

FOR IMMEDIATE RELEASE**Dr. Richard O. Michaud, CEO of New Frontier Advisors, to Conduct 5-week Lecture Series, “Finance’s Wrong Turn,” with CFA Society Boston Beginning March 5**

Lectures Will Explore the Need for a Major Reset in Financial Theory and Investment Practice

Boston, MA, February 28, 2018 – In a first-ever partnership with CFA Society Boston, Dr. Richard Michaud, President and CEO of New Frontier Advisors, will deliver a series of five lectures beginning Tuesday March 6th covering a critical review of the theory and principles that guide institutional asset management in everyday practice. The heart of the new CFA Society Boston course, “Finance’s Wrong Turn: A Revisionist View of Modern Finance in Practice,” will focus on Dr. Michaud’s provocative assertion that much of the disillusionment over active management’s effectiveness can be attributed to a mid-20th century wrong turn in financial theory.

Currently, there is an industry shift taking place where investors are adopting passively managed funds at increased rates and many are starting to question the advantages of actively managed funds. In support of this thinking, Dr. Michaud argues that there is little credible evidence that active management provides superior risk-adjusted and cost-adjusted performance over relevant time horizons. He believes that the state of modern finance is closely related to the corresponding crisis in financial theory.

“Today, both finance theory and active management are in crisis,” says Dr. Michaud. “Market meltdowns, internet bubbles and ineffective active strategies are leading investors to rule-based minimal cost no-information index or fixed-factor funds. Theory, investment technology and a misunderstanding of capital markets have significantly contributed to the ineffectiveness of contemporary asset management in practice. These lectures will get to the heart of where modern finance went wrong and aims to create a useful route toward a solution.”

The lectures will reach backward in economic history and mathematical philosophy to Markowitz’s mean variance (risk) optimization theory, which altered the focus of 20th century finance from security valuation to portfolio risk management, as well as forward to 21st century financial theory, with surprising agreement among theorists across time. Dr. Michaud believes that modern finance took a wrong turn when the Capital Asset Pricing Model (CAPM) was adopted in the 1960s. He argues that CAPM theory is inconsistent with human decision-making in the real world, as well as effective investment management and portfolio optimization. However, Markowitz optimization is itself sensitive to estimation error and ineffective in practice. Thus, a resetting of the understanding of capital markets is in order.

To learn more about Dr. Michaud’s view of modern finance, please click [here](#). To register for the CFA Society Boston course, please click [here](#).

About Richard Michaud, Ph.D.

Dr. Richard Michaud is the President and Chief Executive Officer at New Frontier. He earned a Ph.D. in Mathematics from Boston University and has taught investment management at Columbia University. He is the author of [Efficient Asset Management: A Practical Guide to Stock Portfolio Optimization and Asset Allocation](#) (1998, 2nd ed. 2008 with Robert Michaud), a CFA Research Monograph (1999) on



Global Asset Management, and numerous academic and research articles available on www.ssrn.com and www.researchgate.net. He is co-holder of four U.S. patents in portfolio optimization and asset management, a Graham and Dodd Scroll winner for his work on optimization, a former editorial board member of the *Financial Analysts Journal*, associate editor of the *Journal Of Investment Management*, and former director of the "Q" Group.

About New Frontier Advisors

New Frontier is a Boston-based institutional research and investment advisory firm specializing in the development and application of state-of-the-art investment technology. Founded in 1998 by the inventors of the world's first broad spectrum, patented, provably effective portfolio optimization process, the firm continues to pioneer new development in asset allocation and portfolio selection. Based on practical investment theory, New Frontier's services help institutional investors across the globe to select and maintain more effective portfolios.

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