



Professor William F. Sharpe
1990 Nobel Laureate in Economic Sciences

Professor William F. Sharpe is the STANCO 25 Professor of Finance, Emeritus at Stanford University's Graduate School of Business. He joined the Stanford faculty in 1970, having previously taught at the University of Washington and the University of California at Irvine. In 1996, he co-founded Financial Engines, a firm that provides investment management and advice for individuals in employer-sponsored retirement plans. He currently serves on its board.

He was one of the originators of the Capital Asset Pricing Model, developed the Sharpe Ratio for investment performance analysis, the binomial method for the valuation of options, the gradient method for asset allocation optimization, and returns-based style analysis for evaluating the style and performance of investment funds.

Professor Sharpe has published articles in a number of professional journals and written seven books, including *Portfolio Theory and Capital Markets* (McGraw-Hill, 1970 and 2000), *Asset Allocation Tools* (Scientific Press, 1987), *Fundamentals of Investments* (with Gordon J. Alexander and Jeffrey Bailey, Prentice-Hall, 2000), *Investments* (with Gordon J. Alexander and Jeffrey Bailey, Prentice-Hall, 1999) and *Investors and Markets: Portfolio Choices, Asset Prices and Investment Advice* (Princeton University Press, 2007).

Professor Sharpe is past President of the American Finance Association. In 1990 he received the Nobel Memorial Prize in Economic Sciences with Harry M. Markowitz and Merton H. Miller "for their pioneering work in the theory of financial economics".

He received his Ph.D., M.A. and B.A. in Economics from the University of California at Los Angeles. He is also the recipient of a Doctor of Humane Letters, Honoris Causa from DePaul University, a Doctor Honoris Causa from the University of Alicante (Spain), a Doctor Honoris Causa from the University of

Vienna (Austria), a Doctor of Science, Economics, Honoris Causa from London Business School and the UCLA Medal, UCLA's highest honour.

From 1999 to 2002, Professor Sharpe was a Special Advisor to the Hong Kong Council of Advisors on Innovation and Technology. He is currently associated with two companies in the Cha Group, having served as a Director of C.M. Capital Corporation since 1999 and a Special Advisor to the Mingly Corporation since 2001.

Lecture topic: *Financing Retirement: Collective and Individual Approaches*

As life expectancy increases around the world, it becomes more and more important to provide for retirees – those who no longer work full time. This requires procedures for transferring goods and services from workers, who produce more than they consume, to children and the elderly, who consume more than they produce. Typically this is accomplished with some combination of social contracts and financial contracts. In stable agrarian societies such transfers may be made within a family. In more industrialized societies with lifetime employment, governments and employers may both play major roles. But in many countries, urbanization and mobility have led to increased reliance on financial instruments and institutions, with each individual responsible in large part for financing a substantial portion of his or her retirement. To be effective, such systems require educated and responsible citizens as well as trusted and transparent financial instruments and institutions. Experience to date suggests that in most countries these requirements have been only partially met. This lecture will address these issues and suggest ways in which societies might better allocate resources and risks among generations.