

## Asset management over the long run: UK investment trusts after the 1930s

**Supervisors:** [Dr Dimitris P Sotiropoulos](#), [Dr Daniele Tori](#), and [Professor Janette Rutterford](#),  
Department of Accounting and Finance, The Open University Business School

### Project Description:

From small beginnings, when stock market investment was dominated by individual investors, professional asset management has grown to become the backbone of modern finance. According to the Financial Stability Board, the non-bank finance sector – including different types of funds and institutional investors – has grown a fifth higher than overall banking assets, thanks to a bull market run over the past decade and a steady encroachment into parts of the financial system that was once the preserve of banks. Financialization has put professional asset management in the core of economic and social life: investing in stock and bonds on behalf of everyone from sovereign wealth funds to private investors.<sup>1</sup>

It is therefore no surprise that there has been a growing interest in the history of professional asset management. The rise of UK investment trusts (closed-end funds) in the wake of the limited liability laws of the 1850s and 1860s is one of the most interesting episodes in this history. Formed as trusts on their initial appearance in the late 1860s, by the 1880s the majority of UK investment trusts had acquired limited liability company status. These trusts generally employed a global rather than a domestic diversification strategy and promoted the principles of global ‘distribution of risk’ to the public.

This PhD project will investigate the portfolio strategies of UK investment trusts after the 1930s and expand existing research on the asset allocation of institutional investors. We welcome PhD applications from candidates wishing to explore different episodes in the asset allocation of UK investment trusts and look into how asset management approaches and strategies were affected by socio-political circumstances of the global economy. An investigation of the evolution of professional asset management will offer important insights to the understanding of modern finance. Candidates must be keen to employ a critical finance approach and develop an interdisciplinary perspective incorporating qualitative and quantitative research methodologies. Successful candidates will become part of a vibrant research community of academics and PhD students within the History and Political Economy of Business and Finance (HYPE) research cluster as well as the Open University Business School.

---

<sup>1</sup> See Financial Times, 13 April 2020: <https://www.ft.com/content/d9812fee-798a-11ea-9840-1b8019d9a987>.

## About the Supervisors:

**Dimitris P. Sotiropoulos** is Associate Dean for Research, Enterprise and Scholarship at the Faculty of Business and Law of the Open University. His research interests are focused on the relationship between political economy, economic history, and the history of economic ideas. He approaches financial innovation as a social and historical process. He is director of the History and Political Economy (HYPE) of business and finance research cluster and co-leader of the Open Political Economy Group (OPEG) at the Open University. He has worked as academic and researcher in the UK, Germany, and Greece.

**Daniele Tori** is a Lecturer in Finance at the Open University Business School. His current research focuses on processes of financialization, financial history, and social aspects of finance. He is part of the committees of the Post-Keynesian Economics Society (PKES) and of the Innovation, Knowledge, and Development research group (IKD). He is also an active member of the History and Political Economy of Business and Finance (HYPE) research cluster and the Open Political Economy Group (OPEG).

**Janette Rutterford** is Professor Emerita of Financial Management of The Open University in the UK. Prior to joining the OU, Janette worked at Credit Lyonnais as a gilts analyst, taught finance at the London School of Economics, and worked in corporate finance at N. M. Rothschild & Sons Limited. Janette's research has centered around corporate finance, investment management, and the history of finance. She has edited a number of texts and she is the author of *An Introduction to Stock Exchange Investment* (3rd edition, 2007). She was involved in a major project that investigated women's wealth and investment from 1870 to 1930. Janette's current research is on corporate governance issues, behavioral finance, portfolio diversification, the democratization of investment in the 20th century, women investors and company new issue prospectuses and has published in *Business History*, *Enterprise & Society*, *Feminist Economic*, *Accounting History*, *Financial History Review* and *Economic History Review*.

## Indicative references:

Accominotti, O. and Chambers, D. (2016). If you're so smart: John Maynard Keynes and currency speculation in the interwar years. *The Journal of Economic History* 76(2), 342-386.

Avrahampour, Y. (2015). Cult of Equity: Actuaries and the transformation of pension fund investing, 1948–1960. *Business History Review* 89, 281–304.

Baker, M. and Collins, M. (2003). The asset composition of the British life insurance firms, 1900-1965. *Financial History Review* 10, pp. 137-164.

Bogle, D. A., Coyle, C., and Turner, J. (2021). Capital market development over the long run: The portfolios of UK life insurers over two centuries. *European Review of Economic History*, [forthcoming].

Carlo, C. and Marcuzzo, M. C. (2018). John Maynard Keynes: the economist as investor. *Review of Keynesian Economics* 6(2), 266–281.

Chambers, D., Dimson, E. and Kaffe, C. (2020). Seventy-five years of investing for future generations. *Financial Analysts Journal* 76(4), 5-21.

Chambers, D. and Esteves, R. (2014). The first global emerging markets investor: Foreign & Colonial Investment Trust 1880-1913. *Explorations in Economic History* 52, 1-21.

Chambers, D. and Kabiri, A. (2016). Keynes and Wall Street. *Business History Review* 90, 301-328.

Corner, D. C. and Burton, H. (1968). *Investment and Unit Trusts in Britain and America*. London: Elek Books.

Dimson, E., Marsh, P., and Staunton, M. (2002). *Triumph of the Optimists: 101 Years of Global Investment Returns*. Princeton: Princeton University Press.

Glasgow, G. (1935) *Glasgow's Guide to Investment Trust Companies*. London: Eyre and Spottiswoode.

Michie, R. C. (1999). *The London Stock Exchange: A History*. New York: Oxford University Press.

Rutterford, J. (2009). Learning from one another's mistakes: Investment trusts in the UK and the US, 1868-1940, *Financial History Review* 16, 157-181.

Rutterford, J. and Hannah. L. (2016). The Rise of Institutional Investors. In D. CHAMBERS and E. DIMSON (eds). *Financial Market History: Reflections on The Past for Investors Today*. London: CFA Institute Research Foundation (pp. 242-263).

Rutterford, J. and Sotiropoulos, D. P. (2016). Financial diversification before modern portfolio theory: UK financial advice documents in the late nineteenth and the beginning of the twentieth century. *The European Journal of the History of Economic Thought* 23, 919-945.

Scott, P. (2002). Towards the 'cult of the equity'? Insurance companies and the interwar capital market. *Economic History Review* LV, 78-104.

Sotiropoulos, D. P. and Rutterford, J. (2018). Individual investors and portfolio diversification in late Victorian Britain: How diversified were Victorian financial portfolios? *The Journal of Economic History* 78, 435-471.

Sotiropoulos, D. P., Rutterford, J. and Keber, C. 2020. UK investment trust portfolio strategies before the First World War. *Economic History Review* 73(3), 785-814.