

2016 HARRY M. MARKOWITZ AWARD WINNERS NAMED BY THE JOURNAL OF INVESTMENT MANAGEMENT AND NEW FRONTIER ADVISORS

Nobel Prize Winners Harry M. Markowitz, Robert C. Merton, Myron S. Scholes, and William F. Sharpe make up Special Selection Panel.

Top prize goes to a paper on the cash flow performance of private vs. public equity from the 1990s to the present.

Lafayette, CA—January 31, 2017—The *Journal Of Investment Management* and New Frontier Advisors today announced the winners of the 2016 Harry M. Markowitz Award as determined by a Special Selection Panel composed of Nobel Prize winners Harry M. Markowitz, Robert C. Merton, Myron S. Scholes, and William F. Sharpe.

For 2016, top recognition was awarded to Robert S. Harris, Tim Jenkinson, and Steven N. Kaplan for **“How Do Private Equity Investments Perform Compared to Public Equity?”** Dr. Harris is the C. Steward Sheppard Professor at the University of Virginia’s Darden School of Business, Dr. Jenkinson is Professor of Finance at the Said Business School in Oxford University, Dr. Kaplan is the Neubauer Family Distinguished Service Professor of Entrepreneurship and Finance at the University of Chicago’s Booth School of Business. Their paper describes the merits of investing in private versus public equity using cash flow data formed between 1984 and 2010 of 1,800 North American funds and over 300 European using Burgiss data. Average buyout fund returns have exceeded those from public markets averaging about 3% to 4% though post-2005 returns have been roughly equal to those of public markets.

Special Distinction Awards

The two Special Distinction Awards were given this year to **“It’s Easy to Beat the Market,”** by Dr. Moshe Levy, professor of finance and banking at the Hebrew University of Jerusalem’s Jerusalem School of Business Administration, and **“Market Risk, Mortality Risk, and Sustainable Retirement Asset Allocation: A Downside Risk Perspective,”** by W. V. Harlow, Head of Strategic Solutions for Empower Retirement, and Dr. Brown, University Distinguished Teaching Professor & Faye Sarofim Fellow at the McCombs School of Business at the University of Texas at Austin.

In the first paper, the author challenges the perception that it is hard to beat the market portfolio. He compares a number of randomly constructed and passively held portfolios and finds that 69% of these random portfolios yield higher Sharpe ratios than the market.

In the second paper, the authors address optimal asset allocation for retirement investors by concentrating on retirement funding shortfalls. They find that appropriate equity allocations range from five to 25 percent. They conclude that higher equity allocations significantly underestimate the risks that higher-volatility portfolios pose to the sustainability of retirement savings and incomes.

“The 2016 Markowitz Award winners have focused on very relevant issues for investors, with the potential for making a fundamental impact on the investment decisions of institutions and individuals,” said Dr. Richard Michaud, President and Chief Executive Officer at New Frontier Advisors.

“We are proud to support the Awards that recognize the important contributions of the winning authors.”

The 2016 Awards will be presented at the upcoming JOIM Conference March 12-14 in San Diego, CA. The themes of this spring’s conference are the “Legacy of Jack Treynor, the Future of Active Management, and China Investing.” <https://www.joim.com/conference-series/>

“Now in their seventh year, the Harry M. Markowitz Awards continue to recognize the ideas, scientific research, and intellectual progress that epitomize the spirit and innovation of Harry himself,” said Gifford Fong, editor of JOIM and President of Gifford Fong Associates. “We look forward to honoring the winners of this prestigious award.”

About the Harry M. Markowitz Award The Harry M. Markowitz Award (sponsored jointly by the *Journal Of Investment Management* and New Frontier Advisors, LLC) recognizes the seminal and transcendent impact of Dr. Markowitz’s work as a financial economist and mathematician on both theoretical finance and the practice of asset management. The award has been established to honor his legacy and to support future research and innovation in practical asset management. Candidates for the annual award are chosen from among papers published in JOIM in a calendar year. Final selection consists of Nobel laureates Harry M. Markowitz, Robert C. Merton, Myron S. Scholes, and William F. Sharpe. An honorarium of \$10,000 will be bestowed to the winning paper. Two additional finalist papers will receive a Special Distinction Award along with a \$5,000 honorarium.

About New Frontier Advisors New Frontier Advisors (NFA) is a Boston-based institutional research and investment advisory firm specializing in the development and application of state-of-the-art investment technology. Founded in 1999, NFA is a pioneer in ETF-based global model portfolios for advisors and their clients. NFA principals are the inventors of the Michaud Efficient Frontier optimizer, a broad spectrum, patented, provably effective portfolio optimization process. With four U.S. patents, NFA continues to pioneer advanced yet practical investment technology and research in asset allocation and portfolio management.

About JOIM The *Journal Of Investment Management* (JOIM) (established in 2003) is a high quality, fully refereed publication, which bridges the theory and practice of investment management. The JOIM offers rigorous research with practical significance, drawing from the disciplines of finance, economics and accounting. Special issues on timely topics including distinguished authors who have both impressive academic and professional experience are a highlight. Our overall goal is to be mindful of the need to present the very best quality material in a form appealing to the practitioner, student and academic.

About the JOIM Conference Series The mission of the JOIM Conference Series (founded in 2006) is to extend the mandate of the *Journal Of Investment Management* (JOIM) in bridging the theory and practice of investment management. Whereas the JOIM journal is a rigorous peer reviewed publication, the JOIM Conference Series showcases very high quality presentations and a platform for interactive discussions of current topics in the investment management arena. Prevalent throughout both activities is the highest quality material suitable for the academic, practitioner and student.