

# The Olin School of Business at Washington University

## A Confidential Survey of Portfolio Managers

As previously stated, the purpose of this study is to identify factors that may have an impact on the compensation of portfolio managers. Please give complete, honest answers by circling the number(s) that corresponds to your response. If your answer falls into an "other" category, please write in your response and be as specific as possible.

### WORK PROFILE

These first few questions deal with your firm (the registered investment advisor that employs you) and your job responsibilities.

1. Which one of the following choices best describes the primary business of your employer?

- Investment Advisory Firm 1
- Banking or Thrift Institution 2
- Securities Broker/Dealer 3
- Insurance Company or Agency 4
- Investment Company (e.g. mutual funds) 5
- Plan Sponsor 6
- Pension Consultant 7
- Endowment/Foundation 8
- Or, something else \_\_\_\_\_ 9

2. What is the total number of portfolios managed by your firm? (IF YOU ARE UNCERTAIN OF THE EXACT NUMBER, AN ESTIMATE WILL BE SUFFICIENT)

# \_\_\_\_\_

3. What is the total dollar amount of assets under management at your firm? (e.g. \$100 million)

\$ \_\_\_\_\_

4. How much of your time is spent interacting with your clients? Would you say:

- A lot of my time 1
- Some of my time 2
- Not much of my time 3
- None of my time 4

5. How many portfolios do you personally manage?

# \_\_\_\_\_

6. What percentage of the total assets in these portfolios is actively or passively managed (indexed)?

Active	%
Passive (Index)	%

7. For how many of the portfolios that you personally manage are you the primary manager?

# \_\_\_\_\_

8. Is your primary responsibility:

Setting investment strategy or asset allocations for the firm ⇒ (SKIP TO Q. 10)	1
Overseeing the work of other managers either internal or external to the firm ⇒ (CONTINUE TO Q. 9)	2
Making asset selection decisions ⇒ (SKIP TO Q. 10)	3

9. What percentage of the assets under your management do managers internal or external to your firm manage?

Internal	%
External	%

### FUND/INVESTMENT PROFILE

These next questions deal specifically with the assets and return of the assets under your management.

10. Please classify the assets under your management by filling in the percentage of assets in each asset class.

(SHOULD SUM TO 100%)

	% of Domestic (US)	% of International
Equity		
Fixed Income		



11. Please classify the equity assets under your management by filling in the percentage of equity assets in each equity style.

(SHOULD SUM TO 100%)

	<u>Value</u>	<u>Blend</u>	<u>Growth</u>
Large-Cap	%	%	%
Medium-Cap	%	%	%
Small-Cap	%	%	%

12. Please classify the fixed-income assets under your management by filling in the percentage of fixed-income assets in each fixed-income style.

(SHOULD SUM TO 100%)

Governments	%
Mortgage-backed	%
Corporate	%
Municipals	%
Or, something else (specify) _____	%
_____	

13. Please classify the clients who own the assets under your management by filling in the percentage of assets owned by each client type.

(SHOULD SUM TO 100%)

Taxable Institution	%
Tax Exempt Institution	%
Individual (other than high net worth)	%
High net worth individual	%
Retail – open end mutual fund	%
Retail – closed end mutual fund	%
Other pooled investment vehicle (e.g. hedge fund)	%
ERISA fund	%
Public pension fund	%
Other, (please specify) _____	%
_____	

14. On average, how long have your client's accounts been managed by your firm? (PLEASE GIVE A NUMBER OF YEARS AS OPPOSED TO A RANGE OF YEARS)

\_\_\_\_\_ # of Years

15. What is the total dollar amount of assets under your management?

\$ \_\_\_\_\_

16. In the last year, did you write or invest in options, futures, or other derivative securities for any of the portfolios you manage?

Yes 1  
No 2

17. What was the average annual total return on assets under your management as of December 31, 2002?

	<u>% of Average Annual Total Return</u>
One Year	
Three Years	
Five Years	
Ten Years	

### COMPENSATION PACKAGE

These next few questions relate to the variables that may or may not impact your personal compensation package.

18. How would you *best* describe the compensation package offered to you by your firm? (ONE RESPONSE ONLY)

Objective and Formula-based 1  
Subjective and Discretionary 2

**IF YOU ANSWERED "SUBJECTIVE AND DISCRETIONARY" IN Q. 18, PLEASE ANSWER ALL OF THE FOLLOWING QUESTIONS BASED ON YOUR BEST UNDERSTANDING OF HOW YOUR COMPENSATION IS DETERMINED**

19. In a *typical* year, what percentage of your take-home pay is your *bonus*?

\_\_\_\_\_ %

(IF 100%, PLEASE SKIP TO Q. 22)

20. Thinking about your *base salary*, how much impact does each of the following factors have on your *base salary only*? Would you say the factor has "a lot of impact," "some impact," "not much impact," or "no impact at all" on your *base salary*.

