watch someone else's home movies. Hopefully, you will see enough of yourself in the slides to enjoy the film.

Chapter 1: The Start of It All

One is never sure, when and where one decides on a particular career. In fact, perhaps there is no single moment, but simply a series of random events that taken as a series of steps leads you to your current place in life. For me, however, it was a particular moment and place that I decided to become an academic. One fall day, when I was about eleven, my father left complaining that his day (as all his other days) consisted of rising at 6 AM and then working until 6 PM (back and forth each day in a never-ending fashion). Our next-door neighbor never got up early and from what I could see never really worked. He left when he wanted, he came back when he wanted and never seemed to complain about his job. In fact, he fully enjoyed what he did. Here is the rub, he and my father were boyhood friends, and both graduated from the same university in the 1930's (with degrees in forestry from the University of Minnesota - ten thousand lakes but a whole lot more trees). Here is the difference, my father eventually left the forestry profession (a story in itself) and eventually rose to be a senior executive at 3M Company. His friend went on to get his Ph.D. in forestry and in time a chaired professor at the University of Minnesota. When I asked his Academic friend about his life, he laughed. "I do what I want, when I want, with whom I want, and I get paid for it." From my observation, the choice was clear. Academics it was

One's life is never as simple as that, and if he had told me the truth about the academic life I may have been dissuaded, however, a road not traveled. Hope and dreams have a way of fading, mine were constantly reawakened. My parents were aware of my natural tendency to daydream, so they felt driven to encourage in me the understanding that someway, somehow, I would need to

Thomas Schneeweis, 86 Mahtomedi Ave., Mahtomedi, MN. 55115
Office: 651-401-0465; Cell: 413-218-0206;email: trschneeweis@gmail.com; Web: www:tschneeweis.com

find a way to make a real living. As a way of example, rather than giving me an unwarranted allowance, we worked out a deal in which while in grade school (for today's readers that is grades one through eight) I received 50 cents for every A, nothing for a B, and paid them 50 cents for every C that I received. My need for money put me on a path which was academic centric. The question was never if I would receive a Ph.D., it was only a matter of what in. The necessity of an academic career becomes even more evident as time passed. Upon entering college, I took an exam that maintained that only four out of every one thousand were worse than me in mechanical ability. In brief, while other's had choices in life that is tinker, tailor…. I had none. It was teaching or starve. Teach what, Not only was I deficient in mechanical ability, but I was lacking in any scientific area (my attempts at chemistry baffled my instructors and endangered others), my math rose and ended with basic calculus, my only real talents resulted from my eight years as a pianist. I could memorize anything and playing in front of crowds became an accepted part of life. Being able to memorize pages of material resulted in a history degree, and since my father refused to finance two worthless degrees (music and history), I was forced to follow up with a degree in economics. The latter was no small feat, since while the pictures in the book were interesting, the subject and my fellow classmates were not. I soon found myself at the end of my college career facing a sure F in Economics.

The reason for the above story is not to necessarily introduce "God" or "Divine Providence" into one's life but to ask the reader not to reject it out of hand either. Again and again, I have faced failure in its face and in fact I have sought it out, only to have it plucked, I would say dragged out of my hands only to be replaced with a ticket to the next level. In this case, sensing disaster, and having no chance of learning the required material in time, I took it upon myself to memorize each of the examples in the economics' text. If one ever starts to doubt that life is preordained in some cosmic sense, the events that I am about to detail did, I repeat, did in fact happen. After spending the weekend memorizing major sections of Samuelson's Principals of Economics, I walk into the classroom, awaiting my fall from grace. The typical college angst surged through my body (What would I tell my parents? To come so far and fall so fast seemed a real possibility). I looked down onto the exam, knowing my fate. What I saw, cemented my faith (this was a Catholic University – Saint John's University in Collegeville, MN.). The final exam was simply questions taken directly from the examples in the economics' book. Eight years of memorizing music had reduced the mathematical part of the cranium to the size of a pea but had enlarged the very photographic memory chip which enabled me to gain the very skill required to pass the economics course (years later the fact that I had taken this course and passed would cement my access to a Ph.D. program in Finance at a Major Big Ten University).

It is not the purpose of this chapter to reinforce further the knowledge that I had been given a free pass to life or to a mission yet unknown. I do know that my next stop after leaving Saint John's University was the Armory in St. Paul Minnesota where I and 500 of my closest and personal friends had shown up at the request of one of our favorite Uncles (Sam to be specific) to see if I had the right stuff to join his firm as a gun toting front line emissary of the American Mission in a foreign country (the year was 1969). Having been forewarned of this adventure I had even taken the opportunity of visit the venue several weeks earlier in an attempt to join one of my Uncle Sam's associates (the air force in this case). I passed the physical but had been turned down since the law of supply and demand worked against me (I was willing to supply but they were not willing to demand). So, there I was sitting in my shorts willing to give my

Thomas Schneeweis, 86 Mahtomedi Ave., Mahtomedi, MN. 55115
Office: 651-401-0465; Cell: 413-218-0206;email: trschneeweis@gmail.com; Web: www:tschneeweis.com

allegiance to my Uncle's own firm, the U.S. Army. Now 'willing to' does not mean 'wanting to,' so previous to the "interview" I had taken the perquisite gallons of coffee, enough medicinal supplements to fail any drug test and shoes with the varying lifts direct from the salvation army. Despite these and other efforts to present myself in the best light, I found myself on the group "W" bench waiting to see the same 'Doctor X" who had just weeks previous, when I tried to enter the U.S. Air Force, had proclaimed me "fit as a fiddle." This doctor again had the power to return me to Kansas or turn me over to my Uncle as a front line soldier.

A note to those who again do not believe in cosmic forces you may wish to skip this paragraph. While sitting on the bench, I was called forth. I turned to my fellow potential 'business' recruit and offered him my place in the line for Doctor X who had passed me just two weeks prior. I was then called to Doctor Y who after viewing my sugar/blood level, my corrected shoes (courtesy of the salvation army), and a heart chart that looked like a recent 'earthquake' monitor, asked me one simple question or more of a statement: "You really don't want to go do you"? Mind you NO ONE I mean NO ONE prepares you for this question. This is where providence steps in and puts the magic words in your mouth. "Well, it's not really up to me is it?" I asked. His response was quick and to the point and remains seared into my brain – "Oh WHAT THE HELL GET OUT OF HERE." I do not know to this day this young doctor's name or where he may be, but if he is reading this or hears if it, I wish simply to say thank you.

