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Emerging Markets Strategies Post Top Returns In Q2

Emerging markets equity manager Frontaura Capital claimed the top ranking for second quarter returns, according to EMM's newest quarterly return report.

The firm's Global Frontier Fund returned 20.5% in the quarter ending June 30.

Globeflex Capital's emerging markets small-cap strategy came in second with a 19.36% return.

DOMO Capital Management, whose domestic large-cap value strategy was the top performing portfolio in the first quarter, continues to be the top manager for the year-to-date and one-year time periods, returning 74.16% and 174.76%, respectively.

Overall, 1,152 products from 368 firms were included in the report, with domestic large-cap core equity remaining the most popular strategy with 98 products.

Managers were required to enter firm asset and product asset data for the period ending June 30 as well as performance figures for the quarter to be included.

Firms included in the report have less than $2 billion in overall assets under management and portfolios with greater than $10 million under management.

The report also includes all women- or minority-owned firms with assets up to $20 billion while maintaining the minimum product requirements. All products are screened gross of fees.

Please see the full disclaimer in the full report for details on how the data was collected from the Informa PSN database.

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It's Academic: Research Offers Exposure Opportunities To Mgrs.

Producing academic research papers provides a unique opportunity for exposure and feedback for emerging managers, however, the resources and time needed to allocate to the effort can be a significant hurdle for smaller managers, according to experts on the topic.

While it is a big effort, "It's certainly something that is part of the repertoire of investment managers to get their story out and add credibility to it, to make them look bigger than they are," said Dan Sondhelm, founder and ceo of marketing provider Sondhelm Partners, which was established five years ago to help emerging and boutique asset managers grow via sales, marketing and public relations activities through thought leadership.

Despite academic research's obstacles for smaller and emerging managers, Bob Snigaroff, president and founding principal of quantitative-based investment manager Denali Advisors, has written multiple academic papers since launching his firm in 2001, calling the research "near and dear" to his heart.

Snigaroff most recently had a paper, Earnings and Liquidity Factors, published in the

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Crewcial Partners Sees 94% Of Clients Allocating To Diverse Asset Managers

Investment consulting firm Crewcial Partners has invested $4.2 billion with diverse asset managers – with 94% of the firm's clients allocating to at least one diverse firm, according to a soon-to-be released report.

"I am proud of the amount of allocations that we are investing to diverse managers … but we still have so much work to do. There are so many places we can be. There is so much influence an LP can have just by asking questions," said Angela Outlaw-Matheny, director of investment staff and diverse manager equity at Crewcial, in an exclusive discussion on the firm's 2021 Investment Manager Diversity Report.

The $4.2 billion invested with diverse managers is more than double the $1.8 billion the firm's clients had invested with diverse managers in 2017 when Matheny joined the firm and represents 12% of total client assets, she said.

The firm overall has invested with 49 unique diverse managers, a number that has remained largely flat over the past few years, although the actual managers included in the figure has changed as firms' ownership structures changed or managers stopped

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RESEARCH: Academic Research Offers Differences To Other Forms

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Quarterly Review of Economics and Finance.

"Publishing in academic journals is very rare in our field – if asset management practitioners publish at all it is usually in practitioner journals. I don't know of other emerging firms [that] do this kind of research," Snigaroff said.

Publishing in academic journals is very rare in our field — if asset management practitioners publish at all it is usually in practitioner journals.

Differences Between Academic, Practitioner and Other Research Forms

Academic research is not the only type of research that is conducted, although other forms such as those found published in a practitioner journal are not as labor-intensive and are shorter in length, according to the experts.

Nick Thomas

When comparing academic research to analysis published in a practitioner journal, which primarily features content written by people who practice in a specific field rather than academics, Nick Thomas, partner and leader of Baillie Gifford's North American business, believes that in a sense, academics often take an indirect approach by not trying to answer direct questions and instead are thinking a bit more deeply about the underlying drivers and deeper problems that appeal to the investment process and mechanisms of economic change, while time horizon is another factor that contributes to the difference in research.

"[Academics are] often writing about things that are still in the lab or haven't been commercialized and therefore won't have any impact on a portfolio for 10 years, [and] that's fine in our book," he said.

According to Sondhelm, academic papers typically cite a lot of sources that look at other reports and books and to people in an organized way to make a point.

"These can be 5,000 words [or] could be 20,000 words. These are huge undertakings. That's a pretty serious effort," Sondhelm said.

In contrast to a traditional publication, Sondhelm indicated that academic publications have a board that reviews the article for accuracy and ensures that data matches.

