

Day 1: Thursday, February 21

Registration Open

7:00a–4:00p

Regency Ballroom Foyer

Breakfast Buffet

7:00a–9:00a

Great Hall 5

Sponsored by: **T. Rowe Price**



Welcome Address

8:00a

Regency Ballroom 1&2

Joe Mansueto

Chairman and Chief Executive Officer, Morningstar, Inc.

General Session I

8:10a–9:05a

Regency Ballroom 1&2

The Stock Characteristic Marathon Race

Roger Ibbotson, Ph.D., Professor, Yale School of Management, Chairman and Chief Investment Officer, Zebra Capital Management, Founder, Ibbotson Associates

Which characteristics have the greatest impact on stock returns over the long run? Are they the risk-based (e.g. beta, volatility), Fama-French (size and value), liquidity (Amihud, trading volume, etc.), earnings (earnings/price ratios, gross earnings, etc.), or momentum-based (price trends and reversals) characteristics? In this session, we will reveal which ones have dominated over the past four decades, how they interact with each other, and how you can leverage them to create portfolios that better meet your clients' needs.

Breakout Sessions (Choose one)

9:15a–10:00a

Atlantic Ballroom 2

Alpha, Beta, and Now...Gamma*Paul Kaplan, Ph.D., CFA, Director of Research, Morningstar Canada*

Gamma attempts to explain outcomes beyond those of alpha and beta. The concept is favorable to managed accounts and encourages financial planning during retirement, based on five components: optimal asset allocation factoring in an individual's total wealth, a dynamic withdrawal strategy, using guaranteed income products, tax-efficient allocation decisions, and a portfolio optimization that includes liability. This presentation will demonstrate how employing a "Gamma-optimized" portfolio can generate 29% more income for retirees.

Atlantic Ballroom 3

The Myth of the Dumb Fund Investor*John Rekenhalter, CFA, Vice President, Research, Morningstar, Inc.*

There is a popular myth that mutual fund investors are bad at selecting funds and if they were to hold index-only funds instead of the funds that they chose, they would be far better off. This myth is harmful because it addresses a problem that does not exist and distracts from a large and real problem that very much does. This presentation will reveal that the majority of mutual fund investors are skilled at security selection, but have a problem with asset allocation—a problem that cannot be solved by swapping an active fund for an index fund.

Regency Ballroom 3

Combining Active and Passive Exposures for a Dynamic Asset Allocation Mandate*Hal Ratner, Chief Investment Officer, Europe, Morningstar Investment Management*

Ideally, funds of funds should combine comparatively pricey opportunistic managers operating with very wide mandates with low-cost passive products. This enables the fund of funds manager to manage beta while farming out "alpha generation" to niche managers. By allocating the risk budget among the vehicles best suited to manage active beta, structural beta, and alpha, fund of funds managers can effectively control the risk profiles of their portfolios. This presentation will demonstrate that this approach can add value, particularly in periods of market stress, by showing back-tested results of several example portfolios each with a different risk-budget objective.

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Refreshment Break

10:00a–10:20a

Foyer

Sponsored by: Stewart Capital



General Session II

10:25a–11:20a

Regency Ballroom 1&2

A Dynamic Future of Active Investing

Rodney Sullivan, CFA, Head of Publications, CFA Institute

Active quantitative portfolio management is on the verge of important change. Managers must evolve their portfolio construction to reflect the reality of adaptive and turbulent markets. An opportunity exists for active quant managers to broaden their focus beyond pure systematic bottom-up quantitative inputs to emphasize top-down and other qualitative evidence. Such an approach offers the flexibility necessary to achieve investment success in today's complex, dynamic global capital markets.

