

VOL. 21 NO. 4 FOURTH QUARTER 2011

The SPARK Journal

A Quarterly Journal for the Retirement Plan Industry



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SPARK MEMBER PROFILE

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MESIROW FINANCIAL

Christopher O'Neill



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Chief Investment Officer, Director of Research
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Before Christopher O'Neill's financial career, he was a theoretical physicist. He's returned to his roots in physics as a hobby, but his main pursuit today is cracking the code of guaranteed retirement income products. And in this area he is a leader as the industry strives to help retirees achieve financial security.

“Even though these products have been the ‘next big thing’ for the last few years, it may be that the most recent market disruption, as well as the 2008 downturn, will serve as a wake-up call that really pushes their widespread adoption. As baby boomers retire, the need for guaranteed income products is becoming even more apparent,” Chris says.

His work in the field spans the last half-dozen years, starting when he was a research consultant at Ibbotson Associates and continuing now at Mesirow Financial, where he is chief investment officer and director of research for the Investment Strategies Division.

“In the beginning, we ran simulation studies, which were the only way to understand the behavior of these products in different circumstances. Initially, it wasn't clear to me that the benefits outweighed the costs. So one challenge has been to come up with an appropriate use of these products in an overall retirement portfolio,” Chris says. “Another barrier has been their complexity – they are very dissimilar to mutual funds which people are used to seeing on a retirement plan investment menu – but strides have been made to make them easier to understand and use.”

In fact, guaranteed retirement income products have evolved to such an extent that Mesirow Financial

provides a quantitative framework to analyze them as well as fiduciary coverage. “Mesirow offers guidance on how much should be allocated to guaranteed products and when. We're trying to do our part in advancing the understanding of these products and also provide assurances for plan sponsors and participants because how investors allocate wealth during and approaching retirement, and what products are used, can have a significant impact on their financial security.”

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Developing retirement income solutions is by no means Chris' only responsibility since joining Mesirow in 2006. One of the founders of the Investment Strategies Division, he also has been responsible for developing innovative portfolio construction and manager selection methodologies, which are used in Mesirow's fiduciary partnership services, an important component of the firm's offering.

A Career in Financial Services

Both careful planning and chance have helped determine the course of Chris' financial career, starting when he received his Ph.D. in theoretical physics from Cornell in 1996. Congress had recently defunded construction of the Superconducting Super Collider particle accelerator in Texas, which contributed to a market flooded with physicists. Many migrated to Wall Street for lucrative careers in quantitative finance. For those who blame ex-physicists for developing the complicated derivatives modeling that played a role in the 2008 market downturn, Chris is careful to point out that he chose to use his skills in a different way.

With limited options in his field, he set off for the Southwest to seek a lateral career move into applied scientific research at one of the national labs. When these opportunities did not pan out, Chris faced the need for a more radical career shift and entered finance through a different door than other physicists.

He was hired by Phoenix Home Life (now The Phoenix Companies) as a financial planner, specializing in comprehensive planning for the scientific community. Committed to his new career, he immersed himself in obtaining the necessary credentials. Today he is a CFA charter holder, a Certified Financial Planner™ Professional, and holds Financial Risk Manager (FRM) and Chartered Financial Consultant (ChFC) designations. "Ironically, the same week I had to take my Series 7 exam, I also had to submit my Ph.D. thesis," he recalls.

After five years in financial planning, Chris moved to Silicon Valley

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during the golden era of Web-based development. As a senior product manager working for a subsidiary of American Century Investments, he designed an online investment advice tool. "I very much liked what I was doing because I could use my technical background and apply what I'd learned in financial planning to develop a system that tangibly benefited people on a wide scale. That was much more meaningful to me than jobs I could have had on Wall Street."

The idea was to spin off the subsidiary as a dot-com company, but unfortunately it was early 2001. When the technology bubble burst, Chris was downsized, forcing him to broaden his scope and consider quantitative finance-type jobs. At the same time, he decided to move back East to be close to his family and focus on jobs in New York. Within a week, 9/11 hit and changed so many things, including Chris' plans.

