YOU CAN'T FIND SKILL IN RETURNS

DISTINGUISHING PERFORMANCE FROM THE DECISIONS THAT GENERATE THEM

A PMAR Conference Conversation

June 11, 2026

SKILL PARADOX

Skill is what clients pay for
and what asset managers sell...

Yet, little is known about skill...

Making active equity
allocations unnecessarily risky.

SKILL VERSUS LUCK

Conventional analytics do not measure skill

Resulting in over interpretation and guessing

Time to rethink skill metrics

WHAT'S BROKEN

SKILL VERSUS LUCK

THE SOLUTION

Defining Skill

SKILL = EXPERT JUDGMENT + INVESTMENT PROCESS

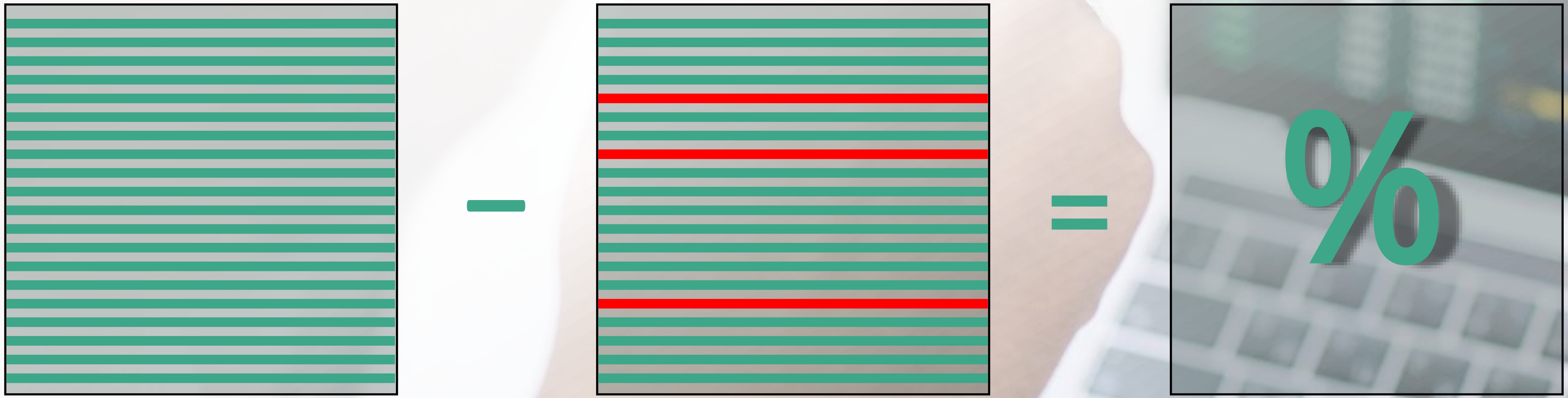
SKILL VERSUS LUCK

COUNTERFACTUALS

Box A
Actual

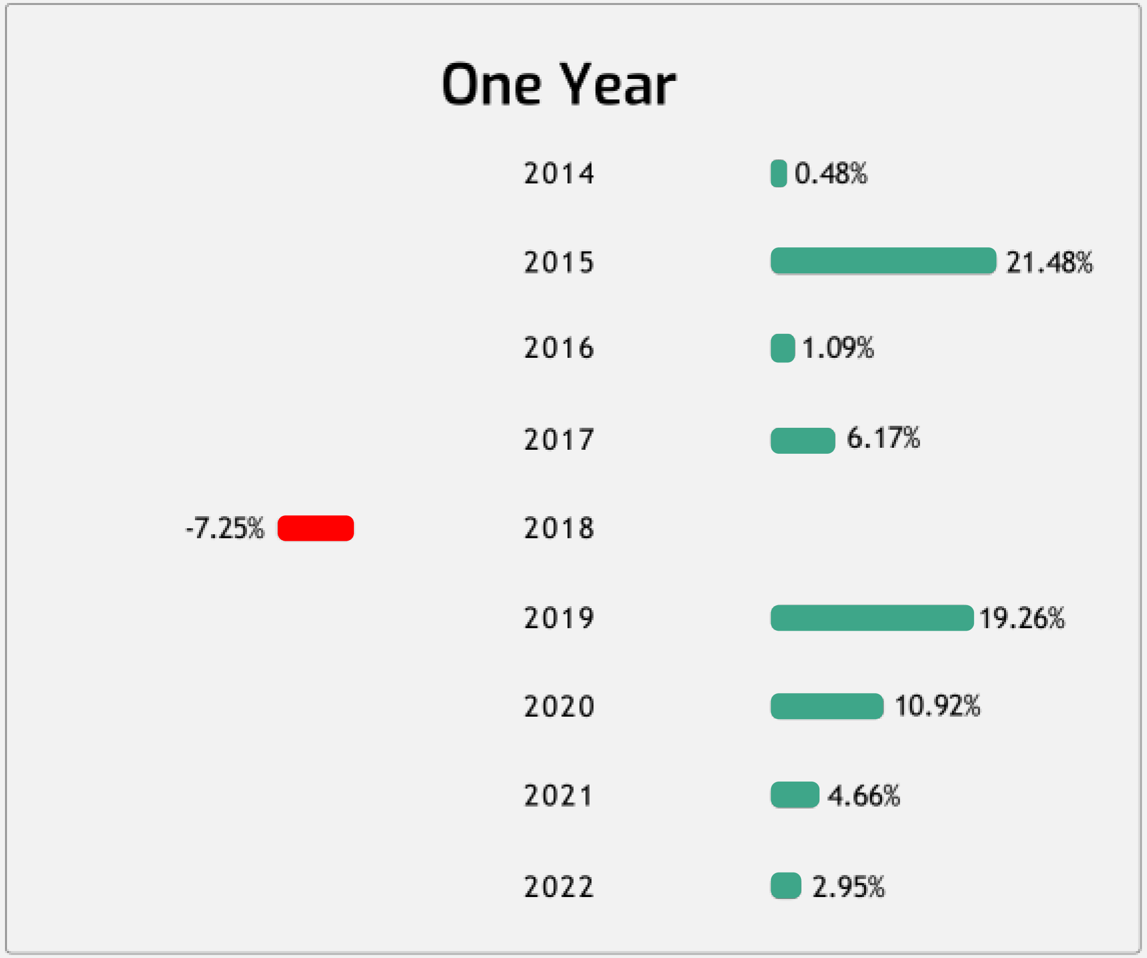
Box B
Counterfactual

Box C
Difference