Breakout Sessions (Choose one)

11:30p–12:15p

Atlantic Ballroom 2

The Efficacy of Dynamic Asset Allocation Factors

James Xiong, Ph.D., CFA, Senior Research Consultant, Morningstar Investment Management

New dynamic asset allocation factors ranging from macroeconomic, behavioral, to market-specific, have been scientifically tested for efficacy over the last 30 years. But are these newly discovered factors such as aggregate market liquidity and average stock correlation improving the effectiveness of dynamic asset allocation? This session will cover how these new factors are not only useful as standalone indicators in dynamic asset allocation, but when they are combined, performance can be even better.

Atlantic Ballroom 3

Global Economic Outlook

Francisco Torralba, Ph.D., Economist, Morningstar Investment Management

Wealthy countries came out of the Great Recession with high debt and sluggish growth at a time when emerging markets are still too immature to take the reins of the global economy. Is the global economy hitting another bout of turbulence in what was always expected to be a slow and bumpy recovery or will the current slowdown have a more lasting component? The answer is dependent on the actions of the policymakers.

Regency Ballroom 3

In Search of Skill: Morningstar Investment Management's Approach to Selecting Managers

Sonya Morris, CFA, Senior Investment Consultant, Morningstar Investment Management

Back by popular demand, Sonya Morris will repeat a presentation from 2012 detailing Morningstar Investment Management's methodology for evaluating investment managers. Sonya will describe how Morningstar confronts the challenge of identifying active managers who have the potential to outperform. She will also demonstrate how MIM's consultants use Morningstar Direct throughout the manager research process.

Day 1: Thursday, February 21

Lunch

12:20p–1:00p
Great Hall 5

Sponsored by: **Sierra Investment Management**



Keynote Address

1:00p–1:45p
Great Hall 5

Above All Else: The Power of Passion

Jamie Clarke, Extreme Adventurer, Charismatic Storyteller, and Motivational Speaker to the Fortune 500 Elite

Jamie Clarke has summited Mt. Everest twice, climbed the Seven Summits, and ridden camels across The Empty Quarter of Arabia. He'll share his journey of tenacity and triumph with humor and passion from the heart. Clarke will explain how to think differently—to view failure as a learning experience, to experience the art of grunt work, to conquer fear through focus—to live life with passion on your own terms.

Breakout Sessions (Choose one)

2:00p–2:45p

Atlantic Ballroom 2

Value-Driven Active Asset Allocation: Widening the Opportunity Set

Daniel Needham, CFA, Managing Director, Ibbotson Associates Australia

When investors assessed the application of valuation-oriented asset allocation strategies in the late '90s, one of the common conclusions was that it was a very painful decision to sell U.S. equities and buy U.S. bonds, and that active asset allocation was not worthwhile. However, there were alternative equity markets and sectors that did not move up as sharply in price as U.S. large capitalization and technology, media, and telecom (TMT) stocks. While investors concerned with total portfolio risk, namely the risk of losing money, would have been defensive during this period; there were other options outside of U.S. equities to generate decent medium-term returns. In this presentation, Daniel Needham will consider a wider opportunity set and show that holding larger amounts of cash at times may provide investors with improved risk-adjusted returns.

Atlantic Ballroom 3

Hitting the Target with Target-Date Funds

Jeremy Stempien, Director of Investments, Morningstar Investment Management

As assets continue to pour into target-date funds and the fiduciary pressure on plan sponsors intensifies, plan committees are becoming increasingly concerned about their target-date offerings. Those concerns range from their inability to properly benchmark the success of their funds to the lack of transparency over the funds' underlying risks. Join Jeremy Stempien as he looks at what the industry needs to do to better serve plan sponsors and participants, as well as what providers need to do to build more effective target-date products.

Regency Ballroom 3

Economic Moats: A Path to Greater Returns with Less Risk

Warren Miller, CFA, Director of Quantitative Research, Morningstar, Inc.

What can a firm's competitive advantages tell us about its future returns? Warren Buffet often espouses the benefits of investing in firms with strong competitive advantages. Does this strategy pay off? In this session, Warren Miller will talk about Morningstar's research on economic moats and how to best utilize competitive analysis within a total return focused investment strategy.

