



NEWS

AQR Announces Winners of 2019 Insight Award

July 1, 2019

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

This year, first prize was awarded to **“Can the Market Multiply and Divide? Non-Proportional Thinking in Financial Markets”** by authors Kelly Shue, of Yale University and NBER, and Richard R. Townsend of University of California San Diego. The paper was awarded a \$50,000 prize.

Additionally, two papers were recognized as distinguished papers, sharing second place. Each paper was awarded a \$25,000 prize: **“The Price Effect of Sea Level Rise”** by Asaf Bernstein from the University of Colorado at Boulder Leeds School of Business, Matthew Gustafson of Pennsylvania State University, and Ryan Lewis from the University of Colorado at Boulder Leeds School of Business, and **“Shared Analyst Coverage: Unifying Momentum Spillover Effects”** by Usman Ali of MIG Capital and David Hirshleifer from the Merage School of Business, UC Irvine.

The AQR Insight Award was founded in 2012 and in that time, 28 of the 35 finalist papers have gone on to be published in the leading academic journals in finance and economics such as the Journal of Financial Economics, Journal of Finance, Review of Financial Studies, Journal of Political Economy, Quarterly Journal of Economics and American Economic Review.

“This year’s AQR Insight Award winners are in impressive company. That so many of our winning papers have been published in the world’s leading academic journals is a testament to the high standards of excellence the award exemplifies,” said David Kabiller, Co-Founder of AQR Capital Management. “We congratulate the authors for this achievement and thank them for their contributions to financial research.”

First prize winner, “Can the Market Multiply and Divide? Non-Proportional Thinking in Financial Markets” was awarded for exploring the impact of non-proportional thinking, where investors might react more to dollar changes rather than return changes, since most financial news is quoted in dollars. The authors find that investors underreact to news on high-priced stocks and overreact to news on low-priced stocks and that volatility rises sharply following stock splits and falls following reverse splits. The evidence suggests that many pricing patterns may be partly reflecting this bias, and that further work will distinguish these effects from others.

Distinguished papers, “The Price Effect of Sea Level Rise” examines how climate change concerns can impact the value of long-run cash flows using unique data on coastline property prices, and “Shared Analyst Coverage: Unifying Momentum Spillover Effects” studies how stocks connected by shared analyst coverage are linked in terms of fundamental and pricing dynamics.

The winners of the eighth annual AQR Insight Award were chosen following a highly selective process. After narrowing the finalists to five papers, the authors were invited to AQR to present their research to the AQR Insight Award Committee, a panel of 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 were given the distinction of honorable mention:

“Fund Tradeoffs”

Lubos Pastor, University of Chicago Booth School of Business, NBER
Robert F. Stambaugh, Wharton School of the University of Pennsylvania, NBER
Lucian A. Taylor, Wharton School of the University of Pennsylvania

“Risk Price Variation: The Missing Half of the Cross-Section of Expected Returns”

Andrew Patton, Duke University
Brian Weller, Duke University

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

The 2020 Insight Award Call for Papers will begin in August 2019.

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 Bangalore, Boston, Chicago, Frankfurt, Hong Kong, London, Los Angeles, Sydney and Tokyo. As of March 31, 2019, AQR and its affiliates had approximately \$203 billion* in assets under management.

**Approximate as of March 31, 2019, includes assets managed by AQR and its advisory affiliates.*

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.