BUYING

Figure 7.2 Annual Buy Skills



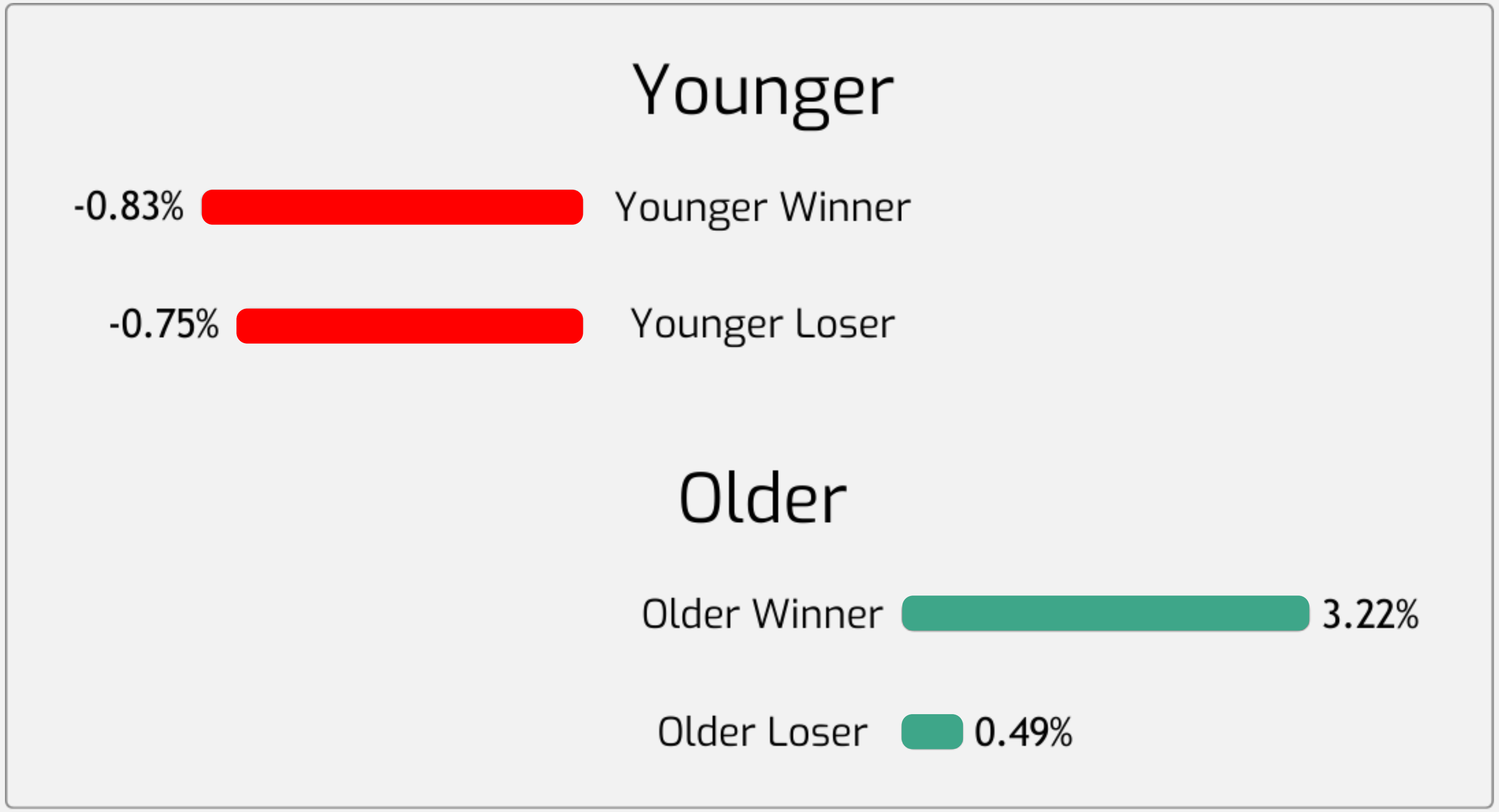
Source: Skill Versus Luck: Taking The Guessing Out Of Equity Fund Selection

Figure 7.1 Three Basic Skills

SKILL VERSUS LUCK

SELLING

Figure 9.4 Challenged By Younger Positions



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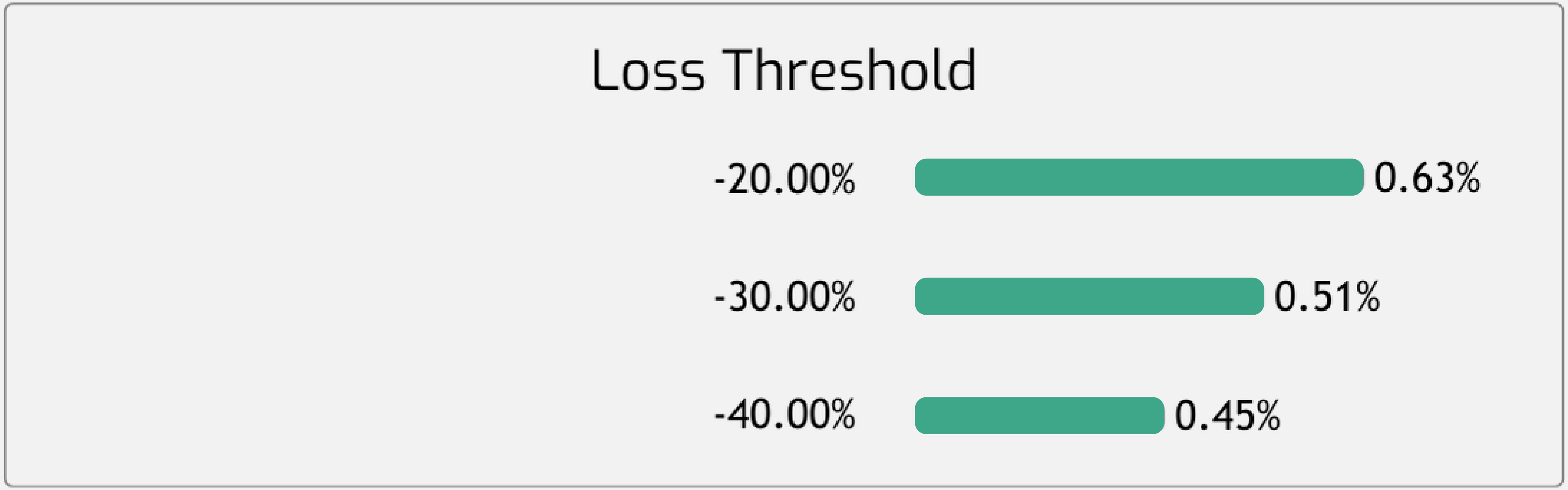
SKILL VERSUS LUCK

