Institutional investors do not tend to employ the currency asset class as a meaningful component in institutional portfolio strategies.

It is not difficult to see why. For the past several years, mostly stable currency markets globally offered few opportunities for alpha generation, or diversification, in what had become a moribund and essentially neglected asset class. Better opportunities awaited in equities, bonds, commodities and alternative investments.

Yet, by many estimates, we are on the cusp of major upheavals in the currency markets, with renewed volatility, courtesy of diverging monetary policies between the US and the rest of the world. Looked back upon in years to come, this age, this time, may well be characterized as a period when institutional currency investors thrived, as they once did over the first few decades of the float.

Recognizing the need for a primary resource on currency investing geared to the specific needs of institutional investors, Momtchil Pojarliev, Fischer, Francis, Trees & Watts (FFTW), and Professor Richard M. Levich, New York University Stern School of Business, assembled a collection of insightful essays, written primarily by institutional investors for institutional investors interested in this resurgent asset class.

We are fortunate that several contributors to their newly published reference work, "THE ROLE of CURRENCY in INSTITUTIONAL PORTFOLIOS", agreed to share their thoughts on why today’s currency markets are relevant to institutional portfolio managers, in a roundtable discussion hosted by FFTW. The roundtable was held in late 2014 and moderated by Momtchil Pojarliev.

To proceed...

FIRST, OUR THANKS FOR SHARING YOUR THOUGHTS ON THE IMPORTANCE OF THIS ASSET CLASS TO INSTITUTIONAL INVESTORS. LET’S BEGIN WITH A FRANK DISCUSSION OF WHY YOU BELIEVE THAT CURRENCY IS AN ASSET CLASS THAT HAS BEEN OVERLOOKED BY INSTITUTIONAL INVESTORS.

Chris Schelling, CAIA, Director of Private Equity, Texas Municipal Retirement System: To many institutional investors, currency is thought of as kind of a residual exposure, rather than an intentional one. Very few people in the institutional community really treat it as its own separate asset class, up there with stocks, bonds and commodities.

WHAT IS HOLDING INSTITUTIONAL INVESTORS BACK FROM GIVING GREATER CONSIDERATION TO CURRENCY?
Chris: I think it is perceived as a zero sum game, and rightfully so. For every currency that appreciates, another depreciates. For every winner, there is an offsetting loser. And so it just seems an easy thing to overlook. Either I just passively accept it and it is what it is, or I passively hedge it out and I don’t have it. I don’t think there is much effort expended thinking about how you can generate non-zero returns in currency, as there is in other liquid asset classes.

Richard Levich, Professor of Finance, NYU Stern School of Business: In putting together this book, we saw three broad reasons why the currency markets may be overlooked as an asset class, these being historical, institutional and foundational, or theoretical.

There is a fairly short history of investment experience or market experience with floating exchange rates, primarily because for a long time currencies were pegged. Only in the early 1970’s were they permitted to float with prices set in a competitive marketplace. And for some of this period, currencies were subject to capital controls, so they were more or less ruled out as a possibility for investment in any case.

On the institutional side, the foreign exchange market is not like the New York Stock Exchange, or other exchanges with a centralized physical place to do business. FX is a disbursed broker/dealer market that is housed, if you will, in banks and financial institutions around the world. The market for foreign exchange doesn’t have any regular set trading hours. There is no centralized record of trades that take place on a daily basis. There is fairly little regulatory oversight for the market. These are valid concerns.

Also, from a measurement perspective, there is no standard, accepted index that measures the performance of foreign exchange returns. There are a couple of instances where firms are trying to get such indices underway. Deutsche Bank produces the DB Currency Return Index (DBCR) and Russell recently introduced what they call “the Russell Conscious Currency® Index (RCCI)”. Both indices are designed to reflect the returns on three widely used currency investment strategies, carry, momentum, and value. But so far these haven’t been widely accepted as meaningful or representative of the industry.

The last perspective on why foreign exchange has a hard time getting a foothold is on the foundational, or theoretical side. Probably any college student who has taken finance 101 could sit down and value a stock or value a bond. But for currency, it’s hard to discern the underlying value. What are the cash flows or the economic benefits one receives with a currency?

Under foundational issues, as well, is the fact that currency is often a policy instrument for government. The thought of government intervention in the foreign exchange market chills many investors.

By and large, institutional investors think that it’s a speculative field more appropriate for hedge funds than a conservatively managed institutional investment portfolio.