As I walk down the hallway to the exit door, I saw my fellow associates giving their pledge to our fine Uncle. Me, I exited into the sunshine with the knowledge that once again I had received a free pass by the Gods. Removing oneself from the Meat Grinder LLC that was in fact my

Uncle's firm, gave me freedom but responsibility. Having been saved by a force greater than oneself, leads one to look at one's life anew. Faced with this reality one has two choices, to man-up and join the revolution or to run as fast as you can the other way. I did both. Faced with the choice of a free ride to law school at the University of Virginia or an MA in History program at the University of Wisconsin at Madison, I did take the time to review Black's law dictionary and while I was up to doing boring stuff this was beyond the pale. The only other option was something for which that I had already showed a natural talent; that is, memorizing facts. The choice was simple, off to Madison Wisconsin for an M.A. in History and two years to find myself.

There is no real purpose to bore the reader with a year and a half of a twenty-some year old's growing up time. Everyone should have a year or two of their life with no responsibility, no future, and no past. M.A. programs in History are the refuge of those with no real future, who are looking for a place to go and are hoping to find it in the past. I was not that person. I was simply a kid. I smoked dope (at one football game the scent of success was so strong that by the second half neither team knew or cared what they were doing), I had free this and free that, but my Madison years enforced my belief in the utter insanity of life and the contradictions therein. I witnessed my own Vietnam but without the bullets. I saw helicopters circling my apartment on Mifflin Street (if you could not put down a revolution 12000 miles away you sure better be able to beat one down the block). Students picketed and later burned down a food store down the street since it was importing outdated food to sell to individuals who could not afford to go elsewhere (The fiery protest resulted in no store). I saw young men with guns and bayonets dogging Molotoff cocktails thrown by my friends and then my friends wondering why these kids fought back (did they not know that my friends were rioting for people?). The hubris of both the right and left – the pure knowledge of what is right or wrong. If a history degree instructs one of anything it is that things just happen; good things (the invention of ice cream), bad thing (Hitler) and that many of our past ‘Gods of History” were more a result of “backfill bias” or “survivor bias. We study what we can, not what we should. Our past heroes are those of our choice, those who others choose, and those upon whom an article can be written and sold. I have no problems with this. An article not read (or at least not published) is the proverbial tree in the forest.

I left Madison after one year. Not by my choice but by a decision of the administration. After the explosion of the Math building in the summer of 1970 all M.A. students in History were consider subversive and were asked to leave. I thought it was a mistake. No one was less subversive than I was. Mr. Go along to get along on. What Madison did leave me with is the knowledge that much of what I believed to be true was more a matter of the whim of the writer and the need of the public to believe. Moreover, once written, words take a life of their own. Lastly, to disagree with one’s professor is the surest way out of a degree program (play along to get along). While a small point, this knowledge would serve me well later in my career. In addition, if one is part of a riot against the ‘Man,’ however small, that the powers that be, can and will come down hard on you. Remember, the race does not always go the swift and the strong, but it is sure the place to put your bets. I did take one thing with me, and I will thank a Professor of mine for this who pointed out that if you want a job you have to stand out. This is done most easily by taking whatever has happened and put a twist on it. As matter of sidebar my Master’s in History dissertation dealt with political support of paper money versus gold as a medium of exchange in the 1840’s. Past research believed that the rising business class favored paper money and inflation and the hard-working agrarian farmer supported gold (gold came from God while paper money came from man). According to the liberal thought of the late 1960's it was Whig versus Democrat, the moneyed interest versus the American egalitarian. However, in this case there was a simpler answer. If one were on the river, one had enough gold from New Orleans to conduct business and if one were away from the rivers then paper money was necessary to conduct business. Here is the end of story. In the academic world, economic survival and necessity often are the basis for truth but in the real world, historical truth is generally trumped by what sells. (In short, Mark Twain had it right –Truth dies a quick death, but a lie well told lives forever).

Departure from Madison was quick and without notice. I am not sure when one decides to join the real world or if one has a choice in the matter. At twenty-three with no job, no money and in the midst of a recession my choices were limited not only by lack of any real talent but a lack of demand for the few I had. Most of us find ourselves in this spot. How does one get off it – luck, perseverance? Me I go with luck. Having returned to Minnesota for a brief visit with the parents, I was having a drink at a local bar. Now I always had a natural entrepreneurial spirit, which would later prove necessary in the academic area, and I opened up a conversation with the gentlemen next to me. This individual worked in the finance industry and was looking for an assistant. Several drinks later he asked me two questions 1) what happens to bond prices if interest rates go up? I guessed it right that is bond prices fall when their interest rates rise and 2) did I drink Scotch? He looked down at my glass in front of me and since I was already drinking Scotch, I had already answered the second. I was hired within a week and was welcomed into the 'world of finance' if finance was about selling bonds for municipal and quasi-public governmental bodies and investing their proceeds.

Thomas Schneeweis, 86 Mahtomedi Ave., Mahtomedi, MN. 55115
Office: 651-401-0465; Cell: 413-218-0206;email: trschneeweis@gmail.com; Web: www:tschneeweis.com

What did I learn in the two years I remained in that world? Finance, or at least my area of finance, was about was working within a world so far outside one's ability to control events that one attempted to control the few outcome within the confines of the world given to you (a world in which one's success at finding clients has less to do with one's ability in finance than one's ability to drink, party, and perform). In fact, the world of finance exists at one end within the day-to-day operations of human behavior. And at the other end, it was Saturday luncheons with the top financial lawyers in the state – each with his team (generally one or two young bucks) at their side drinking scotch and determining the future financial laws of the state. A heady experience for a young man, making more money than I deserved; skiing at Vail, flying lessons, sailing on weekends. A life of at the top or at least with a view of it.

I also learned that the financial world has a host of characters – honest, passionate, backstapping, conniving characters. I learned that markets exist in which you have nothing to sell and others in which no one will buy what you have. That the necessity to pay one own rent outweighs most individuals' concern as to how others pay their rent. Lastly, opportunities happen. The individual who hired me had another assistant who left two weeks later for another job and due to a lack of an alternative, I found himself in front of two hundred angry citizens faced with a potential nuclear power plant being placed in their front lawn. My job was simply to convince them this was the greatest opportunity of their life. Years of acting, competitive piano this and competitive everything else had combined to make me the player I was (failure was not an option and I played the game to win). I never really asked the question if it was a good idea or a bad one, OK maybe I asked myself, but the answer was usually the same. It is your responsibility to help your clients and the other side has the responsibility to help theirs, but you have no responsibility to help them in their responsibility. (Somehow this rewording of the Nuremburg defense has become less convincing over the years but at that time I did not want to look too deeply into the mirror).

