In an environment of low interest rates, fluctuating market volatility and product innovation, institutional investors are seeking to identify novel sources of return while looking to manage and monitor risk more carefully. This has led to greater diversification of asset class portfolios and a requirement to better understand the multitude of investment options available.

Established in 2005, the Centre for the Analysis of Investment Risk (CAIR) is undertaking novel, world-leading research relating to investment risk. We stimulate academic debate and in turn provide institutional investors, policy makers and corporate leaders with insights and analysis that informs investment decision making.

The core objective of CAIR is to combine rigorous academic inquiry with the professional needs of private and corporate investors in both the domestic and international financial market environments.

Professor Mike Bowe
Director, Centre for the Analysis of Investment Risk

We provide a focal point for researchers working across the accounting and finance disciplines straddling several fields of research expertise. From corporate finance to auditing and risk management, corporate governance to asset pricing and investment analysis, financial reporting to communication and regulation, CAIR provides a forum for developing interdisciplinary research. This is key to projects such as the Alliance funded project ‘Reconfiguring Institutional Investment and Corporate Governance’ which highlights that different skills sets and knowledge are essential to understanding the true meaning of indexes and standards and the associated investment risks.

CAIR currently has a particular research focus on environmental, social and governance investment megatrends and aligns with The University of Manchester’s research beacon of global inequalities. For example, our research on gender and the positive influence it can have on companies and investments, and our work on integrated reporting and environmental, social and governance (ESG) disclosure for real-world benefit.

Parliamentary Committee Inquiry on Corporate Governance on the subject of ‘say on pay’.

Research in finance received the prestigious 2012 BlackRock/Brennan Best Paper Runner Up Award, the only award to UK-based academics in the Award’s history.

CAIR research is supported and funded from a diverse range of benefactors including The Bank of England, EC Marie Curie Foundation, ESRC, ICAEW, and the Institute of Financial Services.

Engage with CAIR researchers at: https://research.mbs.ac.uk/investment-risk/
Alliance MBS-funded projects
The Alliance MBS Strategic Investment Fund has recently funded a number of CAIR research projects. These include research into:

- institutional investors, financial innovation and the real economy;
- identifying new determinants of corporate risk;
- portfolio diversification and corporate finance; and
- reconfiguring institutional investment and corporate governance.

Gender diversity
Our research demonstrates that firms run by female CEOs have lower leverage and less volatile earnings and they are also more likely to remain in operation compared to firms run by male CEOs.

Corporate governance and risk
A recent paper published in the world leading finance journal, The Review of Financial Studies, reviews skilled labour’s role in shaping a business’ financing decisions, and specifically at how firms’ cash management policies are affected by their dependence on their workers’ skill levels.

Hedge funds
Our research on low risk hedge funds shows that larger hedge funds and hedge funds charging higher incentive fees exhibit lower risk, whereas hedge funds charging higher management fees, imposing longer notice periods, and stemming from large fund-families take on more risk.

Mutual funds and active management
Research recently published in the Review of Finance and The Journal of Banking and Finance highlights new dimensions of the well-documented active management underperformance puzzle.

Working with stakeholders
We work with a range of practitioners, from global asset management companies to pension administrators, Fintech companies and management consultants, and recently collaborated with State Street Global Advisers (SSGA) to study gender-based exchange traded products. Initial findings suggested that female leadership can improve an organisation’s corporate and social responsibility (especially in the areas of diversity and governance) and that gender-based investments are a new asset class.

Since 2007, CAIR has been a co-sponsor of the annual Alliance Manchester Business School London School of Economics accounting conference. Each year leading practitioners and academics come together to analyse issues such as the risks and benefits of international accounting standard harmonisation.