

# The *Ambachtsheer* Letter

*Research and Commentary on Pension Governance, Finance and Investments*

Letter #177 October 2000

## IS *AIMR* TOO 'SELL-SIDE'?

(an unexpected sequel)

*"The reviews of your article are not favorable for inclusion in the Financial Analysts Journal, and as such, we have decided not to publish it."*

### A New Expression of Concern

In reflecting on our exit from *AIMR*'s Council of Education and Research (*CER*) last year, we wrote a *LETTER* titled "Is *AIMR* Too 'Sell-Side'?" in October 1999. In it, we expressed concern that the Association of Investment Management & Research with its 36,000 members in 80 countries was at risk of becoming too much of a single minded, uni-dimensional, all-powerful, 'sell-side' trade association.

The flashpoint was an exchange between *CER* Chair Abby Joseph Cohen and ourselves on who the true 'buy-side' of the market for investment management and research services was. Her view was that the institutional investor community was the 'buy-side', and the investment dealer community the 'sell-side'. Ours was that the institutional investor community is just as much part of the 'sell-side' as the investment dealer community. Only when you get to pension plan sponsors and members, to foundation and endowment fund beneficiaries, and to mutual fund unit-holders, do you get to the true 'buy-side' of the market.

Our view was (and is) that this distinction matters hugely in how *AIMR* views its mission. With Ms Cohen's definition, *AIMR* can neatly serve both the buy- and sell-sides of the market by looking

after the professional and financial interests of just the institutional investor and investment dealer communities. With our more inclusive definition, these communities are both part of the sell-side of the financial food chain. Now it becomes impossible to serve both the buy- and sell-sides of the market without also considering the financial interests of the true buy-side: pension plan sponsors and members, foundation and endowment fund beneficiaries, mutual fund unit-holders, etc.

When we expressed these concerns, it never crossed our minds that, exactly one year later, we would have cause to express them once again. Yet, here we are, with a new *AIMR* story, and a new expression of concern.