"I know my 9/11 story is nothing to complain about compared to others. But the timing was such that I spent the next two years retraining myself in quantitative finance and doing a

lot of networking. In one meeting I remember well I asked a successful Wall Street quantitative analyst who had been a physicist – a background similar to mine – if he liked what he was doing. When he didn't really answer me, it got me thinking that I might have a hard time in quantitative finance because my heart wouldn't be in it. I needed something that more directly benefited people."

So Chris formed his own investment advisory firm, which gave him experience for the next phase of his financial career: quantitative research. Late the following year, a big break came when Peng Chen, now President of Morningstar's Global Investment Management Division, hired him as a research consultant at Ibbotson Associates. "I am grateful to him because he allowed me to make the career transition that ultimately led me to Mesirow."

Ibbotson's acquisition by Morningstar a year later prompted a small group, including Chris, to form the Investment Strategies Division at Mesirow in early 2006.

(Continued on next page)

A Passion for Theoretical Physics

Chris has had a love for physics ever since he took a college course at a summer school for the gifted after 10th grade. “It was a course in Einstein’s Special Theory of Relativity. I ‘got it.’ It opened new doors to me and, from that point on, I had to be a theoretical physicist.”

His passion took him to Princeton University, where he earned scholarships and worked throughout his four years to pay his way. “It was the mid-1980s and a very exciting time in the field. A number of theoretical predictions were developed and confirmed experimentally. People were striving to put together a theory about how everything works. I had the opportunity to rub shoulders with great scientists and future Nobel prize winners.”

Chris worked hard during the school year and in the summers as a research assistant, concentrating on gravitational physics and publishing several papers. By the time he graduated in 1988 with a bachelor’s degree in physics magna cum laude, he was ready for a break before graduate school. After six months finishing the gravitational physics research that led to his first publications, he headed to Florida where he worked at a golf course mowing the greens. “I was probably one of the most highly educated greenskeepers ever, but it was just what I needed mentally and physically before graduate school.”

At Cornell, he initially studied particle physics. But a recession and cutback in research funding raised concerns about an oversupply of graduate students in theoretical physics. As a result, he shifted to accelerator physics, an area that combined theory and application and held the promise of more positions down the road. During this period, he worked with Yuri Orlov, the famous Russian dissident, with whom he co-authored his next two publications.

A chance encounter with now well-known string theorist Brian Greene – then a brand-new Cornell professor – steered Chris back to his earlier passion for purely theoretical physics. He became Greene’s first student and spent the remainder of his graduate work in the field of quantum field theory. He earned his master’s degree in theoretical physics in 1993 and his Ph.D. three years later.

On the Personal Side

Growing up in Virginia Beach, VA, Chris was greatly influenced by the military facilities surrounding him. “From the earliest time I can remember, I wanted to do something related to fighter jets. Two of my favorite childhood pursuits were going to air shows and building model airplanes. Once my academic side kicked in, I wanted to be an aerospace engineer.” His interest was solidified when he won a regional science fair award and was rewarded with a two-week visit to the NASA Langley Research Center.

Today, his research at Mesirow has rekindled his love for theoretical physics.

Chris has had a love for physics ever since he took a college course at a summer school for the gifted after 10th grade.

He’s been catching up on his reading and says he’d like to be more active, especially if he finds he can still make a contribution.

Chris lives in Chicago but spends a lot of time travelling to be with family and friends in Virginia and Maryland. He’s also a big film buff, a lifelong weight lifter, a dog lover, and, of late, a student of poker and blackjack, inspired by chance trips to Las Vegas. “Both are fascinating games with mathematical complexity and, while I’m not that good, I am persistent. So I think there’s hope for me yet.” ■

Mesirow Financial

Mesirow Financial is a diversified financial services firm headquartered in Chicago. Founded in 1937, it is an independent employee-owned firm with offices across the country and in London. With expertise in Investment Management, Global Markets, Insurance and Consulting, Mesirow Financial strives to meet the financial needs of institutions, public sector entities, corporations and individuals.

Mesirow’s Investment Strategies Division specializes in creating investment strategies designed to enhance risk and return objectives for the investors of its clients. The group’s professionals also provide independent, third-party consulting services that present robust asset allocation strategies, manager selection and fiduciary partnership services to insurance companies, defined contribution providers, broker/dealers and mutual fund companies. For more information about Mesirow Financial, visit mesirofinancial.com.