Sondhelm further compared publishing academic research to a publication such as Emerging Manager Monthly, which does not have a board critiquing it and "trying to poke holes on the research."

He also noted that the people who write academic papers could be sophisticated portfolio managers, economists and business school leaders, saying, "Anybody associated with business or finance could be an author to one of these things."

Savina Rizova, global head of research at Dimensional Fund Advisors, finds the difference between the types of research conducted by investment managers is that academic research tends to be more focused on statistics and econometrics as opposed to other pieces that managers publish and share with clients.

"It seeks to use methods widely used in academia to answer questions of interest to clients," she said. "It requires you to be able to communicate your results in a very clear manner to clients that may not have the tools and education to go a little bit further in helping them understand the results you are showing and why you chose particular methods to get to those."

Prior to heading up efforts for their research to be published in academic journals, Snigaroff indicated that Denali Advisors pursued publication in practitioner journals.

Denali's first published paper for the Journal of Portfolio Management, a practitioner journal, in 2000, helped him think about the value that financial intermediation brings to the market, while further motivating another project that was a "philosophy of our investment process," which was published in the Financial Analyst Journal, another practitioner journal, in 2012.

The first paper was sent to well-known financial researcher Harry Markowitz and eventually quoted, which Snigaroff found "extraordinarily flattering."

Wanting to do follow-up work for the paper, Snigaroff and Markowitz wrote a paper together on the interaction of supply and demand in asset management.

"What was really interesting about that work is we showed that smaller strategies outperform larger strategies," Snigaroff said.

Snigaroff and Markowitz wrote follow-up papers that were published in practitioner journals and looked at the dynamics of the industry that they believed would be helpful to market, while the arguments were easier to write.

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RESEARCH: Academic Work Takes Data-Based Approach

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"One of the things that we found is the industry concentration has really grown markedly and it makes it extremely difficult for emerging firms because they have a much smaller share of the market than they did 25 years ago," he said.

Bob Snigaroff

If you divide the market in half in terms of the size of firms, Snigaroff said that the big half managed 91% of the market and the small half used to manage 9%, but now, the big half manages 98% of the market while the smaller half manages less than 2%.

"That's more than a four-fold decline in their market share [and] a huge impact on our industry," he said. "[In the paper] We showed that isn't because of the move to passive and it's also not due to quality of the smaller firms. It's actually argued that smaller strategies outperform larger strategies."

True academic research, such as what is published in the Journal of Finance, has "very robust" methodology and data requirements, according to Michael Hunstead, head of quantitative strategies at Northern Trust Asset Management.

"You're trying to prove a point about financial economics so it's more theoretical, meaning that they're trying to prove [for example] that the capital asset pricing model is or is not the appropriate way of looking at the equity market," he said.

"I think a lot of what academic research does is take an empirical data-based or data-driven view of the markets and say, 'Hey, this is what really happens versus what we sometimes think happens or how we think we should manage our portfolios,'" he continued.

Meanwhile, from a practitioner perspective, Hunstead implied that the format and to some extent, the "burden of proof," are a little bit different, meaning you do not need to necessarily be 99.9% confident that a particular strategy is effective.

"[You] don't have enough data to make that judgement. If [you are] 70% or 80% confident that a particular strategy will work, from a practical perspective, it still may be very much worth pursuing," he said.

Pracademic research is empirically oriented, yet still a different flavor of analysis from standard publications that are more anecdotal or case study-oriented, Hunstead claimed.

"Academic research typically points out that certain anomalies exist or certain factors exist, but to go out there and harvest

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Academic Research Within The Investment Industry

While firms conduct academic research to expand on their knowledge of investment management and portfolio analysis, the research is empirical in nature, backed by data, has numerous sources and can most often be found on networks such as the Social Science Research Network, according to the experts.

Understanding stock price at a deep level to build portfolios and produce alpha as well as how communities work motivates the way that Denali Advisors thinks about how securities markets function and provide welfare to society, according to Bob Snigaroff, president and founding principal of the quantitative-based investment manager.

Following minimal interest from the industry on several papers published in practitioner journals, Denali decided to work on fundamental evaluation that no longer focused on the dynamics of the industry, but more about what really moved asset prices.

"Now we're writing and submitting them to academic journals and that is actually quite rare," Snigaroff said. "It's very rare even for large firms. It's more of a difficult step."