Fortunately, over the next years, I came to desire to play the game at another level. The afternoons with others discussing finance and the ways to make it work within a legal setting seemed more interesting than playing finance on the field. During my years at the firm, I accomplished little but to increase my programming skills as well as how to entertain how financial changes can be addressed. My singular idea during this period was to add multiple call dates to bond sales with the call dates adjusted to future anticipated cash flows which enhanced the ability to refinance and arbitrage relative yields. This approach made money for my firm and increasingly become a common game in the business. In none of these efforts, however, did any financial professor, theorist or process ever come up in discussion. What was discussed was simply; here is the problem, here is the law, and is there a solution? Every day that was the question and for those that did it and do it, I have nothing but the greatest respect for. I suited up every day to do just that and I was good at it. I just did not want to do it anymore. As a sidebar most of my associates then are my age now. To them I was a young arrogant upstart who wanted their success. To me they were grown men with kids, a wife and a house with avocado green kitchens and gold carpets. They were as surprised as any that I would throw away a life that they had worked and slaved thirty years to get and hold onto. Me, I just wanted out.

Now again, the randomness of life raised its head and placed me on the path which directed my life for the next forty years. My father (as I pointed out earlier) was a 3M executive. He was giving a speech at the University of Iowa and during dinner with the Dean of the School of Management discussed what their sons were doing. My father gave the fatherly answer: One was in the army, one was too young to be in the army, and the third (me) was trying to stay out of the army. The Dean replied that the school had a four-year fellowship that had just come open and asked my Dad if his son (me) might have an interest. My father called me that night in August and asked if I wanted to take the School's offer of a Ph.D. fellowship. I replied "a Ph.D. in what?" "It doesn't matter," he said, "anything in the Business School. Why not finance?" Outside of the fact, that I had never had a course in finance, accounting or in fact any business subject outside of Economics (which I passed by sheer photographic memory) why not finance. My Dad replied that he had spoken to the Dean, and as long as I had a course in Economics and passed that was all he needed to know.

The next day, I quit my job. The owner of the firm wondered what had taken me so long to quit. An honorable man who I continue to remember with great affection. "It never really fit you did it" he said. I picked up a finance book by Fred Weston and headed to Iowa. The next chapter begins.

Thomas Schneeweis, 86 Mahtomedi Ave., Mahtomedi, MN. 55115
Office: 651-401-0465; Cell: 413-218-0206;email: trschneeweis@gmail.com; Web: www:tschneeweis.com

Chapter 2: The Finance Career Begins

I was fortunate to start my academic career at the start of the birth of modern finance. The Capital Asset pricing model and its original variants came out of the closet in the early and mid-1960s. The efficient market hypothesis was first formulated in the late 1960's. The Black-Scholes Option pricing model came into use in the early 1970's along with the opening of the first traded financial futures (currency). Changes in market conditions likewise created an environment which fostered questions as the role and process of financial markets. The inflation of the early 1970's became an enduring feature of the decade. The equity markets ebbed and flowed in response to the rise and fall of interest rates. Commodity markets reacted to political event including the oil crises and the grain shortages of the mid 1970's. The investment markets went from a period of markets in which trading costs went from fixed to competitive. New financial rules and regulations created a financial world which offered an unlimited number of research topics.

Great time to study finance, if one took the time to do it. Upon arriving in Iowa, I finally took the opportunity to honestly read a finance book. In fact, I read several and I still have them to this day (Sharpe, Fama, Rubinstein). But I soon learned that a Ph.D. in Finance has nothing to do with what most individuals think of as finance. No "how to manage a corporation." No "how to build a portfolio." NO, it was about how to produce an article suitable for publication in what was then the big three (Journal of Finance, JFQA, and Journal of Business). Those skills were taught outside the "School of Management." Off I went across the river for a two-year tutorial on applied math, physics and computer science. I was the dumbest person in the classes but

James Van Allen Nobel prize winner and of the Van Allen Radiation Belt fame let me into all of his courses. I was the dumbest person in the physics PhD area, but I spent no time in the finance area. That was ok, no one in physics cared since I was the finance areas problem and no one in finance cared because I took all my classes in physics. I remember those years and books fondly: Mathematics (Chiang), statistics (Neter and Wasserman), time series (Box and Jenkins)…. I still hold dear my notes on Quantitative Finance and Matrix Pricing. I remember my first academic girlfriend (LISA - linear integer statistical analysis) and I remember my first and only class in finance. Twenty individuals crowded into the classroom. The professor walked in, placed the drop slips on the right-hand side of his desk, and started on the blackboard as we all wrote. One hour later, he turned to the class, and said that there was fatal error in the analysis and that he expected us to find in by next Wednesday or, of course, one could pick up the drop slips on the way out. I was the only student who showed up the following Wednesday. Of course, I had no idea what the error was in the presentation, but as my professor later explained, the question was raised only to get the class down to a manageable number. The course ended up simply being, Tom reads an article and tells the professor what it is all about and what future research could be based on it. I had become an academic.

Mine you, in most courses I was not at the top of the pack. In physics I was told that I was the benchmark upon which all students were judged (everyone had to be better than I). In statistics I found my way into time series analysis which fit my ability to imagine the changing pattern and flow of events (eight years of piano finally paid off), but which given the nature of financial markets (changing structures etc.) had little to do in terms of actual understanding financial patterns. In economics, I had a chance to read all the dead authors (e.g., Harry Johnson who pioneered the areas of international trade, but which again was of little interest to editors of financial journals). Whatever the benefit these courses had, I had stuffed enough of it into my brain to pass my "pre finance" qualifiers and was permitted to finally turn to finance. Unfortunately (or fortunately as it turned out), I found little that interested me. Finance in the early 1970's was still mostly about corporate finance (dividends, capital structure). For me, boring beyond belief and I once again moved out of finance and into everything else (law courses in the law school, physics courses, math …).

What was required was that after a year, one had to prepare for final comprehensives (two days of exams: one in your area of specialty (supposedly finance) and another in a secondary area (for me applied math). Most finance Ph.D.'s took classes in finance and over time the faculty reached an opinion as to that student's caliber. Since I had not taken any classes (except the one class two years earlier), no finance faculty had an opinion of me. More importantly, exams were generally from class notes. Having none I simply gave them a list of all the books and articles I had read. The finance exams consistent of two days of whatever happened in finance and one afternoon of questions and answers on whatever weakness you showed in the previous two days. I cannot remember all of the questions asked or even if I answered any of them particularly well, but since I had made no enemies and since no one professor felt it his or her obligation to work with me, they all passed me onto the next level. Well, one lives to play another day, and, in this case, the next day came, only to leave me with the real question. I had spent three years bowed and beaten but all I had was the next chance to prove myself and to prove myself in the real world of competitive academics. Some professors recommended that I take a year of to teach (obviously I needed it since I had never taught finance or taken more than one course in it). One professor recommended that I apply for every grant in existence. One of the older professors recommended that I take a chance at a grant from the University of Wisconsin on the whim that they might favor their own (I had received my MA in History there six years earlier). Every other professor said it was a waste of time.

