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Faces of change

These 30 people, through their ideas and research, made huge contributions to the way money managers, institutional investors and pension funds do business

THE 30 PEOPLE you will meet on these pages literally changed pension funds, institutional investing and/or money management.

Some made their contributions as many as 100 years ago, but the pioneering ideas and applications of most are recent in history, and most of those profiled still contribute to pension fund and investment management in some capacity.

All were chosen by the editors of *Pensions & Investments* because they made a difference in the professions *P&I* covers. They were chosen from a list of more than 100 worthy contenders.

The work of most of the 30 spans the greatest era of pension fund growth. In 1949, at the cusp of the development of modern portfolio theory, pension assets of corporations and state and local governments totaled \$14.4 billion. In September 2002, pension assets of the largest 1,000 totaled \$4.3 trillion.

The 30 profiled here have contributed to the sophistication of institutional investing from a variety of fields — from academics, like Eugene

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Fama with the efficient market hypothesis, to lawyers like Ian Lanoil, the architect of applying MPT to fiduciary prudence to enable risky investments by pension funds.

Their ideas and the applications by pension funds have had ramifications beyond their immediate purposes. The enactment of the Employee Retirement Income Security Act in 1974, advocated by Jacob Javits, dictated funding and accountability standards for private pension funds, which spurred the growth of the money management and consulting industries to help meet those mandates. But developments were already under way. In 1969, for instance, George Russell pioneered a new industry — strategic pension fund consulting.

In the accompanying profiles, *P&I* honors the 30 people who made the most dramatic difference in the management of pension funds and other institutional assets.

LEO MELAMED | Chairman and chief executive officer, Melamed & Associates Inc., Chicago

LEO MELAMED, widely considered the father of financial futures, fell in love with the chaos and brashness of life in the trading pits while in law school, when he worked as a runner for Merrill Lynch, Pierce, Fenner and Smith, Chicago. In 1965, after practicing law for 10 years, trading commodities part-time, Mr. Melamed chose to concentrate on futures trading at the Chicago Mercantile Exchange, where — despite having no formal training in finance and economics — he conceived of a futures market in financial instruments.

Prior to Mr. Melamed's invention, futures markets were limited to peck bellies, onions, eggs and other agricultural products. But in 1972, the International Monetary Market debuted on the Merc.

The system started with currency fu-

Leo Melamed, who had no formal financial training, created the market for financial futures at the Chicago Merc.

tures and went on to encompass the Treasury bill, Eurodollar and other interest rate futures, the Standard & Poor's 500 index futures and other stock index contracts.

According to Mr. Melamed's website, his idea got the backing of none other than Milton Friedman, the 1976 Nobel laureate in economics, in a 1976 feasibility study by Mr. Friedman that endorsed the acceptance of currency futures. Merton Miller, the 1990 Nobel laureate in economics, called the introduction of financial futures "the most significant financial innovation of the last 20 years."

Mr. Melamed was also one of the earliest supporters of electronic trading. Under his leadership, the CME sought electronic links with other international exchanges, beginning in 1984 with a link to the Singapore International Monetary Exchange. The CME debuted Globex, the world's first automated trading platform for derivatives contracts, in 1987 in the United States.

Mr. Melamed remained chairman of Globex until 1993.

He was elected to the CME's board of directors in 1967 and made chairman in 1969, a role he held for 27 years. In 1979, the University of Chicago Graduate School of Business established the Leo Melamed Prize for works of outstanding scholarship by business school professors; and in 1991, the university established the Leo Melamed endowed chair for the study of futures markets.

Mr. Melamed also backed the creation of the Commodities Futures Trading Commission, Washington, and the industry credits his political skills with saving financial futures after they were widely blamed for causing the 1987 market crash.

He is also a science fiction writer, with one published novel, *The Tenth Planet* (1987), and a sequel in the works. Mr. Melamed also published his memoirs, *Escape to the Future*, in 1996.

CHRISTINE WILLIAMSON