Refreshment Break

2:45p–3:05p

Foyer

Sponsored by: William Blair

William Blair

Day 1: Thursday, February 21

General Session III

3:15p–4:10p

Regency Ballroom 1&2

Will My Risk Parity Strategy Outperform?

Lisa Goldberg, Director of Research, Coleman Fung Risk Management Research Center, Adjunct Professor of Statistics at University of California, Berkeley

We gauge the return-generating potential of four investment strategies: value weighted, 60/40 fixed mix, unlevered, and levered risk parity. We have three main findings. First, even over periods lasting decades, the start and end dates of a backtest can have a material effect on results; second, transaction costs can reverse ranking, especially when leverage is employed; and third, a statistically significant return premium does not guarantee outperformance over reasonable investment horizons.

General Session IV

4:15p–5:10p

Regency Ballroom 1&2

Getting Globalization Right: Rules for Successful Global Investing

Marvin Zonis, Ph.D., Professor Emeritus, Booth School of Business, University of Chicago

Despite the attacks of September 11, 2001, the wars in Iraq and Afghanistan, and ongoing new terrorist threats, globalization is alive and well and slowly rebounding to pre-crisis levels. Businesses that seek success through globalization need to make better “country bets.” To determine where they should commit their businesses, they need to assess the prospects of countries for political stability and economic growth. Making better country bets offers the best chances for prospering in the global economy. A set of 15 principles for “getting globalization right,” including estimates of corruption, leadership succession, external threats, and others is offered to help businesses make effective assessments of country prospects.

Cocktail Reception

6:00p–8:00p

South Palm Court

Sponsored by: Putnam Investments



Day 2: Friday, February 22

Breakfast Buffet

7:00a–9:00a

Great Hall 5

General Session V

8:00a–8:55a

Regency Ballroom 1&2

Dimensions for the U.S. Economic Outlook

Kevin Kliesen, Business Economist and Research Officer, Federal Reserve Bank of St. Louis

Despite considerable monetary and fiscal stimulus the past few years, the recovery from the Great Recession has been slower than usual and uneven compared with recent economic recoveries. Will the U.S. economy finally find its sea legs in 2013, or will the economy continue to grow at a sub-par pace? And what is the economy's normal pace of growth, anyway? Is there a new normal?

Breakout Sessions (Choose one)

9:00a–9:45a

Atlantic Ballroom 2

Liability-Relative Optimization: Begin With the End in Mind

David Blanchett, CFA, CFP, Head of Retirement Research, Morningstar Investment Management

People invest to fund a goal, therefore, the risk factors associated with the goal, or liability, should be considered when building a portfolio. The concept of liability-driven investing has become increasingly popular in defined benefit plans, pensions, endowments, and foundations and is now increasingly used for target-date and retirement income funds. In this presentation, David Blanchett will touch on recent Morningstar research on liability-driven investing and explore the asset allocation differences that result from a traditional asset-only optimization framework to asset allocations built from the liability-relative optimization framework.

Atlantic Ballroom 3

Global Economic Outlook

Repeat from Thursday

Regency Ballroom 3

Value-Driven Active Asset Allocation: Widening the Opportunity Set

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9:45a–10:05p

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Breakout Sessions (Choose one)

10:15a–11:00a

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The Myth of the Dumb Fund Investor

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Combining Active and Passive Exposures for a Dynamic Asset Allocation Mandate

Repeat from Thursday

General Session VI

11:10a–12:05p

Regency Ballroom 1&2

Reflections On Results from Researching Retirement

John Ameriks, Ph.D., Head of Investment Counseling & Research, Vanguard

John Ameriks will provide a summary and overview of key results from his research examining individual investor decisions over their lifetimes. He will focus on both the patterns and drivers of investor choices before retirement in the “accumulation phase” as well as the very different issues and patterns of behavior in choices people make—and the tradeoffs that people face—at the point of retirement and after. John Ameriks’ work gives sponsors a unique and important research-based perspective on retirement plan and product design going forward.