For every Ph.D. student note, you are an entrepreneur in charge of your own career. When someone tells you not to do something, look at their career and ask if it their career is something you want. You are going to leave the place of your graduation and for the most part never look back. The question is where and at what level do you want to play the game and at what level are you competitive? As important, you have to sell yourself to the "finance community." How to stand out? Now the University of Iowa was a good school but not great (Stanford, Chicago, MIT). Fine, if I wanted my career to move forward, I had to create a path for myself. This means not working with any young faculty who would want me to concentrate on their specialty, to do their work. Instead, I went to the oldest non publishing professor and signed on with him as my dissertation head. He was clear (if you do not know more about your area of research in two weeks than I do, you do not deserve a Ph.D.). More importantly, he was the individual who recommended that I apply for the "Dr. H.V. Prochnow' Fellowship at the University of Wisconsin. At that time, the Richard Irwin fellowship was the big prize. While everyone else was applying for that, I went the road less traveled and applied for the Prochnow Fellowship.

Four weeks later, I received the news; I was the 1976 Prochnow Fellowship winner (and a check for $25,000). To this day, I believe that the only reason I was awarded the fellowship is that everyone else failed to apply. The topic of the dissertation "The Impact of Bond Ratings on Bond

Pricing" certainly was not aimed to impress, but here is the secret. Get lucky. Only a few years before, New York City had a financial collapse and its bond rating fell (for many Americans Bond Ratings were God). For an individual who traded and sold Municipal Bonds for three years in the early 1970's I realized them for the 'Joke' they were. No one in my area of knowledge took them seriously. As important, a recent academic article (In the Journal of Finance) came out which pointed out an inconsistency in Bond Ratings and Bond Volatility; that is, the lower rated bonds had lower measured risk (volatility). Again, I wondered how everyone had missed it. The article had to be wrong (as least theoretically). Lower rated bonds are riskier (less liquid, more susceptible to inadequate information as to the quality of the firm/towns) but depending on the period of analysis the actual price volatility may be low if the factors (volatility in bond yields) affecting price volatility do not come into play. I proposed a simple solution to the issue; the simple fact was that high yield low rated bonds have a lower duration than low yield high rated bonds and as such are less sensitive to generic changes in interest rates. Cool Idea, Cool answer, a Prochnow Award, $25,000 and an automatic acceptance in what was one of the tops "Economic Journals' of the day (National Tax Journal).

Now, (though I only know it today), I believe the best thing that ever happened to me was not working for a "young turk" who would have told me what the case was. I was let free to find whatever topic I wished to look into. The entire area of finance was open to me and how I wanted to attack it was up to me. In the process I did learn a few tricks: 1) no article can take more than three months to do (you need four articles a year output: one to a top journal, two to a mid-level journal and one to a practitioner based publication), 2) find a co-author (while you are working on two of them; he or she is working on the other two), 3) find a doable article (if you do not have a great idea. Read every issue of JASA (Journal of the American Statistical Association) and take the techniques of other experts and apply it to your field) and 4) most importantly, it does not have to be a great idea (great ideas are few, a good idea is enough). One final point, every article must start with one of two opening sentences:

1) This is an important problem. This has never been done before. I will show how to do it.

or

2) This is an important problem. This has been done before. They got it all wrong.

I found number 2 easier. First a lot of individuals have no idea what they are writing about, and second most academic reviewers do not either. Moreover, since I had spent four years outside of finance, I realized I had a treasure trove of "academic mistakes" to work off of. As important, I had not been schooled by finance professors to play the game their way. For example, I had come to realize that my time series course what not "usable' in finance in any real way (it would take a while for high frequency data to make it more applicable) and many faculty continued to attempt to track the time patterns and risk patterns of financial variables. Here was the problem; the idea was good, the quality of the data stunk. For example, many studies of interest rate seasonality were based on the Federal Reserve's Bulletin of monthly interest rates. Great but they were averages of the daily rates during the month. In short, rates could rise in one month and fall in the next yet the average in both months would be the same. (Articles on interest rate seasonality were previously based on monthly averages, so why not simply use actual month end prices to test changes in monthly price movement. Results differed from previous analysis based on interest rate averages – Journal acceptance - Set Point – publication).

Here is the secret. While many academics take a recent article and try to expand on it, one could also take an older article and kill it. (See above: Either find a new idea or find how an old idea that was done wrong). The latter is easier to do until "a new idea comes along". I had learned to play the game. Now it came time to take it to the next level. What university wanted me? Answer: None. There were five other students coming out that year from the big three (Stanford, Chicago, MIT). Until they cleared the market, I was chopped liver. Here is a clue – you got to be lucky. Ok I got a few invites (Michigan, Illinois…..) but they all wanted to trade up and not across. I now believe that there must be a lottery for PHD finance grads with the lower-level colleges getting graduates from places like Iowa. In short, a kind of baseball, basketball lottery process to help the poor teams.

But, to make the long story short, the University of Massachusetts had hired two faculty from Michigan over the past two years (traded up). One of the older tenured faculty at UMASS had graduated from Iowa. His one demand was that in 1977 that new hire had to be from Iowa. Out East I went.

Chapter 3: The First Chance

I have always believed that success (at least professional) was based primarily on having a basic level of intelligence and a high degree of luck. As important, by intelligence I mean the ability to sense and accept what the world is willing to or wants to accept. Finance research goes in waves. What is hot becomes what is not. It has its own flow. In one's 'Siddaratha moment' you have to be one with the river. Here is the trick; you also have to make sure you are on the crest of the wave. Of course, how to decide what river to dive into? In my case, the river came to me. In the late 1970's futures and options were the new waves. The New York Futures Exchange had hired every bright faculty member from Columbia, The CME had hired the top academics from Chicago and the Chicago Board of Trade was left with no option but to take a chance on the young and restless rather than the old and tired. Instead of searching out faculty at other top schools, the CBOT went and looked for what they thought were a set of academics who would be willing to trek to Chicago on a regular basis and do research in the area of interest to the CBOT. We could even start our own journal. I happened to be one of those 'young and restless" I was given my next 'gift of the Gods.' I had an official sponsor – and as important a sponsor with money, prestige and contacts. Every six months or so, I and other then young but now older academics and professionals (e.g., Richard Bookstaber, Steven Figlewski, Joanne Hill, Doug Breeden, Rene Stultz …) would join streetwise practitioners to drink, have dinner and debate on the CBOT dime. It also gave me access to corporate and governmental officials (CFTC) and a host of other players. The first chance led to a second chance (working the CFTC, ….), a third chance (American Enterprise Institute), a fourth chance (Bank of Boston), a fifth chance and so on.

