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## **Banque Privée Espirito Santo & Swiss Finance Institute Award Prize for Research Revealing True Performance of Mutual Funds**

**Banque Privée Espirito Santo and the Swiss Finance Institute are proud to announce the winners of a new private banking prize to finance researchers Laurent Barras, Olivier Scaillet and Russ Wermers. The prize, announced today at the Third Annual Meeting of the Swiss Finance Institute, acknowledges their research findings on the performance of mutual fund managers.**

The research highlights a gradual decline in positive performance, measured as performance minus management fees, of actively managed US mutual funds. Crucially, it identifies a novel method to reveal when good fund performance can be attributed to chance alone, and is therefore likely to deteriorate in the long term. These findings have application for banks such as Banque Privée Espirito Santo, especially for the objective selection of fund managers.

### **Art of accuracy**

The 20,000 CHF prize was received in person by Professor Olivier Scaillet, who holds a Swiss Finance Institute Research Fellowship, and Professor Russ Wermers, University of Maryland. "We thank Banque Privée Espirito Santo for acknowledging the contribution of this research to the practice of private banking," said Professor Jean-Pierre Danthine, Managing Director of the Swiss Finance Institute.

The work appears in a research paper entitled "False Discoveries in Mutual Fund Performance: Measuring Luck in Estimated Alphas". The paper can be found online in the Social Science Research Network (SSRN) Swiss Finance Institute Research Paper Series. The Series is jointly coordinated with NCCR FINRISK (Financial Valuation and Risk Management).

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**The Swiss Finance Institute** is a private foundation created in 2006 by Switzerland's banking and finance community in cooperation with leading Swiss universities. It supports and advances research, doctoral training and executive education in banking and finance. The Institute is supported by the Swiss banks, the Swiss Stock Exchange, Swiss universities and the Swiss Federal Government.

Established in Switzerland since 1977, **Banque Privée Espírito Santo** is a Swiss bank that is part of the Portuguese Group Espírito Santo, whose origins date back to 1869. Banque Privée Espírito Santo has been active in Lausanne since 1977.

The Bank has CHF 9.2 Billion in assets under management and employs a staff of 155. For more information please visit [www.espiritosanto.com](http://www.espiritosanto.com).

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