

Roger Ibbotson Receives Best Perspectives Award From the CFA Institute Financial Analysts Journal

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May 23, 2011, 10:37 ET

CHICAGO, May 23, 2011 /PRNewswire/ -- Morningstar, Inc. (NASDAQ: MORN), a leading provider of independent investment research, today announced that the *CFA Institute Financial Analysts Journal (FAJ)* has selected "The Importance of Asset Allocation" by Roger Ibbotson for its Best Perspectives Award. Ibbotson's opinion article is based on the companion research paper, "The Equal Importance of Asset Allocation and Active Management," both of which appeared in the March/April 2010 edition of the *FAJ*. Roger Ibbotson, Ph.D., CFA, is founder of Ibbotson Associates, chairman and chief investment officer of Zebra Capital Management, professor of finance at the Yale School of Management, and advisor to Morningstar, Inc. He worked with members of Morningstar's Investment Management division, including James Xiong, CFA, senior research consultant; Thomas Idzorek, CFA, chief investment officer; and Peng Chen, Ph.D., CFA, president, to author both papers. This is the eighth award from the *FAJ* won by a Morningstar or Ibbotson researcher.

The importance of asset allocation to returns has been the subject of considerable debate and misunderstanding since the seminal work of Brinson, Hood, and Beebower in 1986. Ibbotson's opinion article, "The Importance of Asset Allocation," provides an overview of the impact of long-term asset allocation policy relative to active management on portfolio performance. The longer research paper strives to pinpoint one of the primary sources of confusion surrounding the importance of asset allocation and provides a model to quantify the impact. Ibbotson, Xiong, Idzorek, and Chen find that return variations in portfolios are driven primarily by the overall market. But, after removing this common market factor, on average about half of the return variations for typical funds come from "detailed" asset-allocation decisions, like the

value-growth tilt in a portfolio, and the other half from active management. The complete papers can be found at www.cfapubs.org.

"For many years, Roger, James, Tom, and Peng have been at the forefront of asset allocation research, producing innovative, groundbreaking work that has real-world applications for advisors, money managers, and individual investors," said Joe Mansueto, chairman and chief executive officer of Morningstar. "We're thrilled that the *FAJ* recognized this research and its contribution to the field with this most prestigious honor."

Awarded by the *FAJ*'s Advisory Council and Editorial Board, the Best Perspectives Award is given in recognition of the timeliest and most thought-provoking opinion article of excellence in research and financial writing. The *FAJ* is published six times a year by CFA Institute, the global association of more than 100,000 securities analysts, portfolio managers, strategists, consultants, and other investment specialists. The *Journal* advances the knowledge and understanding of the practice of investment management through the publication of high-quality, practitioner-relevant research.

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