While the 1960's could be regarded as the period of equity research, the 1970's focused on extending research conducted in equity markets to bond markets (duration, seasonal patterns), the 1980 was the bloom of research in futures markets and the application of derivatives in asset and risk management. New Journals came into existence, The Journal of Futures Markets, Review of Futures Markets Research, and the Journal of Portfolio Management. They all required articles, empirical and theoretical and I had the access, the contacts and the opportunity to deliver them. Here is the strange thing. It was never a question of what to write. When you are in the river the water is all around you and at times it lifts you up to the top of the next wave. An Assistant Secretary of Treasury wrote a major article in the Journal of Finance on how to hedge Treasury Bills with T-Bill futures. Unfortunately, he got it all wrong and I got it all right (article: point, set, game). As long as you are going to write an article on how to hedge Treasury Bills why not articles on how to hedge everything else (Currency: article, point, set game), Euro Dollars: article, point set game) and so on; articles on option characteristics of Treasury Bond Futures etc. If you write enough they might even invite you to their dinner table one night. In one such dinner meeting a giant of the day (Bill Sharpe) may turned to another giant (Sandy Grossman) and said, "Sandy you are wrong, Schneeweis is right". You do not always have to be right often just right in the right place. I had moved into the big leagues. In short, I was now part of the dance. While not at the head table, at least a seat in the room. Other individuals honestly believed I had ideas or access to those who did. As important, I realized I could play with these guys and as important three years of trading bonds gave me insights into the character of traders. I could sponge off each side of the aisle. The academics thought I was an academic and the traders thought I was a trader. As time when on, and my skills lessened I even switched that

Thomas Schneeweis, 86 Mahtomedi Ave., Mahtomedi, MN. 55115
Office: 651-401-0465; Cell: 413-218-0206;email: trschneeweis@gmail.com; Web: www:tschneeweis.com

dynamic to every academic thinking I was a trader and every trader thinking I was an academic. So be it.

By the early 1980's I had the requisite number of JF's, JFQA's, and assorted other articles each of which was based on either the unique data (I connived one of the first set of Bond data from Merrill Lynch, earnings data from IBES, Futures data from Columbia) or my knowledge of the unique aspects of actually trading financial instruments. I had found out that what others came to believe was great research was merely one of presentation rather than fact. For this I want to thank Dr. Lloyd Besant who created one of the 'Great Academic' ideas which was destined for failure. A journal in which academics authored the article and then practitioners and academics would review and comment on it. The Journal lasted for two years. No academic would submit an article which could be critiqued directly in print by individuals who knew as much or more than he\she did. For me, I loved the journal since I learned more from the comments than from the authors. Moreover, I was always a believer of listening (my father bought me a book as a child called 'The Great Listener'). The success of a good academic is the ideas he presents in the articles he writes but many of those ideas are often stolen from others. Having no pride of authorship, I simply took the great 'non-published' ideas of others, gave them proper attribution and presented them to the public. By the early 1980's, after only three years at the University of Massachusetts I was given tenure and soon after Full Professorship. The good news was that I had reached the pinnacle of academics (the next best thing to inherited wealth is a tenured full professorship at a major American University). The real question was what to do next. Of course, I did what every academic would do. I turned my back on academics or at least financial academics. Being a Full Professor was good but being a "Poor" Full Professor was not. Wall

Street beckoned and I was only three hours from it. Fortunately, the chances kept coming and I had built up a number of neutral ‘cost free’ options that offered me a string of opportunities outside of academics.

Chapter 4: The 1980's

When one looks back over almost forty years it is never easy to determine how paths are taken. One is so in the moment that actions seem to be taken without choice. Opportunities come and go. There are so many in fact that one often simply lets certain ones go by with the belief that others will simply follow. For many academics (at least many of those who had started this journey with me a few years earlier) academics had become stale. The excitement of the late 1970's and early 1980's had led to a basic understanding of the structuring of the new finance but much of the research has becoming repetitive; how many event studies needed to be run, how many tests of market efficiency, how many tests of portfolio optimization. For many the allure of Wall Street led academics to join the revolution on a different man's turf. The later years would show that it is often dangerous to extend oneself into another man's turf. While academics were let in, we were never really accepted.

For me, the 1980's was less a period of academic growth than personal. I had achieved more academic success (and before that business success) than I had ever believed I would or could. I had published over thirty articles in the top finance journals. I had dinner with the stars of both academic and business. To some degree I honestly believed I could do anything. When I was asked if I could write a book - why not? Moreover, if one is to write a book what better spot than France. I took off the summer of 1984 and placed myself on the top of a French mountain to write my first book, Financial Futures (Dow Jones, 1984). When asked if I would create a firm which could help finance nuclear power plants why not? I started my first firm in 1982 that used the concept of duration to create a series of cash flows that would meet future expected cash flow needs of decommissioning nuclear power plants. More importantly, on my return from France most of my old academic friends had already positioned themselves well in Wall Street. As a result, I could participate without having to commit. The mid 1980's found me at the heart of the key issues in Wall Street (the crash of 1988), the creation of portfolio insurance, and the development of computer based algorithmic trading. The 1980's also found me taking time to publish major articles in areas outside of finance – articles in the top journals of management and accounting. In short, not only did I realize how to play the game of finance but that this game flowed throughout the veins of every other academic area.

It also was the period of the 'internationalization' of Tom. The first year in France, led to a second year. I soon settle in the south of France each summer for the next ten years. I found many new friends in Europe as well in other parts of the globe. As long as I was in Europe, academic and government bodies in need of a speaker found me a willing participant. Soon I was a member of the French Finance Association, I found myself on the dais with those academics who had not gone off to Wall Street in the early 1980's. Those top academics not in Wall Street, all came to France in the summer, and I was already there. And the best of it all, it led me back to finance. By the end of the 1980's I had become an old fart. I now had over fifty articles published; I had created a business. I had lost a business. It was time to do it all over again. The 1990's was the start of the next twenty-year plan (if I had only known).

