

Who You Know Matters: Portfolio Manager Connections, Favouritism, and Incentives

by E. L. Ohneberg

Discussant: Mo Hao

Alliance Manchester Business School

ABOUT THIS PAPER

- Fund manager connections

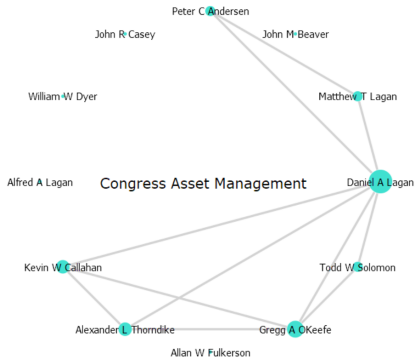


Figure 1: Within Firm Network

- Directions, weights, numbers (Opsahl et al., 2010)

SUGGESTIONS

- A better control group?

	Promotion			
	Full	PSM	Full	PSM
LN Conn./D Highly Conn.	0.815***	0.546***	0.591***	0.491***

Table 1: Manager Promotions and Connectedness

	3 Factor Alpha		4 Factor Alpha	
	Full	PSM	Full	PSM
LN Connections	-0.008	-0.027**	-0.010*	-0.034***

Table 2: Manager Connectedness and Fund Performance

- Senior managers leave, star fund managers

SUGGESTIONS

- Effort provision
 - Deviation from peers

	Sector		Beta	
	Full	PSM	Full	PSM
LN connections	-0.117*	-0.170**	-0.254**	-0.043

- Could it be measured in other ways?

	Total risk		Idiosyncratic risk	
	Full	PSM	Full	PSM
LN connections	-0.000	-0.000	-0.000***	-0.000***

Active share from Cremers and Petajisto (2009)

SUGGESTIONS

- Robustness of the connectedness measure
 - Age, locality, time spent in the fund family