Most recently, the firm posted several non-proprietary research papers written by Snigaroff and Research Analyst David Wroblewski to SSRN that include Earnings and Liquidity Factors, which recently published in the Quarterly Review of Economics and Finance, and a working paper entitled Consumption with Earnings, Liquidity, and Market Based Models that is currently in review at an academic journal.

The first paper focuses on the firm's view of the basic factors that investors find most important, while the second uses the workhorse of current asset pricing theory.

In the Alaska Law Review, the firm recently published Alaska Native Corporation Endowment Models, which concerns a course of action that many Alaska Native Companies are taking and considering.

With that paper, Snigaroff was motivated by how investment ideas and investment theory apply to the problem of cultural continuation with Alaska natives and for them to consider more of the endowment models that they have moved toward.

Nick Thomas, partner and leader of Baillie Gifford's North American business, indicated that, "What we've tended to find is that academics are often thinking in those [longer] time periods on writing research that can help us understand the future. It's primarily about time frame."

The firm believes there is really "cutting-edge" research on how the investment industry actually thinks, which has helped Baillie Gifford to move along, according to Thomas, who sees that the work the Edinburgh, Scotland-based firm is doing to support and learn from academic research is relevant to "exciting" areas of the economy.

"We're long-term growth investors, we're really interested in the healthcare revolution, we're really interested in AI. We've tried

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INDUSTRY: Research Can Benefit Investment Firms And Clients

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to align our research with what we think are the most exciting bits of the economy over the next 10 years," he said.

Meanwhile, Savina Rizova, global head of research at Dimensional Fund Advisors, indicated that the firm's broader investment research focuses on drivers of return, asset allocation, ESG and lifecycle finance, while the second more incident patient-focused research is directed at real world considerations when exposed to portfolio design.

Rizova further implied that DFA conducts such research to help educate clients on topics that are important to them when it comes to financial decisions.

For example, the firm is currently finishing work on a paper about different strategies for investing in retirement, which Rizova finds is very important to different types of clients.

"Clients have those questions and they don't have sources to answer those questions. We want to provide answers based on robust, theoretical and empirical reasons," she said.

Further, a lot of the research DFA has done is also conducted to evaluate new factors or new approaches that are proposed and to find out if they are robust enough for clients.

"The only way to answer that question, in my opinion, is to do the research yourself to try to replicate the research," Rizova said.

During her time at DFA, Rizova has worked with academics Eugene Fama and Kenneth French in addition to Robert Merton, a resident scientist at the firm. Rizova, along with Merton and DFA's Head of Investment Research Wei Dai, published the report On the Valuation of Performance Fees and Their Impact on Asset Managers' Incentives last summer in the Journal of Alternative Investments.

The report provides a robust and practical framework for assessing performance fees and the authors discuss the incentive impact of performance fees while cautioning against unintended consequences for manager behaviors, the report abstract stated.

Michael Hunstead, head of quantitative strategies at Northern Trust Asset Management, leads a team that manages about $32 billion in assets predicated on empirical research and tries to access the more quantitative factors that exist in the equity and fixed-income markets.

Hunstead considers his research to be both academic and active practitioner-based, or pracademic, yet stated it is very much on the empirical side and supported by data analysis, statistics and econometrics, like academic research.

Holding the belief that there is a lot of room for improvement in investment management and portfolio management, Hunstead noted that academic and pracademic research are, to an extent, trying to dispel myths and rules of thumb that are not applicable anymore.

One of the "biggest" and "most important things" that his team has published in the Risk Report is the idea that some risks do come with more return and they are compensated risks, but a lot of risks do not come with more return.

In an era with more data and better ways to cut that data, Northern Trust has increasingly found that there is only a handful of risks that come with return, according to Hunstead.

"You want to avoid those risks that you don't get paid to take that are uncompensated and focus on those risks that you do get paid to take. That has been a complete revolution or transformation in the way that we think about portfolio management and investment management," he said.

RESEARCH: Publication Can Provide Credibility, Visibility For Managers

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it becomes the domain really of asset management," he said. "That's why there needs to be a connection between academic research and practical portfolio management."

"There's a lot more to it than just reaping the [Eugene] Fama and [Kenneth] French research, you have to worry about things that are very practical like transaction costs, turnover, regulations [and] the investment vehicle, things that are ignored in traditional academic research," he added.

Hunstead indicated that he is not an academic today as he sees a lot of interesting issues that surface only in the "practical domain," but thinks that practitioner-oriented firms can benefit from academic research and vice versa.

Dan Sondhelm

Benefits To Academic Research

Sondhelm finds there are many benefits to managers conducting academic research.

