

## **SKBI PUBLIC LECTURE**

# **Meeting global challenges of funding retirement**

10 January 2014

**By Nobel Laureate  
Professor Robert Merton**



Supported by



Sim Kee Boon Institute  
for Financial Economics



# Programme

TIME	EVENT
4:00pm	Registration
4:30pm	<b>Welcome Address</b> Professor Arnoud De Meyer President, SMU
	<b>Public Lecture</b> by Nobel Laureate Professor Robert Merton <b>“Meeting global challenges of funding retirement”</b>
	<b>Question and Answer Session</b> Chairperson: Professor Arnoud De Meyer President, SMU
6:00pm	End of Event

**Singapore Management University**

Level 5, Mochtar Riady Auditorium,  
Administration Building, 81 Victoria Street, Singapore 188065



## About the Speaker



Robert C. Merton is the *School of Management Distinguished Professor of Finance* at the MIT Sloan School of Management and *University Professor Emeritus* at Harvard University. He was the George Fisher Baker Professor of Business Administration (1988-98) and the John and Natty McArthur University Professor (1998-2010) at Harvard Business School. Merton served on the finance faculty of MIT's Sloan School of Management until 1988. He is currently Resident Scientist at Dimensional Fund Advisors, where he is the developer of Managed DC, an integrated retirement-funding solution system with global application that addresses the deficiencies associated with traditional defined-benefit and defined-contribution pension plans. He served as an independent director on the boards of the Dimensional Funds from 2003-2009.

Merton received the Alfred Nobel Memorial Prize in Economic Sciences in 1997 for a new method to determine the value of derivatives. He is past president of the American Finance Association, a member of the National Academy of Sciences, and a Fellow of the American Academy of Arts and Sciences.

Merton's research focuses on finance theory including lifecycle finance, optimal intertemporal portfolio selection, capital asset pricing, pricing of options, risky corporate debt, loan guarantees, and other complex derivative securities. He has also written on the operation and regulation of financial institutions. Merton's current academic interests include retirement finance, financial innovation and dynamics of institutional change, controlling the propagation of macro financial risk, and improving methods of measuring and managing sovereign risk. He is the author of, *Continuous-Time Finance*, and a co-author of *Cases in Financial Engineering: Applied Studies of Financial Innovation; The Global Financial System: A Functional Perspective; Finance; and Financial Economics*.

Merton has also been recognized for translating finance science into practice. He received the inaugural Financial Engineer of the Year Award from the International Association of Financial Engineers, which also elected him a Senior Fellow. He received the 2011 CME Group Fred Arditti Innovation Award. A Distinguished Fellow of the Institute for Quantitative Research in Finance ('Q Group') and a Fellow of the Financial Management Association, Merton received the Nicholas Molodovsky Award from the CFA Institute. *Derivatives Strategy* magazine named him to its Derivatives Hall of Fame as did *Risk* magazine to its Risk Hall of Fame. He also received *Risk's* Lifetime Achievement Award for contributions to the field of risk management.

Merton received a B.S. in Engineering Mathematics from Columbia University, a M.S. in Applied Mathematics from California Institute of Technology and a Ph.D. in Economics from Massachusetts Institute of Technology. He holds honorary degrees from the University of Chicago, Claremont Graduate University, and eight foreign universities.



## **ABOUT** **PROFESSOR ARNOUD DE MEYER**

**President**  
**Singapore Management University**



Professor De Meyer is the fourth President of Singapore Management University. Previously, he was Director of Judge Business School at the University of Cambridge where he was Professor of Management Studies and Fellow of Jesus College. He was associated for 23 years with INSEAD where he held various senior academic and administrative positions, including founding Dean of INSEAD's Asia Campus in Singapore.

Professor De Meyer has a Master of Science in Electrical Engineering, MBA and PhD in Management from the University of Ghent in Belgium. He also pursued his studies as a visiting scholar at the Sloan School of Management, Massachusetts Institute of Technology (USA). His research interests are in manufacturing and technology strategy; the implementation of new manufacturing technologies; the management of R&D; how innovation can be managed more effectively; project management under conditions of high uncertainty; management and innovation in Asia; the globalisation of Asian firms; the management of novel projects; and e-readiness in Europe. His works are published widely in academic journals and books.

Professor De Meyer has been consultant to a number of companies throughout Europe and Asia. He was a member of the Singapore Economic Review Committee (2002-2003), board member of the Infocomm Development Authority (2000-2003) and Sentosa Island Corporation (2001-2002). Currently, he is an external director of Dassault Systèmes SA (France), as well as a board member of the National Research Foundation, Singapore International Chamber of Commerce, Temasek Management Services and Singapore Symphonia Company Limited. He is on the International Advisory Committee of the School of Business, Renmin University of China, as well as a member of the Academic Council of China Europe International Business School (CEIBS).



## **ABOUT** THE LATE MR SIM KEE BOON



The late Mr Sim Kee Boon was a leading member of the founding generation of civil servants who, together with Singapore's political leaders, steered the nation through a period of turbulence and uncertainty to success and stability. His lifetime of dedication to serving the community, the state and society began when he joined the British colonial service upon graduation from Raffles College with a degree in Economics.

His distinguished public career spanned more than three decades. During this time he played a key role in the Ministry of Finance (1968–74), where he ably expanded Singapore's trade and economic relations around the globe, and the Ministry of Communications (1975–84), where he was deeply involved in the building of Changi International Airport from its inception. He is remembered as a perceptive talent scout who was successful in leading and inspiring his team.