Chapter 5: the 1990

For those in Finance, the 1990's was a period of transition. In the 1960's general equilibrium models of asset pricing were brought forward to be followed by a range of arbitrage models (option and futures). Cracks in all of the models lead to a readjustment of how best to describe asset pricing. But before one can crown a new king one has to kill the old king. In the early 1990's 'Beta is dead' was the cry of the revolutionary. Behavior Finance was the new "hot' area. There was a change in the academic guard as well. The Campbell's, …. took over from the Brennan's. Conditional finance and economic based portfolio decision making were in vogue. In truth none of this was new. Individual decision making as a fundamental part of the original CAPM. How non-tradable assets including one's own economic position impacts wealth and asset management decisions were discussed at seminars in the early 1970's. The issue was to what extent does this impact decision make at the margin. The world was in change. Changes in Regulation (Basel accords) impacted financial firms. The required capital forced banks to send their proprietary trading off source (the origin of hedge funds) and make money charging them fees for service (the birth of prime brokerage). Computers allowed new forms of trading outside the confines of traditional financial firms. Change was in the wings, and I had decisions to make. A colleague of mine pointed out that he had not seen any recent articles by me. I had a choice to retire to the life of a privileged professor or return to the battlefield. Unfortunately, my years both in academics and the real world were such that I did not want to relinquish either. I had built up an asset (myself) the question was how to expand on it.

When faced with two choices, it found out it is best to take both. Who says you cannot do it all, or at least oneself should not be the one who is making that decision. Again, luck or chance return. A friend I had made during my years in France was well placed in the French government hierarchy. With a little bit of arm twisting, a Full Research Fulbright Scholarship to France came my way. A year in Paris working with a major financial bank, the U.S. government, as well as other European entities was the reult. It offered me a chance to globalize my name. Part of that globalization introduced me to the European Managed Futures Association. By the 1990's futures and options had grown into asset management vehicles. The EMFA role was to revisit that role and there I was. They needed someone who wrote in English, spoke French, and could be passed off as having a background in futures and options as well as had a suitable pedigree. That connection led to a series of papers on the benefits of managed futures as well as other return and risk characteristics of a wide range of what came to be known as alternative investments.

But all good things come to an end and back to the U.S. it was. However, the changes that were taking place in Europe were also taking place in the U.S. New security forms were increasingly being used by proprietary trading desks to offer new forms of investment products. EMFA in Euro was mimicked by the MFA in the United States. They needed an academic to put a shine on the rough edges of traders. I soon found myself not only on the board of the U.S. and European practitioner bodies but working directly with a hedge fund of funds. By the mid 1990's I had successfully created a new persona. I became a regular on the conference circuit. The name recognition led to more demand for the brand of entertainment I provided. But as you find out more and more how the menus are made, the more you realize how exposed you are to other individuals cooking.

I once again removed myself from the fray. This time for a shorter time period. In the mid 1990's, I left my consulting position for a hedge fund of funds and took a three-month sabbatical. I was asked by several of my old students if I hated both Wall Street and academics so much why not simply set up a 'Research Center' that would give me the right to attack both. With a little bit of money, CISDM was born, and one cannot have a Center without a journal, so I started the Journal of Alternative Investments. For the next ten years, CISDM and the yearly 'Schneefest' was a central part of the alternative investment community. One cannot do research however without a direct involvement in what you are researching. While I was out of the asset management industry, it was not out of me. The mid to late 1990s was the period in which securitization began in earnest. For me securitization aspects (splitting up anything into its most basic parts reckoned back to my courses in physics). With a team of academics all who had involvement with businesses I had previously created I put together a firm which worked with most of the major financial firms in taking apart and then putting back together again various cash flow streams (e.g., securitization). Little did I know that this new team and this new world would soon lead me to creating even newer products.

Chapter 6: 2000's

By the start of the decade, I should have been winding down my career in business and in academics. I had passed that magical fifty age mark, I had five acres in Amherst on a hilltop, an apple orchard, a pace to board my wife's horses, a place in Florida and a soon to be awarded 'Named Chair' that would only require one day a week of teaching (and only one afternoon at that). The simple fact was that if one brought in more money than the University paid you, one could bargain away most other issues. The rest of this chapter is only to reacquaint you with the fact, that I am basically insane, cannot turn away an opportunity, and that life is random.

It is not that I was not busy, academically or professionally. I was fully engaged in the area of alternative investments. Remember I had helped run a hedge fund of funds in the early 1990's. I had written extensively on the risk and return characteristics of hedge funds, managed futures and commodities. I had been engaged by several investment firms and futures exchanges to help them create new investment products or futures contracts. I had set up a new firm that help create new structured products. I had been placed on the Board of a major mutual fund family.

In life the train of opportunity stops in front of your door infrequently. When it does you have to make a choice. On or off. I received a phone call in early 2000, by an individual I had never met. He mentioned that he had heard good things about me from people he trusted. He wanted to have lunch and discuss a potential business opportunity. This gentleman has been my friend, business partner and co-author for now over twenty years. I am sure that he is or will write his own book on his career which in many ways is more interesting book than this. This individual was certainly higher up in the investment management food chain than I. He had successful careers at Morgan Stanley and other major financial firms. He was a true entrepreneur. He had an opportunity to create a product that could be sold as Bank owned Life Insurance (BOLI). It had to replace risky debt and therefore it had to have bond like characteristics (e.g., low correlation with equity). He had the idea, he had the financial contacts, and he had the structure and product in mind. What he was looking for was a small firm that had experience in creating structured products, was not part of any large financial firm, was respected on Wall Street, and had contacts with the hedge fund community. One of those is easy to find, two are doable but three difficult and four almost impossible. Thankfully I met all those needs. As important, I could provide these services as a stand-alone enterprise outside the confines of a large investment firm. If one has a great idea the last thing one wants to do is give it away to someone who can take it from you. For this individual outsourcing the various business aspects provided him with the means to produce the product while keeping control of the process.

Over the next six years, all of those decisions proved correct. Together (note he did 90% of the work), we helped create one of the first manage account-based hedge fund platforms in the industry. It eventually grew to almost $5 billion, before the platform was sold to Credit-Agricole in 2006. The development and management of a firm that grows from five individuals to over eighty in one of the most cutthroat businesses (hedge funds and asset management) is a story in and of itself. I will let him write it. But let it be said here that I learned more from him than he ever did from me and that while we sometimes disagree, he always has my deepest respect, and I will always have his back if required.