Another reason that people have been less interested in currency, at least over the last three or four years, is its subdued volatility. With the convergence of interest rates across countries during this period, there wasn’t much profit to be had from currency investing using the standard kinds of strategies that currency investors apply.

But I think we are coming to a point where there is an accelerating divergence between US monetary policy and the monetary policies of almost all other economies. When divergence happens, currency values are more likely to move, and that’s going to set the stage for higher returns in these currency strategies. I think currency strategies going forward will offer returns more like what we saw in the early part of the new millennium and in the last part of the 1990’s.

As such, this would be a good time for institutional investors to take a closer look at currency investing and consider how it might add something to the overall performance of the funds they manage.

Adnan Akant, Head of Currencies, FFTW: Adding to your hedge fund analogy, Richard, is that currency, unlike stocks or bonds, is a derivative. So it isn’t something that produces a coupon or yield like you have with bonds, or a dividend like you have with stocks. It’s purely an opportunistic trading vehicle, or a risk incurred in international portfolios.

Typically, institutional investors have shied away from looking at currency as an opportunity to add value, because it feels speculative in the sense that you have to try and make capital gains from trading, so to speak, rather than passively, as with a portfolio of diversified stocks and bonds. Holding the latter passively will almost certainly guarantee you a long-term return, whereas in currencies there’s no such expected return that accrues to a passive holding strategy. As such, institutional and other long-term investors have tended to view currency as a risk to be somehow mitigated, rather than as a return opportunity. Almost ironically, empirical evidence shows that currency managers as a group have added value through active strategies.

If you implement the three well known, naive currency strategies... carry, value and trend...over time, you are likely to add value. The carry trade, which consists of buying higher-yielding currencies and selling lower-yielding ones against them, is a very traditional strategy that’s been in place since the beginning of currency management. Taken as a whole, these three naive currency strategies have a long-term Sharpe ratio that is very similar to passively owning the S&P 500.
So active currency can be shown empirically to have added value in the past, especially when volatility was not greatly subdued, as it has been in the recent period of financial repression by major central banks. For this and other very good reasons institutional investors should add currency to their asset allocation mix.

**DOES CURRENCY MANAGEMENT DESERVE TO HAVE A PLACE IN INSTITUTIONAL PORTFOLIOS?**

James Binny, Head of FX Quantitative Solutions, Lloyds Bank: I think it does. There are various reasons why. The first is, if done well, I believe currency investing can make money. There are different styles of currency investing, which Adnan mentioned, that work at different times. Over the last few years, however, the returns haven’t been great, which is why institutional investors have pulled away. The last few years have been quite difficult for strategies which make money from macro events, and currency is one of the most classic macro strategies. At the same time, investments in traditional assets, such as equities and bonds, have done very well.

In retrospect, institutional investors probably rushed too quickly into currency management. When they saw the asset class performing very well in the early to mid-2000s, they extrapolated that kind of performance forward, and felt that it would continue forever. One particular style of currency management, which was the carry trade, had done particularly well in that environment. So, not only did investors give a lot of money to currency managers, with unrealistic expectations, but they also over weighted one particular style within currency management. During the 2008 financial crisis the carry trade was fairly disastrous, and with this bad experience with currency management, many investors subsequently shunned it and stopped learning how to make it work. This was probably a mistake.

In the subsequent years, volatility was suppressed by Quantitative Easing and by monetary policies aligned across countries, presenting currency managers with a challenging investment environment. Arguably, that low volatility has provided a great environment for traditional assets to thrive.

Just as they extrapolated the good returns of the mid-2000s forward, they may extrapolate the last few years’ bad returns into the future. I, for one, see the opportunity for making money over the next five years is much better than it’s been. And so the danger is that, if institutional investors don’t allocate to currency management, they will miss this opportunity. As I show in my chapter in the book, I believe that the last few years are an anomaly and that the positive long-term expectations are reasonable.

Secondly, currency management can provide diversification and is generally uncorrelated with equity markets. The carry style has similar risk/reward metrics to equities, and during the crisis, as with other risk positive strategies, it did become closely correlated with equities. But the other styles of currency management, particularly the valuation style and the trend style, did very well during the financial crisis. It is also worth noting that one reason for expecting better currency performance in coming years is rising volatility and divergent monetary policies, a period that will be more challenging for traditional assets. With respect to Chris’s comment that for every currency that appreciates another depreciates, I have always felt that is one of the advantages of currency management – it is truly “long-short” as you can’t buy one currency without selling another.

