AQR Announces Winners of 2021 Insight Award

July 8, 2021

AQR Capital Management, LLC ("AQR") today announced the winners of the 2021 AQR Insight Award, which recognizes and rewards exceptional academic papers that offer original, intelligent and innovative approaches to practical issues in the investment world.

This year, first prize was awarded to "**In Search of the Origins of Financial Fluctuations: The Inelastic Markets Hypothesis**" by authors Xavier Gabaix of Harvard University and Ralph Koijen of the University of Chicago Booth School of Business. The paper was awarded a $50,000 prize.

Additionally, two papers were recognized as distinguished papers, sharing second place: "**Five Facts About Beliefs and Portfolios**" by authors Stefano Giglio of Yale School of Management, Matteo Maggiori of Stanford University Graduate School of Business, Johannes Stroebel of New York University Stern School of Business, and Stephen Utkus of Vanguard; and "**Sustainable Investing in Equilibrium**" by Lubos Pastor of University of Chicago, Robert F. Stambaugh of The Wharton School of University of Pennsylvania, and Lucian Taylor of University of Pennsylvania. Each paper was awarded a $25,000 prize.

The AQR Insight Award was founded in 2012 and since that time, 37 of the 41 finalist papers, including 11 first prize 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.*

"In one of the most competitive years since the award's inception, these winning papers each reflected significant and practical applications of academic research," said David Kabiller, Co-Founder of AQR Capital Management. "That so many of our Insight Award winners go on to be published in the leading journals speaks to the standard of excellence the AQR Insight Award continues to represent and the academic community's high regard for the award."

This year's recognized papers cover a diverse set of important topics in investment management and represent rigorous, outstanding research that improves the understanding of these issues. First prize winner, "**In Search of the Origins of Financial Fluctuations: The Inelastic Markets Hypothesis**," develops a framework to theoretically and empirically analyze the fluctuations of the aggregate stock market, exploring the simple, important topic of how the quantities traded affects prices. The paper finds a rather stunning result that prices are far more responsive to traded quantities than implied by standard economic theories, which assume that prices are fairly resilient to trading, especially in aggregate. This finding is important for furthering the understanding of how and why prices move in financial markets and has implications for trading and rebalancing, as well as for the dynamic price changes we see in markets. This line of inquiry should spark a broader investigation on the topic of price elasticity that we believe is critical to better understanding markets.

Distinguished paper "**Five Facts About Beliefs and Portfolios**" shares five findings based on a survey administered to a large panel of wealthy retail investors, and provides useful guidance for the design of a macro-finance model; and "**Sustainable Investing in Equilibrium**," also a distinguished paper, brings systematic rigor to ESG investing, offering economic intuition for what happens and why.

The winners of the AQR Insight Award were chosen following a highly selective process. After narrowing the finalists to five papers, the authors presented 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: "**A Quantity-Driven Theory of Term Premia and Exchange Rates**" by Robin Greenwood, Samuel Hanson, Jeremy Stein, and Adi Sunderam, all from Harvard University; and "**Deep Learning in Asset Pricing**" by Luyang Chen, Markus Pelger, and Jason Zhu, all from Stanford University.

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 Bangalore, Munich, Hong Kong, London and Sydney.