



KRONER CENTER FOR FINANCIAL RESEARCH

CALL FOR RESEARCH PROPOSALS

OVERVIEW:

The Kroner Center for Financial Research (KCFR, formerly known as Pacific Center for Asset Management, PCAM) at the University of California San Diego was founded in 2019 with the mission to improve the dialogue between major asset owners around the world -- including sovereign wealth funds, pension funds, foundations and their beneficiaries -- and the academic community in economics and finance. With the input of members of a CIO Advisory Council and an Academic Advisory Council, we seek to identify topics that are under-researched, but of high importance in asset management, and invite proposals for independent academic research on them. Benefits to academic researchers is financial support for relevant new research, access to new data sets and tools shared by member asset owners/CIOs, and a venue to present new research, to network with, and to gain feedback from industry experts.

TOPICS:

This year we identified the following topics for potential funding:

- *Inflation hedging through investments in real estate, infrastructure and other asset classes.* How effective are real asset classes at hedging inflation risks at short, medium and long horizons, and does their efficacy depend on the source of inflation (demand or supply shocks, monetary policy measures)? Long historical time series for alternative asset classes such as infrastructure are not readily available, so a key question is how to develop methodologies that allow us to evaluate their potential for inflation hedging.
- *Are Pension funds sufficiently diversified or subject to hidden concentration risks?* The project should develop methodologies for identifying underlying investment themes and exposures to risk factors at the total portfolio level for portfolios composed of liquid and illiquid assets. The project should also undertake an examination of the concentration risks long-term investment portfolios are exposed to and how this relates to their asset mix.
- *Private Equity Investments, liquidity, and risk management:* Pension funds have become increasingly exposed to investments in private equity. Private equity investments are notably less liquid than investments in public offerings, creating concerns about exit strategies. The increased importance of secondary markets for PE investments makes it important to understand the optimal exit strategies from PE investments, both in terms of timing and which financial instruments to use, including whether pension funds should use the secondary market to recycle invested capital into newer vintages of funds.
- *Measuring and modeling geopolitical risk.* How should geopolitical risk be reflected in long-term capital market assumptions for pension plans and endowments? How can we measure risk when there are only a few historical examples of major losses (such as investments in Russia pre and post war). Are geopolitical risks becoming more influential on capital market

returns than in past recent history and how do we quantify these risks and gauge pension plans' exposures to them?

SUBMISSION PROCESS

The Kroner Center calls for scholars to submit a proposal for a research project that addresses one of the three topics. Proposals will be reviewed by a committee drawn from the Center Academic Advisory Committee. The review committee will be chaired by Professor Allan Timmermann. The goal is to fund three projects selected from the four topics, preferably no more than one from each topic although the committee may fund multiple proposals from any of the topics. Successful proposals will be those the committee considers likely to lead to novel research outcomes that result in papers that can be submitted to top academic journals.

Proposals should be no longer than 5 pages and should describe the research idea, expected methodology to be employed, and data requirements. If a proposal is related to an existing working paper or publication by the submitter, then these are also welcome as part of the submission. Principal and co-investigators should submit updated CVs.

BENEFITS AND EXPECTATIONS FOR PROPOSAL WINNERS:

The KCFR can provide summer support for faculty, support for research assistants, assistance in procuring data sets, and expenses for attending Center meetings together with members of the CIO Advisory Council, Academic Advisory Council, and Industry Advisory Council. The KCFR is a non-profit organization and therefore cannot pay overhead or administrative fees to the universities of selected researchers.

KCFR-supported researchers are expected to provide a brief written quarterly research update on the progress of the funded research project and to be available to present a brief research update to the KCFR Advisory Councils at their semi-annual meetings (either virtually or in-person). The next semi-annual meeting is scheduled for **January, 2025**, in person in San Diego.

KCFR members include:

CIO Advisory Council

Scott Chan, California State Teachers Retirement System
Ramy Rayes & Rob Blazey, British Columbia Investment Management Corporation
Rod June, Los Angeles City Employees Retirement System
Jacky Lee, Healthcare of Ontario Pension Plan
Molly Murphy, Orange County Employees Retirement System (Chair)
Amit Prakash, Alberta Investment Management Corporation
Steve Sexauer, San Diego County Employees Retirement Association
Betty Tse, Alameda County Employees Retirement Association

Academic Advisory Council

Robert F. Engle, New York University
Itay Goldstein, University of Pennsylvania
Lisa Kremer, University of Toronto
Kathleen McGarry, UCLA
John Shoven, Stanford University
Laura Starks, University of Texas Austin
Allan Timmermann, UCSD (Chair)

Industry Advisory Council

Rui de Figueiredo & Ted Eliopoulos, Morgan Stanley
Robert Koenigsberger, Gramercy (Chair)
Stephen McCourt, Meketa Investment Group
Blair Wallace, CEO, Obra Capital.

Executive Directors: Graham Elliott and Michael Melvin, U.C. San Diego
Managing Director: Joe Sturtevant, U.C. San Diego

SUBMITTING A PROPOSAL:

To submit a proposal please send your submission by **December 2, 2024** to Joe Sturtevant at jsturtevant@ucsd.edu. The expectation is that the proposal selection process will conclude with authors informed of a decision in early December.