Factor	A lot of impact	Some impact	Not much impact	No impact at all
Base salary of portfolio				



managers in the industry	④	③	②	①
Education	④	③	②	①
Years of experience	④	③	②	①
Size of portfolio(s) you manage	④	③	②	①
Past performance	④	③	②	①

21. In a *good* year, that is a *year of above-average performance*, what percentage of your take-home pay would be *bonus*?

\_\_\_\_\_  
\_%

22. Thinking about your *bonus*, how much impact does each of the following factors have on your *bonus only*? Would you say the factor has “a lot of impact,” “some impact,” “not much impact,” or “no impact at all” on your *bonus*.

	A lot of impact	Some impact	Not much impact	No impact at all
Current investment performance relative to your <u>benchmark</u> , e.g. S & P 500	④	③	②	①
Current investment performance relative to your <u>peer group</u> , e.g. all growth funds	④	③	②	①
Investment performance in <u>previous</u> years (however measured)	④	③	②	①
Flows of new money into existing portfolios you manage	④	③	②	①
New business	④	③	②	①
Profitability or stock-price performance of your firm overall	④	③	②	①
Customer-service rating (however measured)	④	③	②	①
Non-performance-related factors such as help with marketing, cost controls, employee development, etc.	④	③	②	①
Risk control measure such as tracking error or VaR	④	③	②	①
Tax efficiency/minimization	④	③	②	①
Other (please specify) _____	④	③	②	①

23. What percentage of your take-home pay is typically given in the form of non-cash compensation?

\_\_\_\_\_  
\_%

(IF 0%, PLEASE SKIP TO Q. 25)

24. In what form is that non-cash compensation given? (SELECT ALL THAT APPLY)

- Stock 1
  - Options 2
  - Deferred Compensation 3
  - Other (please specify) 4
- \_\_\_\_\_

25. For each of the following factors, how likely is the factor to be *the sole cause for dismissal* for someone in your position at your firm? In other words, this factor alone would be reason enough for dismissal. Would you say it would “very likely,” “somewhat likely,” “not very likely,” or “not at all likely” be *the sole cause for dismissal* of a portfolio manager at your firm?

	Very likely	Somewhat likely	Not very likely	Not at all likely
Below-average investment performance relative to your <u>benchmark</u> , e.g. S & P 500	④	③	②	①
Below-average investment performance relative to your <u>peer group</u> , e.g. all growth funds	④	③	②	①
Below-average flow of new money into existing portfolios you manage	④	③	②	①
Below-average amount of new business	④	③	②	①
Below-average customer-service rating (however measured)	④	③	②	①
Below-average non-performance-related factors such as help with marketing, cost controls, employee development, etc.	④	③	②	①
Below-average risk control measures such as tracking error or VaR	④	③	②	①
Below-average tax efficiency/minimization	④	③	②	①

### DEMOGRAPHICS

*These last few questions are for classification purposes only!*

A. Is your age:

Under 30 1



- 30 - 39 2
- 40 - 49 3
- 50 or older 4

B. Which of the following categories best describes your educational background? **(CIRCLE ALL THAT APPLY)**

- Undergraduate 1
- MBA 2
- Non-MBA masters degree 3
- Ph. D 4

C. Which of the following professional designations have you achieved? **(CIRCLE ALL THAT APPLY)**

- Chartered Financial Analyst (CFA) 1
- Chartered Financial Consultant (ChFC) 2
- Certified Financial Planner (CFP) 3
- Chartered Investment Counselor (CIC) 4
- Personal Financial Specialist (PFS) 5
- Other \_\_\_\_\_ 6
- (NONE) 7

D. How long have you been a portfolio manager with your current firm?

- Less than 1 year 1
- 1 - 2 years 2
- 3 - 5 years 3
- 6 - 10 years 4
- 11 - 15 years 5
- 16 - 20 years 6
- Greater than 20 years 7

E. How long have you made a career as a portfolio manager?

- Less than 1 year 1
- 1 - 2 years 2
- 3 - 5 years 3
- 6 - 10 years 4
- 11 - 15 years 5
- 16 - 20 years 6
- Greater than 20 years 7

F. Is your current firm headquartered inside or outside the United States?

- Inside the US 1
- Outside the US 2

G. Do you personally work inside or outside the United States?

- Inside the US 1

Outside the US 2

H. What percentage of your personal account is currently invested in stocks? \_\_\_\_\_ %

I. Gender:

- Male
- Female

**THANK YOU VERY MUCH FOR YOUR TIME AND COOPERATION ON THIS STUDY!**