"If you can get into a publication like this, it's a great tool for the visibility that you get, the credibility that you get, the third-party endorsement from the publication and your peers. Once you do one article, it becomes a little bit easier to do another article because it really puts you on a pedestal [and] you did something that works, that people accept and

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RESEARCH: Effort Comes With Obstacles For Managers

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you're in the game," Sondhelm said.

Some larger asset managers are well known for their research efforts.

Research is behind everything that global investment manager DFA does in helping with portfolio design management and as a result, the firm's large research team has built a data set and has an academic network that helps the team come up with ideas for better research, according to Rizova.

Savina Rizova

"You need to have a framework for how to evaluate in order to think of the option that would be most beneficial for clients and that requires research with market microstructure data and people who are experts in that type of research," Rizova said.

Austin, Texas-based DFA has a long history of applying academic research to practical investing and Rizova really enjoys the work done at the firm, which provides thought leadership and a rigorous support for the investment process that seeks to add value to clients' portfolios.

Long-term growth manager Baillie Gifford is primarily a consumer and sponsor of research conducted by academics and forms partnerships with academic institutions, however, the firm does incorporate research into its investment process and views it as a better source of insight than "sell-side" reports, otherwise known as research funded by trade execution through broker-dealer trading desks.

"We're funding quite a lot of academic research and we're engaging closely with academics in quite a few different fields as a really important part of our investment research process," according to Thomas, who has been with the firm for 23 years, the last 10 spent steering relationships with academia that have been "really interesting and rewarding."

Another positive to academic research is that the people who read it are going to be your peers, and in many cases, your competitors, according to Sondhelm.

"You're talking to your peers, you're talking to your competitors and that raises your stature within the group, which is great for a lot of people. That adds credibility to your thinking, your strategy and all that," Sondhelm said.

With many of these academic journals, there are opportunities for members to share experiences and research as well as learn from the content through events and webinars, according to Sondhelm.

"An emerging manager could position themselves as an authority. There are many ways to go after different audiences and get your expertise down," he said.

"It's the visibility, the credibility and the thought leadership that sets you apart from other managers and for emerging managers, very often, they need help in looking the part of a serious firm that's looking for assets and competing with the big guy," he continued. "Being published in these magazines is a great strategy to look the part, but there's many strategies. It's a great one, and for emerging managers who do it, I think they're going to benefit from it."

For a large firm like Northern Trust, Hunstead feels that the Chicago-based company needs to be a part of the conversation and contribute lots of great insights.

"We need to be shaping the conversation and that conversation shapes both pure academic research as well as more practitioner-oriented research," he said.

Hunstead also finds that there is real potential in academic literature to challenge every idea and welcomes the idea of all publications from both large and small firms.

"We have to change our way of thinking where you would be amazed if you follow the whole academic output and how much pure dogma exists within the financial markets. We always need people to challenge that," he said.

Understanding The Obstacles To Academic Research

While it takes longer to publish in an academic journal, Denali's Snigaroff sees that the process helps one to think more concretely and critically about what they are doing when they write and publish.

"Anybody can write a whitepaper. Nobody critically reviews it and there's not a rejection, a formal review process and that kind of work by an independent academic body. When you submit papers to journals, it's a difference in the higher standard," he said.

While Snigaroff views getting reviewed by an academic journal as an accomplishment, the time and research efforts do not come without rejection, as he indicated the San Diego-based firm faced rejection at one of the top three finance journals.

"Usually if an asset manager sends a paper to a top three academic journal, they just get rejected," Snigaroff said.

The review process took a year with the Quarterly Review of Economics and Finance, which according to Snigaroff included three rounds of analysis, amendments to the work and addressing the additional issues the journal finds before sending it back.

"It typically takes a couple of rounds of that before they accept or reject a paper," he said. "Getting accepted in journals like that is very difficult."

Sondhelm believes the expectation of rejection is one reason firms are likely not approaching academic journals.

"Not everybody can do it and not everybody wants to do it.

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RESEARCH: Managers Must Understand Time, Resource Limitations

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There are benefits, but a lot of [investment] firms allocate their time elsewhere," Sondhelm said.

