



**The Journal of Investment Management and New Frontier  
2023 Harry M. Markowitz Award Winners**

**Top Honor Awarded to Kinlaw, Kritzman, Metcalfe, and Turkington for “The Determinants of Inflation”**

**Lafayette, CA – March 25, 2024** - The Journal of Investment Management ([JOIM](#)) and [New Frontier](#) announced today the winners of the 2023 Harry M. Markowitz Award. The winners are finalized by a Special Selection Panel comprised of Nobel Prize Laureates.

The Harry M. Markowitz Award, sponsored jointly by the [JOIM](#) and [New Frontier Advisors, LLC](#), recognizes the seminal and transcendent impact of Dr. Markowitz’s work as a financial economist and mathematician on both theoretical finance and the practice of asset management. The award has been established to honor his legacy and to support future research and innovation in practical asset management. Candidates for the annual award are chosen from among papers published in JOIM in a calendar year. An honorarium of \$10,000 is bestowed to the winning paper. Two additional finalist papers receive a Special Distinction Award along with a \$5,000 honorarium.

**2023 Markowitz Award Winner**

This year’s top honor was awarded to [The Determinants of Inflation](#) by William Kinlaw, Mark Kritzman, Michael Metcalfe, and David Turkington.

The winning paper applies a Hidden Markov Model to identify regimes of shifting inflation and then employs an attribution technique based on the Mahalanobis distance to identify the economic variables that dynamically determine the trajectory of inflation. Their analysis enables policymakers to focus on the most effective tools to manage inflation, and it offers guidance to investors whose strategies might benefit from knowledge of the prevailing determinants of inflation. Their analysis reveals that as of February 2022, the most important determinant of the recent spike in inflation was spending by the federal government.

**Special Distinction Awards**

In addition, two 2023 Special Distinction Awards were given for the following papers:

**1) [The Diminishing Role of Active Mutual Funds: Flows and Returns](#)** by James X. Xiong, Thomas M. Idzorek, and Roger G. Ibbotson.

This study investigates how U.S. active equity mutual funds have experienced net outflows since around 2006. The AUM-weighted performance remains similar over time, but equal-weighted performance has deteriorated. Estimates from the study show that the flow-impact on annualized alpha for aggregated active funds industry was a positive 0.33% between 1/1991 and 12/2005, but it was a negative -0.10% between 1/2006 and 9/2021. This research indicates a potential decline in active mutual fund AUM to 17% of total equity funds over the next 15 years if current trends persist.

**2) [Financing Fusion Energy](#)** by Abdullah Alhamdan, Zachery M. Halem, Irene Hernandez, Andrew W. Lo, Manish Singh, and Dennis Whyte.

This paper makes the case that investing in fusion energy has never been greater, given increasing global energy demand, high annual carbon dioxide output, and technological limitations for wind and solar power. Nevertheless, financing for fusion companies through traditional means has proven challenging. The study advocates an innovative megafund structure to address the financing challenges inherent in fusion startups. Through a judicious blend of debt and equity tranches, bolstered by government and philanthropic support, the proposed model seeks to unlock investment avenues in fusion energy, offering a sustainable pathway towards clean energy solutions.

“We are pleased to recognize the path-breaking work of the 2023 Award Winners who honor the impact of Harry Markowitz and his work in theoretical and applied modern portfolio theory,” said Robert Michaud, Co-Founder and Chief Investment Officer at New Frontier. “Now in their fourteenth year, the Markowitz Awards reflect the highest-quality research being conducted in the market today.”

### **About New Frontier Advisors**

[New Frontier](#) is a privately owned investment advisory firm specializing in building and optimizing ETF portfolios. Using our multi-patented software and cutting-edge research, we seek to build risk-managed portfolios that deliver more reliable outcomes to institutional investors, financial advisors, and their clients.

New Frontier is globally recognized for groundbreaking research and for inventing a unique, patented investment portfolio optimization and rebalancing method that is tested and proven to handily process market signals and understand uncertainty in a portfolio. Our approach combines institutional research, investment technology, and asset management. The result is portfolio solutions that adapt to market shifts to help ensure that our clients are positioned to achieve their long-term investment goals.

### **About the Journal Of Investment Management (JOIM)**

[The Journal Of Investment Management \(JOIM\)](#), established in 2003, is a high quality, fully refereed publication, which bridges the theory and practice of investment management. The JOIM offers rigorous research with practical significance, drawing from the disciplines of finance, economics and accounting. Special issues on timely topics including distinguished authors who have both impressive academic and professional experience are a highlight. The JOIM's overall goal is to be mindful of the need to present the very best quality material in a form appealing to the practitioner, student and academic.

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