



PEOPLE

# Nearly Half of Investment Professionals Stop at Bachelor's Degree

10/01/2015 | Christopher Smith

A significant number of asset management professionals, including portfolio managers and analysts, haven't earned a degree higher than a bachelor's degree.

Indeed, some 39.6% of portfolio managers, analysts and other professionals across the industry haven't gone beyond a bachelor's degree in their educational pursuits, according to a new report by eVestment, which reviewed 35,000 active professionals from 4,500 asset management firms in its database. That's compared to 38.9% of investment professionals who hold an MBA and 21.5% who hold master's degrees in other fields of study, PhDs and other graduate degrees.

Portfolio managers and analysts accounted for 73.6% of the professional roles reviewed by eVestment.

"From my experience, typically the [portfolio manager and analyst] candidates have more than a bachelor's degree. I'm very surprised by that number," says David Marani, senior recruiter and relationship manager at Drum Associates, a New York-based executive recruiting firm. Typically the demand from clients is for an MBA or Masters of Science or Masters of Arts, he adds.

Current job listings for portfolio managers, including open positions at **Acadian Asset Management**, **BNY Mellon**, **BNP Paribas Investment Partners** and **UBS Global Asset Management**, seem to echo the report's findings. The academic requirements for each position aren't uniform and range from just a bachelor's to degree up to a PhD. For instance, BNP is only looking for a bachelor's degree in finance, business or accounting for its investment grade portfolio manager position, while Acadian is seeking a candidate with a graduate degree and a PhD for its associate portfolio manager opening.

Evestment's findings come at a time when fund managers are under greater pressure to separate themselves as competition grows with new firms and products entering the industry. Education or other credentials is one way to do just that in an increasingly crowded and competitive field.

In 2014 alone, the number of fund sponsors rose from 823 to 867, the highest since 2011 when the number of firms jumped from 705 to 755, according to the ICI.

In addition, more firms, such as **BlackRock**, **Calvert Investments**, **MFS**, **Goldman Sachs** and **Victory Capital**, are focused on building out their quant, smart-beta, factor-based and other data-driven investment strategies, putting a focus on identifying managers with PhDs or other degrees, such as those related to science, technology, engineering and math (STEM).



Robert Pestreich,  
managing director at  
executive search firm  
Harrison, Stone &  
Associates

In fact, the number of “strategic-beta” exchange-traded products increased from 673 to 844 for the one-year period ending June 30 2105, while worldwide assets in “strategic-beta” exchange-traded products jumped from \$396 billion to \$497 billion, according to Morningstar.

What’s more, recent research suggests the skills obtained through STEM degrees may give managers an edge over MBA graduates when it comes to their performance over time.

Yet another reason for the high number of managers and other asset management professionals without advanced degrees may be the result of their focus in obtaining more prominent credentials. That includes portfolio managers pursuing the CFA designation, which is growing in popularity, and is more cost effective than pursuing an MBA, according to some.

A record 224,000 candidates signed up for one of the three CFA exams this fiscal year, a six percent increase from last year and an all-time high for the CFA, according to John Bowman, managing director at the CFA Institute.

Roughly 10% of all portfolio managers and analysts currently hold the CFA designation.

“The CFA designation requires completing three difficult exams and is viewed, in many cases, as more relevant than an MBA,” says Robert Pestreich, managing director at executive search firm Harrison, Stone & Associates in New York. “And so, many professionals in the asset management and investment management industry will complete the CFA instead of going for an MBA degree. It’s more prestigious and costs a lot less money.”

However, fund firms aren’t looking for the CFA designation any more now than they ever did in the past, according to Marani. But it is a plus when a candidate does have the CFA designation, and it’s definitely something that’s not ignored, he says.

As far as advanced degrees, the preference is usually for an MBA, but fund firms don’t shy away from a master’s degree in arts or science, he says. On the other hand, a manager looking for PhDs is not as common unless it’s one of the quant shops that is seeking a manager.

To that end, quant manager Acadian Asset Management’s current ad for an associate portfolio manager on efinancialcareers lists a graduate degree and a preference for a PhD among the qualifications for the position.