Therefore, I think currency returns do have a place in an institutional portfolio from a perspective of diversification as well as from a perspective of making money. Also, from a practical perspective, currency markets are very deep and liquid, which can be an important consideration, especially in times of crisis.

**IS IT REASONABLE TO THINK THAT CURRENCY INVESTMENT HAS A RISK PREMIUM THAT: A) COMPARES FAVOURABLY; AND, B) CAN BE CAPTURED THROUGH A SYSTEMIC PROCESS?**

Ross Kasarda, CFA, Risk Manager, Virginia Retirement System: I think, given that currency markets are the most liquid and largest in the world, coupled with many participants who are not trading to earn a profit, that a skillful manager can add value through currency investing. The research shows that if you can find managers who can deliver either style [premium] or uncorrelated alpha using currency, it has a place in a portfolio. Alpha is more desirable than beta, as with other asset classes, but the style factors like carry, momentum, and value also have long-term expected returns that are positive, and low correlation with traditional assets.

Adnan: We do think that there is a risk premium, certainly in the carry trade, and it does compare well with other investments. Aside from carry, value strategies that involve buying undervalued currencies, have also added value over long periods of time. For example, the Organisation for Economic Co-operation and Development (OECD) has a purchasing power-parity (PPP) measure for every currency. As a naive value strategy, one could just focus on those PPP measures and buy the ones that are cheap and sell the ones that are expensive.

The third major currency strategy, of course, is following trends in major currencies, like the dollar, the euro, and the yen. In this case, you pick a window to define a trend, such as a month or a few weeks. If you follow such trends systematically, you can potentially make money over time.
In sum, there are many different styles of adding value in currency using approaches that are well-defined and systematic.

But that’s not all you can do in currency. There’s also applying judgment and discretion to determine at any given moment the best currency to own.

If you look at the last five years, since the Lehman crisis, it’s been, by and large, a difficult period for currency managers. Some of the biggest managers have gone out of business, and the industry as a whole has not done well. And part of that is related to the repression of volatility that central banks have conducted by bringing interest rates to zero, a form of financial repression, so to speak, by keeping volatility very low. Before the Lehman crisis and since the introduction of the euro, the annual high and low between the euro and dollar was of the order of 20 percent. After the Lehman crisis, it eventually shrunk to about 5 percent in 2013. This is a very narrow range, one that offered few opportunities to make any money. With interest rates at zero, you have no carry, and with low volatility, you have no range.

We think that as the world normalizes, the range of the highs and lows in currencies--important currencies, like euro/dollar--will move back to a 20 percent average or so, which will provide much greater opportunities for the active FX management industry to show solid positive returns like it used to. This has already started to happen in 2013 with the yen and 2014 with the euro and the yen.

WHAT ABOUT THEIR TRACK RECORD?

Ross: Honestly, I think track record is less important than the attributes I just mentioned.

Research suggests that there’s going to be mean reversion with returns. So if you chase that high-returning manager for the last few years, you’re going to experience their return to the mean and have less-than-average returns for the next few years.

Chris: I do think due diligence can be a source of alpha. I think it’s a good way to avoid negative alpha. And this is the same thing you see in active currency managers. I think persistence of underperformance is slightly stronger than persistence with outperformance. So at the very least, due diligence allows you to avoid managers likely to be subpar. And you can, on the average, [beat] the peer group.

Key considerations for manager selection are interesting. A lot of consultants put performance further down on the list. And I understand that you don’t chase performance naively. But, again, being an institutional investor, I see people often times trying to be contrarian, if you will, or totally agnostic towards performance. And I don’t think that’s the correct approach either.

I think you have to have an intelligent analysis of historical performance. So it all begins and ends with performance to me but it is a chain with a number of important parts. The people who manage the portfolio and the process are key. You’re hiring people when you hire a manager. People are going to drive what the investment philosophy and the firm’s philosophy are. But then that philosophy is going to be operationalized into an investment process. So understanding the process is very critical.

And you’ve got to be open-minded there. Institutional investors sometimes try to take their personal trading experiences and project that onto the manager’s process. Yes, you can get some benefit from that, but more often than not the investment manager knows a lot more about the process than you ever will. So look for the processes that are working and for processes that good managers have in place. Again, the output is the ultimate arbiter of a successful process.

