

7:00 a

Registration Opens

North Registration Desk near the Grand Canyon Ballrooms

7:00 a

Networking Breakfast / Salon 8

Sponsored by T. Rowe Price



8:00a

Welcome Address / Salon 6 and 7

Scott Burns, head of asset management, client solutions, Morningstar, Inc.

8:10a

General Session / Salon 6 and 7

Valuation-Driven Investing—Top to Bottom

Possessing a thorough understanding of the underlying fair value of a business or portfolio of businesses is imperative to making sound investment decisions. Join a panel of Morningstar experts for a discussion of what valuation means in our research on companies, fund managers, and asset classes. You'll learn how Morningstar combines its bottom-up and top-down valuation insights to create strategies that help investors achieve their goals.

Mike Holt, CFA, head of equity research, Morningstar, Inc.

Daniel Needham, CFA, president and chief investment officer, Morningstar Investment Management, Jeff Ptak, CFA, head of global manager research, Morningstar, Inc.

Moderated by Dan Kemp, chief investment officer, EMEA, Morningstar Investment Management Europe LTD

9:05a

General Session / Salon 6 and 7

The Behavioral Science of a Principled Investment Strategy

Morningstar has established seven principles that guide our investment philosophy. However, investment philosophies are only as steadfast as the people delivering on them. In this session, you will get a behind-the-scenes look at how Morningstar applies lessons from behavioral science to stay true to its investment principles, including: the temptations we all face as individual and institutional investors to overcomplicate or abandon our plans, the limitations of willpower and grit, and smart ways behavioral scientists have found for people to stay true to their principles.

Steve Wendel, Ph.D., head of behavioral science, Morningstar, Inc.

10:00a

Networking Break

Sponsored by USAA



10:25a

Breakout Sessions

Choose one of the topics

Morningstar Economic Update / Salon 2 and 3

Two structural forces (China's slowdown and lower oil prices) and a cyclical development (gradual tightening of U.S. monetary policy) are likely to shape the outlook in the medium term. At the same time, financial risk has risen substantially in some emerging markets, threatening to derail the world economy. In the longer term, slowing population growth and aging will limit economic growth and shift winning and losing industries. In this session, our economists discuss current economic trends and risks to the outlook.

Robert Johnson, CFA, director of economic analysis, Morningstar, Inc.

Francisco Torralba, Ph.D., CFA, senior economist, Morningstar Investment Management

How to Create Effective Client Communications / Salon 4 and 5

Do your communications not capture your clients' attention or do they not encourage follow through or action? In this session, we'll talk about how to identify and overcome behavioral obstacles that stop clients from engaging: from building habits and using techniques such as peer comparisons, to developing the technology platform you need to target specific areas that block clients.

Erik Johnson, marketing optimization manager, Morningstar, Inc.

In Search of Management Skill / Salon 11 and 12

It's not easy to identify which active managers have what it takes to outperform over full market cycles. In this session, we'll discuss how Morningstar uses its Analyst Rating framework to parse skill from luck and choose strategies that are poised to deliver peer-beating returns over the long term.

Laura Lutton, director of manager research, equity strategies—North America, Morningstar, Inc.

11:20a

Breakout Sessions

Choose one of the topics

Meet CAPE's Older Sister CATY: Using "Total Payout Yield" to Derive Better Equity Return Forecasts / Salon 2 and 3

As companies increasingly move toward share buybacks as their preferred way of returning capital to shareholders, traditional dividend-based return forecasts are becoming obsolete. In this session, we will consider the importance of share buybacks in the composition of historic equity returns and examine how they can be incorporated to forecast current equity returns.

Philip Straehl, head of capital markets and asset allocation, North America, Morningstar Investment Management

What's Wrong With Goals-Based Investments? / Salon 4 and 5

Goals-based investing is a powerful tool for helping investors stay on track, especially during volatile times. Describing our own financial goals seems straightforward, but it's surprisingly tricky. This session will offer lessons from behavioral science about how introspection often fails us and can lead us down a path we'll later regret. Akbas will offer techniques for overcoming these obstacles, and ensuring that we're aiming at the right target.

Merve Akbas, Ph.D., behavioral scientist, Morningstar, Inc.

What Factors Drive Fund Flows? / Salon 11 and 12

We study historical investor preferences for mutual funds as expressed in monthly fund flow data. We identify significant, persistent patterns in fund flows as they relate to fund-specific and firm-level characteristics. Far from just relying on past performance as an indicator, we uncover that investors have expressed strong preferences for types of fund structure, level of fees, higher firm quality, greater management continuity, and specific kinds of style tilts. This session's scope is broad, covering the global fund universe and three major asset classes: equity, fixed income, and balanced. Our findings will be of interest to anyone looking to understand how investors make investment decisions.

Lee Davidson, CFA, head of global quantitative research, Morningstar, Inc.

12:10p

Lunch / Salon 8

Sponsored by BNY Mellon



BNY MELLON

1:00p

Keynote Presentation / Salon 8

The Fallacy of "Impossible"

Since the launch of the EyeWriter and the Not Impossible Foundation, Mick Ebeling has passionately studied the concept of "impossible." All of the modern conveniences we see around us were once considered impossible by people who didn't know any better. Synthetic fabrics, cell phones, and digital watches (not to mention cars and computers) were all figments of the imagination until inspiration met execution and the impossible became a reality. In this talk, Ebeling dives deeper into "impossible," the underlying psychological effects it has on an organization, and how to overcome it so true innovation can take place.

