

SNB Annual Conference

Topic: Portfolio Management

Characters: Carol, Assistant Treasurer at a medium-sized manufacturing company
Mary Ann, Treasurer at a medium-sized manufacturing company

Carol was recently promoted to the assistant treasurer position of her medium-sized manufacturing company in Rochester, New York. One of her primary duties is to monitor the three fixed-income investment managers for her company's pension funds. She is responsible for monitoring their investment performance, for recommending allocation of the current pension funds of approximately \$2 billion (split roughly evenly among the three managers), and for new contributions added to the pension funds each month Carol reports directly to the treasurer, Mary Ann, but she will also present her analysis to the Investment Committee of the Board of Directors each quarter. Based on her analysis, she may also recommend firing a manager and selecting a new manager.

Carol was asked by one of the investment managers, SNB, to attend their annual conference for their best clients. The conference will be held during the first week of February in Vail, Colorado. The conference runs from Wednesday afternoon to late Saturday afternoon. She was told to bring her skis and her tennis racket because "there will be plenty of time for skiing and indoor tennis, since the morning sessions will end by 10:30 a.m. and the afternoon sessions will not begin until 4:30 p.m." SNB will pick up all her costs except her airfare to Vail. She is sure that she will gather some new information and a better sense of the current investment climate at the conference. But she is troubled by the possibility of an appearance of a conflict of intent if she attends a conference sponsored by one of the investment managers that she is responsible for monitoring. She also wonders whether attending the conference will taint her objectivity. Carol knows that her boss, Mary Ann, who previously was responsible for monitoring the fixed-income manager, looked forward to SNB's conferences each year. She wondered what Mary Ann would think if the new assistant treasurer decided not to attend the conference because of the possibility of a conflict of interest. Carol did not want unnecessarily to make her boss look bad. The other two investment managers tended to have less elaborate working conferences in New York City.

Should Carol accept the invitation to SNB's conference?

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