

Analyst, Heal Thyself

Is the trade group for financial analysts, the Association for Investment Management and Research, practicing what it preaches?

To combat the bad image of stock analysts, the AIMR in July proposed "research objectivity standards," a behavior code for analysts around the world.

But at least one AIMR member says the organization itself needs some scrubbing. Bruce Jacobs, a portfolio manager at the Florham Park, N.J., investment firm Jacobs Levy Equity Management, says AIMR's own Financial Analysts Journal can be biased. He says although the journal offers valuable advice on analysis techniques, it masks that some contributors aren't objective—a scenario Mr. Jacobs says he felt firsthand. He says the journal retracted an initially positive review of his 1999 book, "Capital Ideas and Market Realities," under pressure from an editorial board member whose hedging strategies Mr. Jacobs criticized in his book.

"There are no conflict-of-interest standards that they've adopted for their institution, yet [AIMR leaders] are promoting that for their membership," he says. "Practice what you preach. They are the high priests of analyst standards."

AIMR honchos object to Mr. Jacobs's characterization. They acknowledge a review of Mr. Jacobs's book was later amended by the review's author, who "apparently got feedback from a number of people and revised his opinion," according to Katy Sherrerd, AIMR's senior vice president for educational products. But she says the review was representative only as its writer's opinion, not the journal's as a whole, and Mr. Jacobs's letters of protest were published as well.

In the end, says Pat Walters, senior vice president for professional standards, "AIMR has every intention of abiding by any standards that it puts out on the table."

—Compiled by William Power, with contributions from Kate Kelly, Kristina Zurla, Dave Kansas and Cheryl Winokur Munk.



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