

Boston Partners' Daniel Farren Published in Pensions & Investments

In January, Boston Partners' Daniel Farren published a contributed article in *Pensions & Investments* that highlights why diversification, borne out of rigorous analysis and high conviction, can yield returns in line with far more concentrated portfolios, though with lower risk and reduced volatility.

The article, "Active Management: Revisiting the Publicized Merits of Concentrated Portfolio Construction," explains why that the diversification puzzle is far less black and white than many portray it to be. Farren also underscores that an efficient frontier exists in which a portfolio can hold a meaningfully higher number of stocks than most concentrated portfolios, while also delivering idiosyncratic, stock-level alpha through investments in high-quality assets marked by sound fundamentals, positive business momentum and attractive valuations.

"Very simply put, if a high-active-share portfolio of 80 to 160 stocks — selected as part of a disciplined, bottom-up research process — is enhanced by robust quantitative capabilities, a byproduct will be a portfolio with similar and perhaps better risk-adjusted returns than portfolios comprising 25 to 40 stocks," Farren wrote.

[Read the full article at pionline.com.](#)

Daniel Farren is a senior portfolio analyst for Boston Partners. He joined the firm from Alliance Bernstein in New York where he spent over three years in a sales capacity covering Hedge Funds and concentrating on Event Driven Research. He holds a B.A. in history and political science from Tufts University and an M.B.A. from the Kellogg School at Northwestern. He has twenty-two years of industry experience.

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