Meantime, the open global asset allocation portfolio manager position at BNY Mellon states candidates can either have only bachelor’s degree or a master’s degree, although managers with only a BA or BS must have more investment management experience.

According to the job listing, candidates must have a “Master’s in Financial Engineering, Master’s in Business Administration, or BA/BS Degree, preferably in Finance/Economics/Accounting/Mathematics” to be considered. “CFA is a plus” and bachelor’s degree holders must have five to 10 years of investment experience, while master’s degree holders or managers with a CFA designation only need three years investment experience.

But while the degree requirements for the current job openings vary, recent research suggests that requiring an MBA may not be the best stance as portfolio managers with STEM degrees deliver better results than those managers with MBAs, a recent study concludes.

Still, when it comes to a bachelor's degree versus an advanced degree, like an MBA, Marani says firms tend to opt for a candidate with an advanced degree unless the candidate with only a bachelor's degree is outstanding.

## Ranking by Bachelor's Graduates

Universities and colleges ranked based on the total number of bachelor's graduates working in asset management as reported to eVestment

Rank	University	BA/BS	Rank	University	BA/BS	Rank	University	BA/BS
1	University of Pennsylvania	391	32	Vanderbilt University	73	62	Purdue University - West Lafayette	27
2	Harvard University	249	33	Ohio State University - Columbus	69	64	Wake Forest University	26
3	University of Virginia	195	34	University of Maryland - College Park	67	65	Rensselaer Polytechnic Institute	24
4	Cornell University	192	35	University of Washington	65	66	Baylor University	23
5	Yale University	184	36	Southern Methodist University	60	67	California Institute of Technology	20
6	Princeton University	183	36	University of Iowa	60	68	University of California - Irvine	18
7	Boston College	179	36	University of Texas - Austin	60	69	University of Miami	17
8	University of California - Berkeley	164	39	University of California - Santa Barbara	59	70	Case Western Reserve University	14
9	University of Michigan - Ann Arbor	153	40	Fordham University	58	71	American University	12
10	Dartmouth College	149	41	Northeastern University	56	72	Pepperdine University	11
11	University of Illinois - Urbana-Champaign	147	41	University of Connecticut	56	72	Yeshiva University	11
12	University of Notre Dame	143	41	Washington University in St. Louis	56	74	Clemson University	10
13	Stanford University	142	44	College of William & Mary	53	75	Worcester Polytechnic Institute	7
14	Columbia University	141	45	University of Florida	50			
14	New York University	141	46	Brigham Young University - Provo	47			
16	Duke University	137	46	Emory University	47			
16	Georgetown University	137	46	University of California - San Diego	47			
18	University of California - Los Angeles	129	49	Johns Hopkins University	44			
19	Brown University	127	49	Texas A&M University - College Station	44			
20	Penn. State University - University Park	123	51	George Washington University	42			
21	Northwestern University	107	51	University of California - Davis	42			
22	Boston University	101	53	Syracuse University	40			
22	University of Southern California	101	53	University of Rochester	40			
24	Lehigh University	95	55	Carnegie Mellon University	39			
24	Massachusetts Institute of Technology	95	55	Tulane University	39			
26	University of Minnesota - Twin Cities	91	57	University of Georgia	34			
26	University of Wisconsin - Madison	91	58	Rice University	33			
28	Rutgers, the State University of New Jersey	89	59	Virginia Tech	32			
29	Tufts University	83	60	University of Pittsburgh	31			
30	University of North Carolina - Chapel Hill	79	61	Georgia Institute of Technology	28			
31	University of Chicago	75	62	Brandeis University	27			

  

Rank	Liberal Arts College	BA/BS
1	Williams College	80
2	Middlebury College	63
3	Washington and Lee University	50
4	Bowdoin College	44
4	Colby College	44
6	Amherst College	33
6	Claremont McKenna College	33
8	Wellesley College	32
9	Vassar College	30
10	Swarthmore College	27
11	United States Naval Academy	21
12	Davidson College	20
13	Carleton College	19
13	Pomona College	19
15	Haverford College	18

Credit: eVestment Education Report

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