Jacobs Levy Equity Management Center
For Quantitative Financial Research

2022 Annual Conference
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2022 Jacobs Levy Center Annual Conference Welcome Remarks
Bruce I. Jacobs, Ph.D., Advisory Board Chair, Jacobs Levy Center

Thank you Chris, Craig, and Dean James for your gracious remarks.

Good morning. Welcome to the 2022 Annual Conference of the Jacobs Levy Equity Management Center for Quantitative Financial Research. We're delighted to see everyone here today as we safely resume our in-person conference.

Ken and I established the Center in 2011 in honor of our firm's 25th anniversary. Our goal was to spur the creation of ideas and innovation that make a real impact on the practice of finance.

"Frontiers in Quantitative Finance" may, for many, describe exciting, cutting-edge additions to our empirical toolkit such as machine learning and artificial intelligence. And, indeed, you will hear presentations today that harness these scientific advances in innovative ways. But I hope we do not overlook a tried-and-true resource that never grows dated: Our ability to apply our human intelligence and insight to the task of improving investment outcomes.

Nothing better illustrates this point than our first presentation, "What Drives Momentum and Reversal? Evidence from Day and Night Signals." Ever since our honorees Narasimhan Jegadeesh and Sheridan Titman first documented the momentum factor—a topic we will return to shortly—many theories have been offered to explain its origin. Vincent Bogousslavsky found a key piece of evidence by examining the difference between intraday and overnight returns. Sophia Li will discuss Vincent's findings.

Following Vincent's presentation we will award the Jacobs Levy Center Research Paper Prizes.

We'll then move into our second topic of the morning, "Do Common Factors Really Explain the Cross-Section of Stock Returns?," in which Alejandro Lopez-Lira uses several novel techniques to challenge the arbitrage pricing theory's proposition that only systematic risk is rewarded. Guofu Zhou is the discussant.

Following lunch, we'll hear from a distinguished panel of experts who will discuss "The Past, Present, and Future of Momentum." Our panelists are Mark Carhart, Kent Daniel, and Toby Moskowitz. Chris Geczy is the moderator.

Next, Jeremy Schwartz will conduct a fireside-chat-style interview with the renowned Jeremy Siegel whose landmark book, *Stocks for the Long Run*, has just been updated.

Our third paper presentation, "The Virtue of Complexity in Return Prediction," challenges another long-held notion: that when it comes to return-prediction models, simple is always better. Machine learning portfolios are proving otherwise, says Bryan Kelly. Ron Kaniel will discuss his findings.

Today's conference will culminate with the presentation of the 2021 Wharton-Jacobs Levy Prize for Quantitative Financial Innovation to Narasimhan Jegadeesh and Sheridan Titman. Ken and I will present the prize medals in recognition of their influential research documenting the momentum premium.

You are all invited to join us at the cocktail reception following the program. Ken and I look forward to chatting with you. Now I will turn it over to Chris, who will introduce today's first speaker.

Thank you.