

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.¹

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.

¹ 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*.

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