While I worked in the vineyards of New York City, my three partners in the firm (Schneeweis Partners) which supported this managed account platform spun off to create a new firm (Alternative Investment Analytics) for which I was also the President. This spinoff was necessary since I was rightfully prevented from competing with the hedge fund platform, I was part of, but had the freedom to conduct business in other alternative investment area (commodities, managed futures….). As for the managed account-based firm in New York, for almost five years, every Tuesday I drove down to NYC (really to New Haven to catch the metro north to Grand Central where my offices were (my partner had a large part of the firm, I had a small part) and came back to Amherst on Thursday. As Director of Research, I was involved primarily in monitoring new managers, overseeing those who managed the risk of the overall portfolio, and interacted with current and potential clients. What did I learn in those five years? I had been in the asset management industry for over twenty years. I was not naïve, but while I could play with the best in the academic game, this was a new world. First, managing a large multi-manager hedge fund platform is less about manager selection than lines of credit management. People die in the middle of the month. Assets have to be valued daily. Large amounts of money move in and out daily and ways have to be found to fund those flows. Second, bringing in new clients was about meeting a range of their needs. Everyone has to be feed. For a large insurance company, each section of that firm needs to feel that it is getting something out of the process, or the process is shot dead. Third, not everyone is nice. Do not tell anyone that you can speak French, especially in a meeting with a French firm that does not know you speak French and spends most of the time thinking you are not aware of how they are planning to work against you. Fourth, you cannot do this on your own. You are dependent on the good will and knowledge of the rest of your team. Fifth, you are dependent on yourself. I know this contradicts number four, but your employees leave at the end of the day. You are the one who is there nights and weekends. It is a strange mix of knowing what you have to do and doing it regardless of the roadblocks put in front of you by a range of individuals and situations. It is a battle.

Since this short story is also about an academic in business, one point needs to be made as to the experience in business versus my experience in academics. Business individuals soon learn that academics have little or no knowledge as to how business is conducted, and academics believe that they have the correct answers if only business individuals would listen. Case in point. In 2001, the head of the soon to be hedge fund platform firm and I are in the Peninsula Hotel in Hong Kong (one of our many trips to strange and exotic places that over my forty years have grown less strange and exotic). As a sidebar over my forty years in asset management I have been in almost every country, every capital, every bar. I have had two passports (courtesy of the U.S. Government) in case I have to get out of town quickly and one had been taken from me. I have had the opportunity to promised God that if he gets me out of this room with guys at the door with guns and guys in the room with guns looking to do an oil deal with Iran, I will change my ways. I have seen attempted bribes and rejected all of them. I have talked to individuals who are capable of creating an airport in a small country in 30 days since if one uses a railroad, terrorists will simply blow it up. There is more for another book. But to the point, my boss and I are in Asia. Back home we are about to distribute over $1.5 billion to about thirty hedge fund managers. This was and remains one of the biggest single hedge fund allotments of its time. It is mid-night at the bar at the Peninsula Hotel. We are awaiting confirmation that all the money has been allocated and received by the requisite managers. We receive a phone call from our head of risk (a Ph.D. and academic) that he has yet to distribute the funds because if gets only $100 million more the hedge fund allocations would fit his model perfectly. We sat there in disbelief. This had to be done today (or yesterday in the U.S.). We took a napkin from the bar. We knew the managers and the level of funding required to meet our product needs. We wrote down the managers, the amounts of funding next to them and faxed it to our head of risk. Two years of analysis, hours and hours work, analysis report after analysis report, meetings after meetings, and an 'Quant' decides he needs $100 million more to fit his model.

To this day, I am sure that he is set in his beliefs; that is, models over reality. Two years later, following the collapse of the internet bubble, many of our equity long short managers performed poorly relative to past expectations. Why, they were primarily technology investors. Their past performance was excellent and one aspect of our model of hedge fund selection was historical performance. Despite the concerns of our Quant whose model of hedge fund selection was based, in part, on past data, we fired every one of the equities long short managers, saved the product and the clients hundreds of thousands of dollars. We then went about re-introducing a more forward-looking set of manager selection decision rules. Mind you, often in business actions must be taken now. They can't wait for a newly revised set of analyses. In short, academics and business practitioners have a different focus – One to meet the needs of the day, the other on a continuous search for ultimate truth (generally funded by others).

After many efforts, I still fail to bring academics and business people together in any real sense. The prospect of failure never really stops me from trying. My forays into business did not make me rich if for no other reason that I was never willing to fully commit time and effort but I did make some money. But keeping my academic job did provide me with the ability to choose those jobs I was willing to take. Academics have the tendency to put "interesting over profitable." But the profitable part of me did come to realize that the academic part of me was in conflict in the hedge fund area. For the previous ten years, I had been associated as a board member with the European Alternative Asset Management Association and the MFA (Managed Futures Association). I had also worked with several large asset management firms in the commodity area creating various commodity indices (Dow-Jones/AIG commodity index, the LMEX commodity index…). Each group sold what they could and marketed the best they could. However, each group had not reached out to the academic community. Why would they? We knew nothing. The academic research center (CISDM) I had created several years earlier at UMASS and the Journal of Alternative Investments which was associated with it, were known in the business community but mostly as an interesting sidebar to their everyday business. In fact, some of the academic facts, if promoted, would get in the way of their day-to-day business (For example, hedge funds are not absolute return funds making money in almost any market environment but strategies which hold specific portfolios which have their own unique factor exposures).

The academic side of me finally took over the practitioner side. With the support of AIMA (the newly named Alternative Investment Management Association) and the contacts I had created at CISDM, I came up with the bright idea that what the world needed as a Professional Charter in the area of alternative investments similar to that of the CFA in the traditional asset area. While again, a book in its own right, I got my partners together and over a period of weeks we put together a set of reading materials, a set of exams, a means of examination, the requisite exam prep material, and a staff of about 10 to create and support the establishment of the Chartered

Alternative Investment Association on the floor above my main offices. Today CAIA is a forty-person non-profit education and professional charter association with offices around the globe with almost ten thousand members and growing yearly. One paragraph for what has been a now twenty-year journey. I simply wish to thank those who helped row the boat with me.