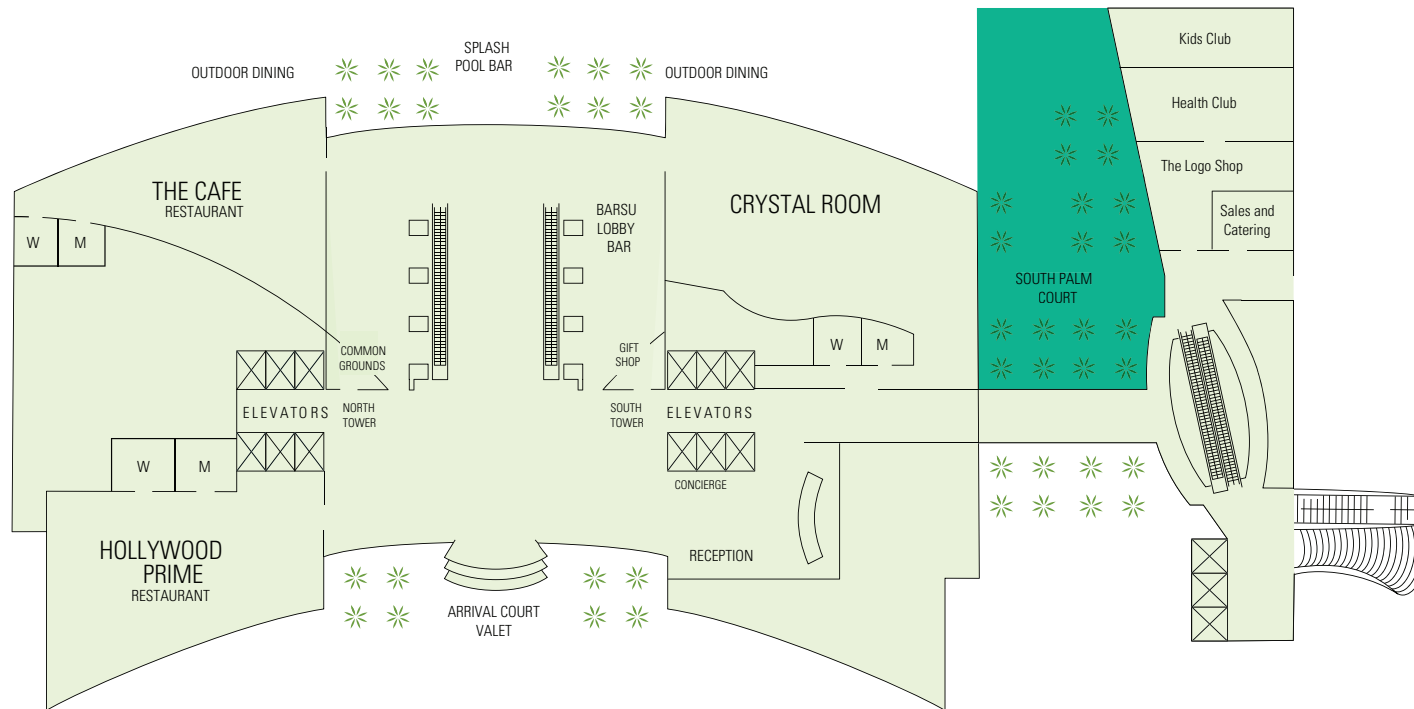
Closing Comments

12:05p–12:15p

Regency Ballroom 1&2

Thomas Idzorek, CFA

President, Morningstar Investment Management



*Resort shuttle departs every 30-mins for complimentary service between the Golf and Beach locations

Registraton and Sessions are held in the Regency Ballrooms and Atlantic Ballrooms

