

The Future of Investment Management in Boston

1. Trends in industry segments
 - Mutual funds
 - Index funds vs actively managed funds
 - Equities vs bonds
 - ETF's
2. The public is discouraged, looking backward at last 10 years
 - Poor performance experience
 - Interested in defense and safety
 - Focusing on protecting retirement resources
3. Trend toward aggressive, quantitative, hedge funds in one area of marketplace
 - Trend toward passive, fixed income, low cost in other area of marketplace
4. New skill sets emerging from Universities, Prop desks, Arb groups
 - Rapid trading
 - Small edges, Linked to investment banks and big cities
 - Increasing dominance of New York, London, etc.
5. Boston had historical industry positioning on its side
 - Active equity management and mutual funds
 - Now trend is away from active funds toward passive with greater emphasis in
 - Philadelphia, New York, California
 - Boston, except for history, a medium size market, not the investment powerhouse it was historically
6. The Boston area has only one of the ten largest U.S. hedge funds; three of the top thirty and six of the top fifty.

7. In recent years Private Equity has grown more rapidly than Venture Capital. Boston is still more involved in the later than the former.
8. There has been movement by some large pension funds to index except for specialized areas promising exceptional alpha such as emerging markets, microcap, etc.
9. The issues, of course, are:
 - Product
 - Technique
 - Sales-marketing
 - Service
10. Boston must re-establish its outreach to National/International markets. Clearly the local market is not enough.
11. Harness local universities, innovative money managers, local talent and entrepreneurs

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