

**Jacobs Levy Equity Management Center  
for Quantitative Financial Research**

**Spring 2016 Forum  
May 20, 2016**

***2015 Wharton-Jacobs Levy Prize Remarks***  
**Bruce Jacobs, Ph.D., Advisory Board Chair, Prize Co-Founder**

The Wharton-Jacobs Levy Prize for Quantitative Financial Innovation is awarded biennially, and recognizes outstanding quantitative research that has contributed to an important innovation in the practice of finance. It is our hope that the recipients will over time constitute an elite group of scholars and practitioners who have had a transformative impact on finance.

There can be no doubt that the recipient of today's award, Bill Sharpe, is among the most elite scholars of our profession. In his long career, he has contributed many important insights to the practice of finance, notably the Capital Asset Pricing Model, which is part of the foundation of modern portfolio theory, and the Sharpe ratio, perhaps the most recognized measure of risk-adjusted return. By the way, he did not coin the latter term—he prefers the reward-to-variability ratio—but I guess the Sharpe ratio simply sounds better to his many admirers.

Today, in awarding the Wharton-Jacobs Levy Prize to Bill, we recognize his work on returns-based style analysis, which grew out of consulting work he did with Frank Russell for pension funds in the 1980s. In order to recommend asset allocations for large funds, some of which had as many as a hundred managers holding thousands of securities, he needed to know what asset characteristics—nowadays, we would say factors—they were exposed to.

Using a factor model and historical return patterns, Bill showed how to map a fund's exposures to a wide variety of investing styles, from large-cap growth stocks to foreign stocks to Treasury bills. His innovation made style analysis widely and economically available not only to pension funds and other institutional investors, but also to retail mutual fund investors.

Bill, we are proud to present the Wharton-Jacobs Levy Prize to you. Your scholarly work is distinctive and has had a profound impact on the financial world.

Thank you for your many contributions, and a hearty congratulations!

Bill, please join us at this time.

It's an honor to present you with the Wharton-Jacobs Levy Prize Medal.