And then the process leads to the current portfolio, which should be consistent with the stated process and philosophy. Look at what’s in the portfolio now and see if it makes sense. And then you can move forward from portfolio to performance, because that’s what’s going to generate the performance in the future. So I look to see all of those things, as one thing is not any more important than the others. If you think of them as a cycle, they all kind of lead back to performance.
Richard: Measuring performance or track records is an important question. One general comment is you have to adopt a benchmark first to measure what alpha is. The benchmark you and I, Momtchil, have developed and used in our analysis employs the performance of some standard strategies, like the carry trade, trend following and value investing, as components of a benchmark.

Measured against a benchmark like that, some managers are obviously going to do better and some do worse. The average manager is not going to produce alpha, because alpha is a measure of outperformance, and everyone can’t outperform.

But with all the people who are trying, there can be some people who do better than the average for at least short periods of time. And investors may have some luck or skill in identifying those managers who do better over the short run. In the research that you and I have done, Momtchil, we find a small number of managers who have outperformed over some period of time, say two or three years.

And in subsequent periods the managers who outperform tend to be drawn from the group who did outperform in the earlier periods. So it looks as if there is some persistence going on, such that institutional investors who are looking for currency managers who can outperform might be able to have some success in doing that.

But if you add currency investment into the institutional portfolio, the currency investment that just produces beta returns would also be valuable for institutional investors, in the same way that any kind of new asset class that’s brought into the investment opportunity set is going to be beneficial to performance. Put another way, currency investing provides another imperfectly correlated source of returns, so adding systematic currency investing into the mix is likely to be beneficial in terms of upping institutional performance metrics.

Looking ahead, what do you see as the future of currency investing in institutional portfolio management?

Adnan: At FFTW, we believe that currency will remain a very important element of global portfolios, because currency is ultimately a release valve for macro imbalances in the world. So when a certain region of the world is out of balance with another, the easiest way to effectuate a fix is by letting the currency adjust.

Doing so is easier than, let’s say, implementing structural reforms, changing fiscal policy or even using monetary policy to bring the economy back into balance. Typically, the first thing countries will do is to let the currency adjust. For that reason, we think that currency investing will continue to be a critical element of global investment processes.

Now, what will the currency world look like in the future? This is an interesting question. I was invited to be a delegate at the Bretton Woods’ 70th anniversary conference in September 2014, where we discussed the future of the international monetary system.

We concurred that, looking ahead, China is going to be a major factor in the distant future, meaning in more than 10 years. Not any time in the next five years, but certainly looking beyond a 10 year time horizon.

China is growing faster than most countries in the world, so its influence on global GDP and related capital flows due to trade and investment will be among the largest in the world. So the currency world will probably shift to a multipolar mode, in which the most important currencies will be the US dollar and most likely the Chinese yuan.

The euro is still somewhat of an uncertain experiment. History suggests that monetary unions like the Eurozone come and go with some regularity. None of them have lasted. So it’s not clear, yet, whether the Eurozone will be part of the future landscape as a single currency.

James: Nearly 25 years ago, back in 1990, when I started managing currencies, there were hardly any institutional investors using currency management within their portfolios.

If we look now, I have no idea what the number is, but it’s a great deal more. When I started, we were the weird guys in the corner. Now, it’s quite an acceptable thing. I think you’ve got a long-term trend whereby institutional investors are using currency management increasingly in their asset mix.

So this is one positive long-term trend – but there are some shorter-term fluctuations. Back before the Credit Crisis, assets grew sharply, as institutional investors put too much into the carry strategy in particular; as I said earlier, this yield strategy did go wrong over the Crisis, which led to a reversal of some of that growth. I hope that investors will learn from that period and use several different styles of currency management in the future.

Richard: As I touched on earlier, the future for currency investing depends on a couple of factors coming together. One would be having some benchmark performance measures that are readily available and develop a following, where a segment of the institutional investor market starts to refer to them as performance measures for...
currency investing in the same way that they refer to the Standard & Poor's or the Russell 2000 or the FTSE indices and so on.

Second, if the economic policymaking and performance in countries starts to diverge a bit more, then we're going to get more sustained movements in exchange rates. And that's likely to boost the performance rate of return from standard currency investment strategies.

As an important side note, another factor that needs to come into play is for the equity markets to cool off a little bit and to have the bond markets cool off as interest rates rise. I think then investors will be looking around for other things, such as currencies, that might boost their performance.