STOP LOSS

Figure 11.5 When Skill Abounds



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SKILL VERSUS LUCK

BETTERMENT

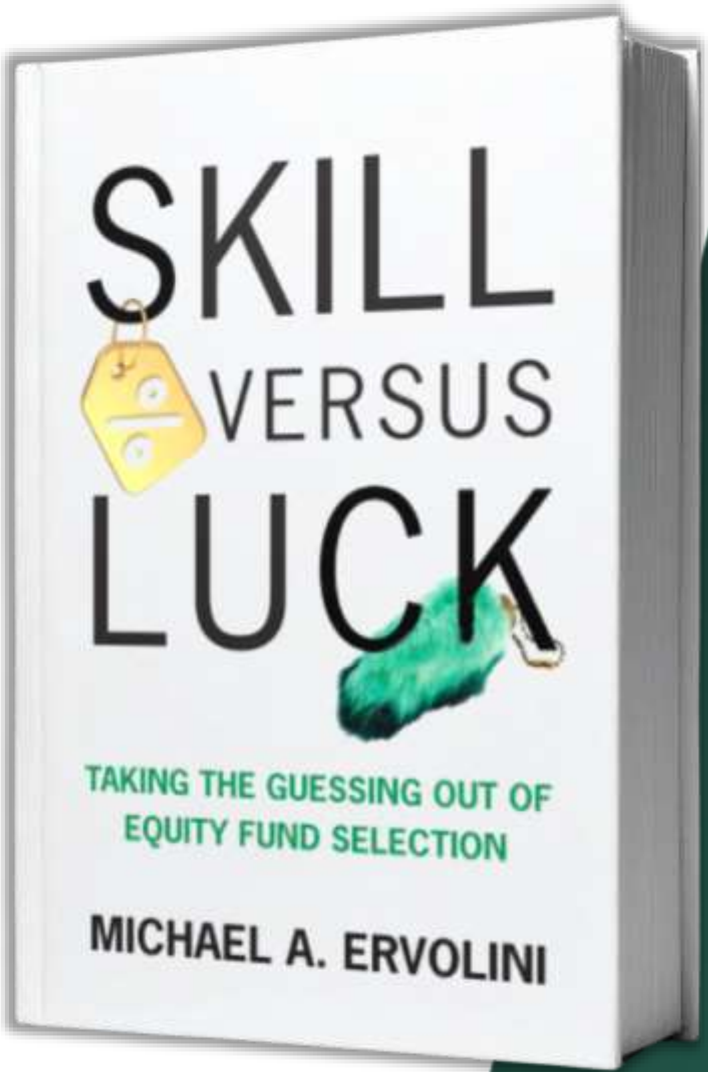
Real skill metrics

No more guessing

Enhanced performance analysis

Stronger allocations

SKILL VERSUS LUCK


SKILL
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Q&A