N E W S

AQR Announces Winners of Seventh Annual Insight Award

June 28, 2018

AQR Capital Management, LLC ("AQR") today announced the winners of its seventh annual AQR Insight Award, which honors exceptional academic papers that offer original, intelligent approaches to issues in the investment world.

This year, the authors of two papers share first place and the $100,000 prize:

- **"International Currencies and Capital Allocation"** by Matteo Maggiori, Harvard University, NBER and CEPR; Brent Neiman, University of Chicago Booth School of Business and NBER; and Jesse Schreger, Columbia University Graduate School of Business and NBER.

- **"Taming the Factor Zoo"** by Guanhao Feng, City University of Hong Kong College of Business; Stefano Giglio, Yale School of Management, NBER and CEPR; and Dacheng Xiu, University of Chicago Booth School of Business.

"The AQR Insight Award embodies our firm's academic roots, culture of intellectual curiosity and application of innovative research ideas," said David Kabiller, CFA, Co-Founder of AQR Capital Management. "Since its inception seven years ago, the Insight Award has counted many renowned academics among its recipients. We are pleased to honor this year's winners, whose research advances the boundaries of financial knowledge, and congratulate them on this achievement."

Both winning papers produced novel insights and demonstrated rigorous research. The authors of "International Currencies and Capital Allocation" introduced a new dataset representing global investment for 25 countries, finding that, while investors have a strong home currency bias, the exception is an international preference for the U.S. dollar. This preference has strengthened since the 2008 global financial crisis, which highlights the rising role of the U.S. dollar in international finance and the increased benefits to U.S. firms.

In "Taming the Factor Zoo," the authors proposed a new methodology based on machine learning and model selection techniques, which allows researchers to systematically test and evaluate potential new factors for asset pricing. Using this new approach to evaluate a large set of factors proposed in academic literature, they revealed that only a small number are significant.

The winners of the seventh annual AQR Insight Award were chosen through a highly selective and rigorous review process. After narrowing the finalists to five papers, those authors were invited to AQR to present their research to senior members of the firm, who then deliberated and chose the winners.

In recognition of being among the top five papers this year, the following papers earned the distinction of honorable mention:

- **"Asset Mispricing"** by Kurt F. Lewis, Federal Reserve Board of Governors; Francis A. Longstaff, UCLA Anderson School and NBER; and Lubomir Petrasek, Federal Reserve Board of Governors.

- **"A Measure of Risk Appetite for the Macroeconomy"** by Carolin Pflueger, University of British Columbia; Emil Siriwardane, Harvard Business School; Adi Sunderam, Harvard Business School and NBER.

- **"Opportunism as a Firm and Managerial Trait: Predicting Insider Trading Profits and Misconduct"** by David Hirshleifer, University of California Merage School of Business, and Usman Ali.

For more information about the AQR Insight Award and this year's winning papers, visit aqr.com/insightaward

About AQR
AQR is a global investment management firm dedicated to delivering results for our clients. At the nexus of economics, behavioral finance, data and technology, AQR's evolution over two decades has been a continuous exploration of what drives markets and how it can be applied to client portfolios. The firm is headquartered in Greenwich, Connecticut, with offices in Boston, Chicago, Hong Kong, London, Los Angeles, and Sydney. As of March 31, 2018, AQR and its affiliates had approximately $225 billion in assets under management.

This is being provided solely for information purposes and does not constitute an offer or solicitation of an offer, or any advice or recommendation, to purchase securities or financial instruments, and may not be construed as such or serve as the basis of any investment decision.