DO YOU BELIEVE THE CURRENCIES OF EMERGING MARKETS HAVE COME OF AGE, TO THE EXTENT THEY CAN OR SHOULD BE CONSIDERED PART OF A CURRENCY INVESTMENT STRATEGY, FOR INSTANCE, BY TRADITIONAL INVESTORS?

Chris: I think there is certainly sufficient liquidity in a lot of the [EM] currencies for them to be added to portfolios, yes.

James: I certainly agree that some of them have come of age and should be included. Many are more liquid than some developed markets, with pretty well developed financial markets. These occur in all regions such as the Korean won in Asia, the Mexican peso in Latin America, or the Polish zloty in Eastern Europe. I think that you could describe those as all coming of age and, in doing so, adding an extra source of returns for currency managers. However, there is a spectrum of currencies, with others still developing.

WE'VE TAKEN ENOUGH OF YOUR TIME, GENTLEMEN, AND THANK YOU FOR GIVING IT TO US AND OUR READERS, BUT ONE LAST QUESTION IF YOU WILL. WHAT DO YOU THINK OF THE BOOK ITSELF AND ITS VALUE TO INSTITUTIONAL INVESTORS?

Ross: Over the past five years or so, Richard, and you, Momtchil, have done a lot of important research on currency investing in general. And now, you've brought together a respected group of experts in currency investing who have examined currency investing from a total-portfolio perspective and provided new conclusions for investors to apply within their portfolios.

While there are many currency books, most are not specific as to the why's and how's of introducing global currency management into their standard management practices. With this book, the focus is on currency's place in an institutional portfolio, taking a much more encompassing and holistic view of what currency investing is all about.

James: In my opinion, this book is remarkable owing to its extensive content, its varied contributors and the unique insights, both theoretical and empirical, they bring to this re-emerging asset class. Unlike many others of its kind, you don't simply have one person's opinion. I believe it would be very useful to institutional investors, helping them to understand and justify why they should add currency mandates to their portfolios.

To see additional reviews of “THE ROLE of CURRENCY in INSTITUTIONAL PORTFOLIOS”, along with further information about its editors and the book's table of contents, please visit the publisher's web site at www.riskbooks.com/cip
Biographies

Momtchil Pojarliev, PhD, CFA  
Senior Portfolio Manager - Currencies  
Fischer Francis Trees & Watts

Momtchil is a Senior Portfolio Manager on the Currencies team at FFTW where he focuses on generating alpha for portfolios as well as contributing to the investment process, both in the judgment and quantitative styles. Momtchil also contributes to the growth and development of FFTW’s currency alpha strategy as a stand-alone product. He joined FFTW in 2013 and is based in New York.

Prior to joining FFTW, Momtchil was a director and senior portfolio manager at Hathersage Capital Management, responsible for both investments as well as business development for foreign exchange portfolios. Before that he was head of currencies for Hermes Fund Managers. Prior to Hermes he was a senior FX portfolio manager at Pictet Asset Management. Momtchil began his investment career at Invesco Asset Management, first as a senior economist and then as a senior FX portfolio manager. He has 13 years of investment experience.


Momtchil holds an MSc in finance from Vienna University of Economics and Business Administration (1998) and a PhD in financial econometrics from University of Basel (2001). He is a current CFA Charterholder.

Richard M. Levich  
Professor of Finance  
NYU Leonard N. Stern School of Business

Richard M. Levich is Professor of Finance and International Business and Deputy Chair of the Department of Finance at New York University’s Leonard N. Stern School of Business. He is also a Research Associate with the National Bureau of Economic Research in Cambridge, Massachusetts.

Professor Levich has been a visiting faculty member at many distinguished universities in the United States and abroad including Yale University, the University of Chicago, Ecole des Hautes Etudes Commerciales (HEC) in France, the Australian Graduate School of Management of the University of New South Wales, and City University Business School (Cass) in London. He has published more than 75 articles on various topics dealing with international finance, and is the author or editor of 17 books. His most recent book is The Role of Currency in Institutional Portfolios (co-edited with Momtchil Pojarliev) published in 2014 by Risk Books London.

Professor Levich received his Ph.D., MBA and B.A. degrees from the University of Chicago.
Biographies, continued

Adnan Akant, PhD
Head of Currencies
Fischer Francis Trees & Watts

Adnan is the Head of the Currencies team and is responsible for setting strategy for currency alpha and overlay portfolios as well as the currency portion of global/international portfolios. After joining FFTW’s New York office in 1984, Adnan’s primary focus was on US interest rate strategies and proprietary trading. He moved to the global bond and foreign exchange area in 1994 and has been responsible for the development and implementation of foreign exchange strategies since then.

