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PRINT

February 22, 1999 12:00 AM

MORE COMPARISONS: UNIVERSE WILL GET BIGGER IF WILSHIRE GETS ITS OWN WAY; ADMINISTRATOR WANTS MORE DATA IN TUCS

By Steve Hemmerick



SANTA MONICA, Calif. -- [Wilshire Associates](#) is pressing custody banks to include more performance data in its Trust Universe Comparison Service, a move that might ensure TUCS' pre-eminence over the planned performance universe of competitor State Street Bank & Trust Co.

Robert Raab, a senior vice president at Wilshire Associates, which administers TUCS, is trying to "reach a conclusion" with TUCS members for a potentially huge increase in TUCS data.

Most TUCS members polled so far favor an expansion in data, said Mr. Raab.

TUCS data now is limited to data held in custody by bank members of TUCS. Wilshire wants to expand its sources of data. A major potential source would be plan or endowment performance data that consultants have.

Data from European money managers, who aren't members of TUCS and that serve as custodians for European plans might be included as well. The increase in data potentially could be large enough to allow TUCS clients to build significantly more precise --and possibly

unmatched -- performance comparisons in areas where there now is little data, Mr. Raab said.

TUCS could include data not only from Wilshire's own consulting division, but also from other major pension consultants.

However, Wilshire and TUCS members need to act fast. The new strategy comes as Wilshire and some other TUCS members seek to prevent serious damage from State Street.

State Street shift

In October, Laurette M. Bryan, a State Street senior vice president, said State Street was pulling out of TUCS to start a competitive, online service called State Street Universe and all but predicted TUCS' eventual demise (Pensions & Investments, Oct. 5). She predicted other big banks also might eventually pull out, leaving TUCS with only smaller custody banks.

For 20 years TUCS has been the 800-pound gorilla of performance database universes, a master trust bank cooperative universe with more than \$1 trillion in pension assets. But TUCS suffers in the view of some pension executives from lack of speed and flexibility.

Client concerns

State Street Universe data would come faster -- over the Internet -- than TUCS data and would allow clients to build their own universes instantly, Ms. Bryan said. Moreover, State Street Universe would give users information about which plans make up the universe -- critical information for institutional investors seeking apt comparisons. TUCS doesn't, and can't under its current policies, identify individual funds in its universe.

But State Street's plans hit a serious roadblock when nervous clients late last year objected to the bank's immediate pullout from TUCS. Clients wanted more time to study State Street's new product.

At a meeting of custody clients after announcing plans to pull out of TUCS, State Street issued a "clarification," stating it would not pull out of TUCS for the time being, said Eileen Okada, an investment officer at the \$88 billion [California State Teachers' Retirement System](#), Sacramento.

Hannah Rose, a State Street spokeswoman, confirmed State Street's change in plans. But she declined to give figures on how many State Street clients are expected to sign up for the new universe, which is expected to come out this quarter.

Among big pension funds that could opt for State Street Universe are CalSTRS; the \$145 billion [California Public Employees' Retirement System](#), Sacramento; the \$21.2 billion [Massachusetts Pension Reserves Investment Management Board](#), Boston; the \$46 billion

Washington State Investment Board, Olympia; and dozens of other public and private pension funds and endowments.

Patrick Mitchell, CalSTRS chief investment officer, said the fund is concerned about whether the State Street Universe will be comparable with TUCS.

"We use TUCS and we are trying to compare this year to last year," he said. "If it is not the same universe, those comparisons become certainly less useful."

Time is short

"I think we all have the same general concerns, and that is if you start a new product, you want to be sure that the back-testing will give you reliable data and that with something like this you want to run parallel (universes) for a while just to give you the comfort that the numbers are reliable," he said.

But executives at Wilshire and other big banks know time is short. Wilshire isn't scheduled to come out with its own Internet-delivered performance universe product, TUCS 2000, until the second quarter. And TUCS, unlike State Street, still must first gather performance data from most of its 20 members before it can begin processing it. Because State Street's planned universe would include only State Street clients, the firm could turn out its performance data almost immediately after collecting it.

The need for speed

But once the data are in hand, Wilshire's computing power and Internet delivery could mean a sharp cut in delivery time. Instead of it taking three successive weekends to compile all of the data from TUCS members, Wilshire will soon do it in three successive nights and then send it through the Internet to TUCS members, Mr. Raab said. TUCS members can, in turn, transmit the data to clients with "the click of a mouse button."

Quick delivery could be a big plus for TUCS information. "We would like it to come more quickly. Here it is Feb. 11 and we don't have the TUCS books yet," Mr. Mitchell said.

Although State Street hasn't started up its universe yet, Mr. Mitchell noted, it had CalSTRS' numbers Jan. 15 or 16.

But the giant data expansion plans of Wilshire need TUCS members' approval. Originally, Mr. Raab said, TUCS was limited to data from plans for which TUCS members are custodians. The reason for that rule was that TUCS members feared double-counting of information if data in other databases, such as those of consultants, were added. But with new speed in computing power, computers can pick out and eliminate double-counting.