Previously I had pointed out that when faced with choices, take both. While helping to run a major hedge fund platform, a growing non-profit in the educational field, I continued to expand the non-hedge fund side of the ledger. As Director of Research of the hedge fund platform created in the early 2000's, I quickly practiced what I knew to be true. It was necessary to put money with managers based on their known approach to asset management, if for no other reason that one did not want to be surprised as to when they would make and lose money. If one knew their approach one could always copy or track it or if necessary, add a little adjustment that would make it better. I wrote an article in the early part of the decade on how to use futures contracts to track equity hedge fund performance. Several firms asked if we could do similar tracking with small improvements in other areas of alternative investments (commodities, managed futures). We were hired by major asset management firms to recreate a commodity index which was similar to but outperformed other commodity indices, we were asked to create a CTA which tracked other CTAs at lower cost and since the sale of the hedge fund platform in 2006 to Credit-Agricole resulted in my ability to work in the hedge fund area, we were asked to create a futures/ETF based tracking fund for equity long short hedge fund strategies. We ended up selling the commodity product to Prudential and created a series of funds (White Bear Managed Futures and White Bear Equity Long Short) to market the tracker products.

What we also learned that just because you build a better mousetrap, people will not run to your door. The realities of business were made obvious to us. The individual who had brought us into Prudential left and while the product succeeded it was left without an internal sponsor. The White Bear products had great performance, but in the hands of academics who would rather teach than market, it never reached take off. By 2010, it was time for a change.

Chapter 7: The 2010s

While much of the first decade was spent in business enterprises, I did remain in academics and continued to publish (or as it often pointed out, if not publish, perish). As long as you are in the business you have no choice but to play it to the best of our ability. After 15 years as editor of an academic journal what I had also come to realize is that most academics have no real clue about much of what they are writing about. Even worse, much of it gets into what is often regarded as top-level academic journals if for no other reason that the reviewers have no real idea of how alternative asset markets work. They are not paid to get it right; they are paid to get it published. In this they are very much like business practitioners who sell what they can and not what they should.

I also realized that the barriers to publishing to top academic articles (the bowing to past articles and authors who I knew to be incorrect) led me to writing two books (The New Science of Asset Allocation (John Wiley, 2010) and Postmodern Investment (John Wiley, 2012) with the basic message that the future may not be found solely in the past, and that simply repeating past mistakes is not the best means of finding success in the future. Moreover, since I had already created two non-profit (CAIA, CISDM) organizations (my wife points out that I am great at creating non-profits – but much less proficient at creating for profits), why not create a third (Institute for Global Asset and Risk Management (INGARM)). Since I was well aware that education is priceless no one thinks they should pay any price, I was fully willing to accept failure at the business level if we achieved success at the education level. On the INGARM site I listed a summary of what myths in the asset management area that I believed had become engrained in business thinking as well as where academics have got in wrong. I welcome readers to both of those sites.

However, with the belief that poverty does not look good on anyone and with the knowledge that once you stop taking mail no one sends you any more letters, I had a decision to make. By now I was in my sixties. The question really was if I had energy to try to remain on the field. CAIA was taking more time, as I set up a non-profit research foundation to work with the CAIA. JAI continued to require oversight. AIA had separated itself into a firm specializing in commodities and I relinquished all responsibilities there. Since space abhors a vacuum, I immediately filled it up with new opportunities. Ten years earlier I had written an article on the use of options in asset management and the ability to use options to track the performance of mutual funds which emphasized collar strategies. Soon after the article's publication, the markets took off on a five-year bull run. Collar and other option base risk-based strategies fell into the bottom of the investment barrel. It was not that they did not have their place, nor that individuals did not know their potential value in risk management. In fact, one individual, B. Madoff, created a successful scam based on an assumed equity collar portfolio. When the truth came out, one question that was raised was if anyone could have known? I wrote an article that showed that a true collar benchmark could be created which would have indicated that Madoff's returns were not consistent with an actual true collar strategy.

Going forward, I thought why not back to the future. With the support of the OIC I proceeded to create a series of buy-write, collar and put based risk management benchmarks across multi-asset classes. Soon, a 250-page book was completed which provided evidence on the performance of various collar strategies across multiple asset classes. Similarly, we went back to the future, by enlarging our tracking efforts outside of hedge funds, we used our proprietary trading approach to create investible trackers for a range of investible mutual funds and other less liquid investments. Quantitative Investment Technologies was born.

During my first year at college, I took a course in Creative Writing. What we learned was how to copy any writer. During my eight years of competitive piano, what one did was learn how to copy other players' style. Plagiarizing someone else is not necessarily a bad thing. If it is good, it bears repeating. Over time one even starts to add a few of one's own touches. One does not write over 150 articles if each article is different (at least in style). Every article starts the same, is structured the same, has its own unique results section and then concludes. In that writing an article is similar to writing a piece of music. Each piece has its own internal structure, its own start, its own stop, its own number of bars. Yet within that piece there is also a little bit of you.

Chapter 8: 2020's and The Future: Growing Up or Growing Older

At some point your simply realize that you are you and that you are not going to change easily. But change is good. Without change, as I tell my students, they could hire a monkey and feed it bananas. In 2012 I decided to leave my academic home "UMASS" but I continued to write academic articles for publication in referred journals and I continued to write practitioner articles which point out the shortcomings in some traditional approaches to asset management. I attempt to help CAIA increase its exposure domestically and internationally. I spent more time with friends and family, playing the piano. But despite stops and goes in the process, I did not fully return to the game. My brother had created a Wealth Management Firm and needed support to enlarge the firm into a family business which needed a bigger name in the research area. I was available to help. The stock market had its ups and its downs, so the downside risk products I had created ten years earlier suddenly had a market in larger insurance firms, so I reinstituted a firm which would replicate products initiated years earlier. Add some additional books in the academic and practitioner area and one can easily fill out one's time.

In short, life is Good and from the title of a book I read as a youth, "Bright and Fair." Do I have any single message of life? Certainly, but none that has not been said more often and better by others. While not to plagiarize someone long dead but whose writings I often fall back on, I can only recommend one take the time to reread Kenneth Grahame's classic book "Wind and the Willows" which time and time again reminds us of the importance of the true friends that one makes over a lifetime and to keep them close to you on the wonderful journey we are all on. But more importantly, this is the only voyage you may get to take so take advantage of it. As Kenneth Grahame reminds us in the last part of one of his short stories, 'Its Walls Were Made as of Jasper', the main character, a young boy, remarked "And next I thought, when I've grown up big, and have money of my own, and a full-sized walking-stick, I will set out early one morning, and never stop till I get to that little walled town. There ought to be no real difficulty in the task. It only meant asking here and asking there, and people were very obliging, and I could describe every stick and stone of it. As for the island which I had never even seen, that was not so easy. Yet I felt confident that somehow, at some time, sooner or later, I was destined to arrive."

So, for all of you, best of luck on your own journey and best of wishes that it will go on forever or at least until to you find that special island.

The End

For Now