Mr Sim was Head of the Civil Service (1979–84) and a member of the prestigious Council of Presidential Advisors (2001–06). He provided the stamina and enthusiasm required to turn barren reclaimed land into the highly respected Tanah Merah Country Club. Following his retirement from the Civil Service, he continued to play a vital role in the Singapore economy by turning a home-grown ship repair company, Keppel, into a multi-national corporation with key businesses in offshore and marine, infrastructure and property.

Mr Sim passed away at the age of 78 on 9 November 2007, leaving behind his wife, Jeanette, five sons and five granddaughters.



# About Singapore Management University

A premier university in Asia, the Singapore Management University (SMU) is internationally recognised for its world-class research and distinguished teaching.

Established in 2000, SMU's mission is to generate leading-edge research with global impact and produce broad-based, creative and entrepreneurial leaders for the knowledge-based economy. It is known to be a pioneer for its interactive and technologically enabled pedagogy of seminar-style teaching in small class sizes, which remains its unique hallmark.

Home to some 8,000 students, SMU comprises six schools: School of Accountancy, Lee Kong Chian School of Business, School of Economics, School of Information Systems, School of Law and School of Social Sciences, offering a wide range of bachelors, masters and PhD degree programmes in business and other disciplines. With an emphasis on generating rigorous, high-impact cross-disciplinary research that addresses Asian issues of global relevance, SMU faculty collaborates with leading foreign researchers as well as partners in the business community and public sector through its research institutes and centres.

Through executive education, the University provides public and customised training for working professionals in meeting the needs of the economy. Close relationships with leading universities, including The Wharton School, Carnegie Mellon, the University of Pennsylvania and the University of Chicago's Booth School of Business, allow SMU to draw on their academic and research strengths in various collaborations.

The SMU city campus is a state-of-the-art facility located in the heart of downtown Singapore, fostering strategic links with the business and wider community.

[smu.edu.sg](http://smu.edu.sg)



# An Introduction to Dimensional Fund Advisors

Dimensional Fund Advisors<sup>3</sup> has been addressing complex investment challenges for more than three decades<sup>1</sup>. Dimensional's goal is to deliver cost-effective investment solutions that add value by providing continuous access to the dimensions of higher expected return. We work with our clients to understand their needs, using our extensive research efforts to help them meet their investment objectives.

## INVESTMENT PHILOSOPHY AND PROCESS

Our investment beliefs are straightforward: Securities are fairly priced in competitive markets, diversification is crucial, and investing involves trading off risks and costs with expected return.

Our goal is to add value through advanced portfolio structure and execution. We do that through a dynamic investment process that integrates portfolio design, management, and implementation.

Our global investment team shares a consistent culture and fully integrated philosophy, process, and systems across offices and regions.

## RESEARCH-BASED SOLUTIONS

Dimensional has forged deep working relationships with leading financial economists—including Eugene Fama, Kenneth French, and Robert Merton—who work jointly with Dimensional's Portfolio Management, Trading, and Research groups, in addition to serving on the Investment Policy Committee of Dimensional Fund Advisors LP. Dimensional's links to the academic community provide substantial support for our existing investment strategies and create the foundation for new investment approaches.

## ABOUT DFA

- Founded in 1981<sup>1</sup>
- \$315 Billion (USD) global assets under management<sup>2</sup>
- Clients in more than 25 countries<sup>2</sup>
- Nine offices in eight countries<sup>2</sup>
- Over 700 employees<sup>2</sup>
- Investment management is our primary business

(1) Dimensional Fund Advisors LP was founded in 1981. Its affiliate, Dimensional Fund Advisors Pte. Ltd., holds a capital markets services license (received in 2013) for fund management serving accredited and institutional investors under the Singapore Securities and Futures Act. For institutional use and for informational purposes only. This information should not be considered investment advice or an offer of any security for sale. Not for use with the public.

Robert Merton is an Advisory Board member of Dimensional SmartNest LLC, an affiliate of Dimensional SmartNest (US) LLC, which is an investment advisor registered with the US Securities and Exchange Commission.

There is no guarantee strategies will be successful. Diversification does not protect against loss in declining markets.

(2) as of September 30, 2013

(3) "Dimensional" refers to the Dimensional separate but affiliated entities generally, rather than to one particular entity. These entities are Dimensional Fund Advisors LP, Dimensional Fund Advisors Ltd., DFA Australia Limited, Dimensional Fund Advisors Canada ULC, Dimensional Fund Advisors Pte. Ltd., and Dimensional Japan Ltd. Office locations include locations with offices operated by Dimensional's separate but affiliated entities.

[www.dimensional.com](http://www.dimensional.com)



# About Sim Kee Boon Institute for Financial Economics

Established in July 2008, the Sim Kee Boon Institute for Financial Economics (SKBI) at Singapore Management University promotes the study of Financial Economics and Financial Econometrics in areas of strategic relevance to Singapore's economy and the economies of the region. A significant addition to Singapore's efforts to be a financial hub in Asia, SKBI is a leading institute for academic research with strong industry application and practical dimension in the area of financial economics.

SKBI is the anchor organisation in SMU which spearheads the Finance and Financial Markets Area of Excellence by championing interdisciplinary research, education and practice initiatives within the Finance and Financial Markets space.

[skbi.smu.edu.sg](http://skbi.smu.edu.sg)

Sim Kee Boon Institute for Financial Economics  
Level 6, School of Economics, 90 Stamford Road, Singapore 178903



[skbi.smu.edu.sg](http://skbi.smu.edu.sg)



Fax (65) 6828 1922



Email [skbi\\_enquiries@smu.edu.sg](mailto:skbi_enquiries@smu.edu.sg)



Call (65) 6828 1981 / 6808 5347