Prior to FFTW, Adnan spent six years managing the World Bank’s liquidity portfolio and advising the Treasurer on the Bank’s multi-currency borrowing program, thereby gaining considerable experience in analyzing macroeconomic influences on interest rate and currency markets. Adnan left the World Bank as senior investment officer in 1984. He has 36 years of investment experience.

Adnan holds a Ph.D in systems science from MIT (1977), an M.S in finance from the MIT Sloan School (1978), as well as BS and MS degrees from MIT in electrical engineering and computer science (1972-1975). He is also a member of the New York Academy of Science and Sigma Xi, The Scientific Research Society.

Adnan is Chair of the Buy-Side of the Foreign Exchange Committee (FXC), established by the New York Federal Reserve in 1978 to provide guidance and leadership to the global foreign exchange market. The FXC includes representatives of major financial institutions engaged in currency trading in the US. In words of the New York Fed, “The Foreign Exchange Committee is a select group of individuals who have achieved stature within both their own institutions and the marketplace”. Adnan’s leadership role with the prestigious committee dates from June 2008.

Adnan is frequently asked to speak at industry events. In September 2014, he spoke on a panel at the Center for Financial Stability’s conference, “Bretton Woods: The Founders and the Future”, celebrating the seventieth anniversary of the Bretton Woods system. Adnan was among former central bank governors and management board members, finance ministers, economic ministers and professors speaking at the event.

James Binny
Head of FX Quantitative Solutions
Lloyds Commercial Banking

James Binny joined Lloyds Commercial Banking in March 2014 as Head of FX Quantitative Solutions. He has worked in global fixed income and hedge fund portfolio management since 1990, with a specialisation in currency and quantitative investment processes.

Before Lloyds Commercial Banking, he worked at Brevan Howard Asset Management as a currency specialist. Previously James worked at RBS as Head of Index Research and at ABN AMRO where he ran a currency manager of managers fund and worked in the FX Analytics & Risk Advisory team, advising clients on issues of risk and return. Before ABN AMRO he worked at Gartmore Investment Management, GNI Fund Management and County Natwest Investment Management, where he designed and managed currency overlay and currency hedge fund products for investors. He graduated from Oxford University in 1987 with a first in Engineering Science.
Biographies, continued

Ross Kasarda, CFA  
Risk Manager  
Virginia Retirement System

Ross Kasarda, CFA, is the Risk Manager for the Virginia Retirement System where his responsibilities include risk management, asset allocation research and portfolio management. He has over 10 years of experience developing portfolio strategies, asset allocation tools, and risk analytics.

Ross was chosen as one of CIO magazine’s “40 under 40” in 2013 and 2014. He earned an MA in Financial Economics from Virginia Commonwealth University, a BS in Economics from Virginia Commonwealth University where he graduated summa cum laude, and is a Chartered Financial Analyst charter holder.

Christopher M. Schelling, CAIA  
Director of Private Equity  
Texas Municipal Retirement System

Christopher M. Schelling, CAIA is currently the Director of Private Equity at the $23 billion Texas Municipal Retirement System. In this role, Mr. Schelling is responsible for all aspects of building out the system’s private equity portfolio. Previously, Mr. Schelling was the Deputy CIO and Director of Absolute Return for Kentucky Retirement Systems where he implemented the plan’s first direct allocations to hedge funds and real asset funds. Mr. Schelling was also an Adjunct Professor at the Gatton School of Business at the University of Kentucky, lecturing on Alternative Investments. Prior to joining KRS in 2011, he was a Senior Associate at Mercer Investment Consulting on the manager research team performing due diligence across hedge fund strategies. Previously, he served in a number of front and middle office roles spanning traditional and alternative investments at firms such as ThomsonReuters, Bear Stearns, and Calamos Investments.

In addition to being a member of the CAIA Association, Mr. Schelling has also served on the association’s Due Diligence and Regulation Curriculum Committee and the Exam Council. He received an MBA from the University of Illinois-Chicago as well as a Masters Degree in Financial Markets from the Illinois Institute of Technology. He holds a Bachelor’s Degree in Psychology from the University of Illinois as well. Mr. Schelling was named one of Money Management Intelligence’s 2012 Rising Stars of Public Funds, and a Rising Star of Hedge Funds by Institutional Investor in 2014.
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