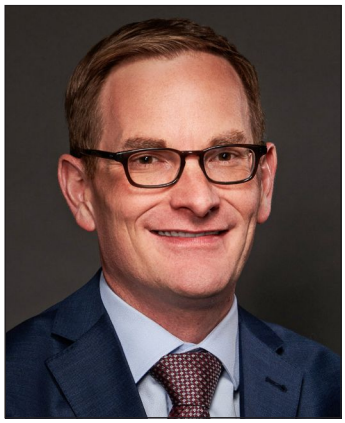
"I think part of the reason is one, they think that they're too small and [think] 'Why would a journal like that write about me or let me publish in their magazine?' That happens a lot, and I think that's a misperception because if you have a good story to tell and if you have interesting research, I don't think size is the issue," he said.

"It's your interesting angle, your credibility, your history," he continued. "Same reason an investor would hire an emerging manager. You've just got to get past the gatekeepers."

Another reason why Sondhelm thinks more emerging firms do not publish research in academic journals is the fact that there is a lack of resources or time, noting that they struggle to compose 1,000 words, let alone 20,000 words.

"The amount of work it's going to take to review different drafts and review the sources that you're pulling information from. The managers have full-time jobs," he said.

On a similar note, Northern Trust's Hunstead finds that emerging firms do not have the time and perhaps a lack of resources, while implying a third reason for emerging firms to not participate in the research may include not wanting to give away their "secret sauce."



Michael Hunstead

"Academic research is very time consuming, especially when you bring it forward to publication. It can take years for a firm to get published and it often does. I think when smaller firms are first starting out, that's a pretty onerous effort to undertake and not a lot of firms are necessarily in a position where they are doing research they want to ultimately share with the public or the market because they're focusing most of their efforts for proprietary portfolio construction," he said.

Baillie Gifford's Thomas thinks that emerging firms need a certain degree of scale to participate in research since it requires a substantial financial commitment on top of a lot of time.

"We're trying to build personal relationships with the leading academics, the professors in the areas that we're interested in. What we really want is to get to know them and then have trusting conversations with them, too. That's quite time and financially intensive. It's probably quite difficult to do at a much smaller firm than ours," Thomas said.

Meanwhile, Rizova indicated that DFA's research and large proprietary datasets have been built over time and the process to build and maintain them is not as simple as it may seem.

"The data set enables us to look for different types of questions across many different markets and many different types of securities. It either requires combining data from multiple data sources, cleaning the data, processing and updating. We spent a lot of time over the years building those proprietary datasets that allow us to very quickly and easily conduct high quality research," she said.

Like many others, Thomas suspects that emerging firms are simply burdened with limited time and a lack of resources to effectively conduct academic research.

As investment management is a research-driven industry in which "we're all trying to understand the future," Thomas thinks spending one's research budget wisely on areas that can give insight into the future is something that all managers should be doing.

One difference with emerging or boutique firms conducting the research compared to larger more established firms is that the smaller firm is likely trying to do something that supports their thesis more than a larger firm, according to Sondhelm.

"If you're an emerging markets manager and you want to write a whitepaper or a 40,000-word article on emerging markets, you want the end result to be positive. I think the bigger firm is going to try to be a bit more balanced and make the case both ways," Sondhelm said. "And, I think at the end of the day, the publication is going to want it to be balanced, kind of the opportunity and the risk, and the emerging manager is going to say 'I wrote it, I want it to be all positive' and someone's going to go back to them and say, 'Well it can't be all positive.' You got to give the pros and the cons, the opportunities and the risks."

Feedback, Attention & Making Academic Research Productive

The industry has generally received positive feedback from allocators in attempts to make their academic research productive rather than self-serving.

Allocators have provided positive feedback on academic research that Baillie Gifford sponsors and see it as something distinctive that the firm is providing.

"Occasionally, we've been able to bring some of our academic relationships and some of our clients together, [which] can be very fruitful," Thomas said.

Baillie Gifford is also working with the Toulouse School of Economics in France and with University College in London about "what role finance should play in the economy and how [to] make it a productive one that's investing in productive assets rather than more of a self-serving one."

"You're almost asking the academic community to critique what your industry does and how it could do it better," he said.

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RESEARCH: Allocators Show Interest In Quality Research

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In general, the feedback on DFA's academic research has been very positive and people have found the work to be "illuminating," according to Rizova.

"We do honest research [and] we report what we find in the data. For us, research is not marketing, it's taking the best answer, the right answer to a question. People appreciate the honesty in everything," she said.

Further, the firm has received a lot of feedback and attention from their papers published on Social Science Research Network.

One such paper published last year, The Cross-section of Corporate Bond Returns, focuses on the debate of, "are there many different factors when it comes to investing in bonds, corporate bonds in particular," Rizova said.

