MANIFOLD PARTNERS

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Manifold Partners' Scientific Advisor Dr. Terry Marsh Honored by the 18th Annual Bernstein Fabozzi / Jacobs Levy Awards

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SAN FRANCISCO--**Manifold Partners LLC**, is pleased to announce that **Dr. Terry Marsh**, a member of the firm's Scientific Advisory Board, was recognized for his co-authorship of the article, *Alpha Signals, Smart Betas, and Factor Model Alignment* in *The Journal of Portfolio Management*. Published in a special Quantitative Equity Strategies Issue from May 2016, the article was recognized as an "Outstanding Paper" in this year's **Bernstein Fabozzi / Jacobs Levy Awards**.

In *Alpha Signals*, Dr. Marsh and co-author **Dr. Paul Pfleiderer** investigate smart beta and risk model forecasting. By exploring drivers of return and corresponding risk factors, they explain how different types of portfolio strategies require different considerations to account for potential areas of misalignment of alpha and risk factor exposures. Using calibrated examples, they demonstrate the potential magnitude of omission or commission errors. They argue that understanding the sources of returns is paramount to accurately applying a risk model in portfolio management.

In the words of the authors, "in some circumstances portfolio construction can be improved by risk model adjustments—but making mechanical adjustments without good understanding of forecasted returns can make things worse." In addition to his advisory position at Manifold, Dr. Marsh is Emeritus Professor of Finance at the **University of California, Berkeley**, and CEO of **Quantal International**, a risk management firm. Co-author Dr. Paul Pfleiderer is C.O.G. Miller Distinguished Professor of Finance at **Stanford University**.

The Bernstein Fabozzi/Jacobs Levy Awards were established in 1999, on the 25th anniversary of *The Journal of Portfolio Management*, to honor past and current Editors Peter Bernstein and Frank Fabozzi for their extraordinary contributions and to promote research excellence in the theory and practice of portfolio management. *Alpha Signals* was peer selected on popular vote by the *Journal's* subscribers and advisory board members; authors were not permitted to vote for their own articles.

About Manifold Partners LLC

Manifold Partners LLC is a San Francisco-based multi-discipline portfolio management firm specializing in quantitative investment methodologies for institutional and retail clients. Manifold's primary method of security analysis is statistical in nature. The firm's science teams from multiple fields of study have deep backgrounds in quantitative research, machine learning, mathematics, portfolio theory, and advanced software development.

About Quantal International Inc.

Quantal International Inc. offers a suite of advanced portfolio-analytics solutions to meet the needs of clients from the investment management industry. Their core financial technology consists of global "hybrid" multi-factor models for equities and government bond returns. The hybrid model combines the accuracy of a latent factor specification with the explanatory power of a model in which risk exposures are attributed to observable cross-sectional characteristics and macro factors.

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