When discussing how to make academic research productive to invest in productive assets rather than be self-serving, Rizova indicated that research, like many other things, is becoming more sophisticated or complicated and with that comes a challenge.

"How do I know the research is honest and is [meant to] get to the best financial outcomes and experiences for clients? A lot of our technologies across different industries become more complicated. It's very hard for users of those technologies to understand the mechanism and to understand whether there are flaws or no flaws in particular," she said.

Therefore, providers of the technologies or the research become more important over time, something that the firm has been building with its clients in its 40-year run.

Hunstead indicated that Northern Trust's research has received a lot of attention and positive feedback from the industry and the main idea that has flowed from it is that you need to be more precise in your portfolio construction.

"Gone are the days when a portfolio manager just has a gut feel about a stock and they go after it. That's the wild, wild West of investing. We need to be much more precise in our use of risk than that. I think that's ushering in a whole new era of portfolio management and thinking about investing," he said.

"It's a natural shift that has to occur and it takes people that sit in a portfolio management seat to really make that happen throughout the industry, but it is definitely catching on," he continued.

In making the role that finance plays in the economy productive rather than self-serving, Hunstead believes that research helps capital to flow where it is most needed and has the highest rate of return.

Over the last 50 or 60 years as academic research has been developed, "I think we've done a much better job in allocating capital than we have done in the past, but at the same time, because of the misinterpretation of a lot of that research, we have had some bumps along the way, so I think there's still a long way to go," Hunstead said.

"We're doing things better today than we were 10 or 20 years ago and I think a lot of that is predicated at least in some part on academic research. You can see it in price discovery, you can see it in increased liquidity and in various markets," he added.

Sondhelm finds that allocators and investors who like technical research "eat this stuff up," as they gain value from academic research and want to learn from it.

"Where are the issues? What are the opportunities? What are people thinking? They might not invest in your strategy, but if you have an interesting idea, if you're making the case about one way versus another way to get to the same place, some of these investors and allocators want to know about it," Sondhelm said.

In addition to talking to your peers through such research, "You're talking to very sophisticated investors where these sorts of articles are going to make sense," he continued.

Even though Snigaroff indicated that Denali does not spend as much time talking about its research, he said that the firm has received feedback that what it is doing is unique in its investment process, which comes from both the research the firm publishes as well as what they do not publish.

"It seems like people like to see that we have our own view of security of pricing that we've built into our process," he said.

Snigaroff believes the time and effort pays off in the end.

"It's harder to perhaps get taken seriously in the academic internal process, but we're doing it anyway because we believe we have ideas that have merit," he said.

Benefits Outweight Downsides

Managers that conduct academic research will face hardships, but the experts indicated that the benefits outweigh the downsides.

"[Academic research] takes a lot of time

If you have an interesting idea, if you're making the case about one way versus another way to get to the same place, some of these investors and allocators want to know about it.

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RESEARCH: Value Of Work Comes In Various Forms For Managers

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and effort, but it is important, too," Snigaroff said. "I think understanding the way securities prices have evolved over time and what investors think is important is a worthy endeavor."

In Baillie Gifford's perspective, "The investment industry is actually a bit too short-term-oriented and a bit too focused on market activity rather than actual real world economic change," Thomas said. "The academic thing helps us to focus on real deep change that's going to matter over the long-term."

While many boutiques and larger firms will not even try to get involved with academic research, plenty of folks do and get value out of it, according to Sondhelm.

"I think the value is the visibility that you get within your peers. You're there with your peers that raises your stature among your peers," he said.

With the amount of work required to conduct academic research, he views it as an upside that could help emerging firms even though there is a lot involved.

"You can outsource that, you can partner with a writer and a researcher," he said. "[Managers are] not necessarily writers, so you need a team."

Rizova believes that managers should advance their research capabilities as the ability to conduct research and assess someone else's findings helps to see whether a new discovery or analysis is actually repackaged or recycled in a new format.

"A lot of the new findings when you analyze them, such as factor modals, are not very well explained [or] well accepted as [are] pricing models. So, there's nothing special about those factors. They're just different ways to present other factors that are already taken into account in day-to-day management," she said.

She finds that part of the need for the industry to evaluate research is to be able to see through those supposedly new findings and identify them out of the things that are already known.

Meanwhile, Hunstead sees that some researchers and academics have been put on a pedestal, an idea that is "alive and well," but finds that "we need to be more objective than that."

"We cannot simply say that there are a few researchers out there, a few papers that solve all the problems in the financial world, that is absolutely positively not the case," he said.