Mick Ebeling, chief executive officer, Not Impossible Labs

2:00p

Breakout Sessions

Choose one of the topics

Introducing the Retirement Plan Effectiveness Score / Salon 2 and 3

We'll introduce a new way to measure retirement plan effectiveness. The retirement plan effectiveness score compares actual participant balances to the balances participants should have accrued based on each participant's age, gender, compensation, and plan tenure. This new approach overcomes the weakness of the most common approach to evaluating retirement plan effectiveness—estimating the probability of a participant successfully accomplishing his or her retirement goal—by focusing only on factors plan administrators can influence and controlling for factors such as age and plan tenure.

David Blanchett, CFA, CFP®, head of retirement research, Morningstar Investment Management

Unrecognized Risk-Taking in Financial Markets / Salon 4 and 5

This session will cover how substitution, limited attention, decision biases, aggregation, and emotions lead finance professionals to take unacknowledged, unrecognized risks.

Terrance Odean, Ph.D., Rudd Family Foundation professor of finance, Haas School of Business, University of California, Berkeley

Sustainable Investing / Salon 11 and 12

Whether it's called SRI or ESG, investors now more than ever are concerned about the practices of companies in which they're investing. Investment strategies that incorporate social, environmental, and sustainable factors are establishing a large presence in the investing landscape, both in the United States and Europe. Learn about recent shifts in the landscape for ESG investments, Morningstar's view of how the industry is developing, and how we plan to help individuals, advisors, and asset managers invest in ways that are meaningful to them.

Jon Hale, Ph.D., CFA, head of sustainability research, Morningstar, Inc.

2:45p

Networking Break

3:10p

General Session / Salon 6 and 7

The Global Economic Outlook: Is Growth Gone or Soon to Boom?

As 2016 unfolds, economic growth in much of the world has slowed sharply. Does this foretell a gloomy future of stagnation? Or is a growth boom soon to dawn? Wise minds seem to hold vastly different views on this question. Its answer carries massive implications for worker paychecks, sovereign budgets, and investor opportunities. For key markets and industries including China, the United States, and energy, this talk will explain the relevant facts and frame the overall growth investment question for individuals, advisors, and asset managers alike.

Matthew J. Slaughter, Ph.D., Paul Danos dean of the Tuck School and the Earl C. Daum 1924 professor of international business, Dartmouth

4:05p

General Session / Salon 6 and 7

CIO Roundtable

The 2016 Conference covers many important investing topics including valuation, fundamental analysis, macro-economic trends and behavioral finance from renowned and experienced investors, academics and industry professionals. Morningstar's Investment Management group chief investment officers will hold a roundtable discussion on their perspectives on these topics from around the world. The regional CIOs cover the Americas, Asia-Pacific and EMEA. The roundtable will cover topics that warrant greater discussion for those with fiduciary responsibility for managing other people's money.

Dan Kemp, chief investment officer, EMEA, Morningstar Investment Management, Europe LTD

Andrew Lill, chief investment officer, Asia-Pacific, Ibbotson Associates Australia Ltd

Scott Wentsel, CFA, CFP®, chief investment officer, Americas, Morningstar Investment Management

Moderated by Daniel Needham, CFA, president and chief investment officer, Morningstar Investment Management

6:00p

Networking Dinner Reception / Sunset Lawn

Sponsored by BlackRock

BLACKROCK®

7:00a

Networking Breakfast / Salon 8

Sponsored by Baird Funds



Baird Funds

8:00a

General Session / Salon 6 and 7

Applications of Popularity

Less popular securities have higher valuations, but lower returns. More risk is usually unpopular, but so is less liquidity. Value and small size are also unpopular, providing premiums that can be used to garner excess returns in the stock market. Using capitalization and equally weighted portfolios as a starting point, we construct smart beta, concentrated long, and long/short portfolios that take advantage of the permanent premiums in the market, as well as the mispricing that takes place when some stocks get temporarily too popular or out of favor. These portfolios can be used to manage your asset allocation or to focus your stock portfolios on characteristics that most outperform, while reducing risk.

Roger Ibbotson, Ph.D., chairman and chief investment officer, Zebra Capital Management, LLC

9:00a

Breakout Sessions

Choose one of the topics

New Dimensions of Popularity / Salon 2 and 3

Building on the research presented by Roger Ibbotson, this session highlights new collaborative research by Ibbotson, Idzorek, and James Xiong that helps to develop the "theory of popularity," and the intuition behind the theory. We'll offer new evidence that supports the theory of popularity.

Thomas Idzorek, CFA, head of investment methodology and economic research, Morningstar Investment Management

China's Economic Rebalancing / Salon 4 and 5

We believe that the consensus outlook for China continues to overestimate the country's growth outlook. Historical precedents of rebalancing countries and constraints inherent to China's growth model suggest GDP growth of 5% is at the top of what is attainable. Even this would require major reforms

that look less likely as Beijing balks at the short-term pain that needed overhauls would cause.

Dan Rohr, CFA, director of basic materials equity research, Morningstar, Inc.

Mutual Fund Performance and the Incentive to Generate Alpha / Salon 11 and 12

Many researchers have documented that, on average, actively managed U.S. domestic equity funds underperform index funds. The standard interpretation is that U.S. equity markets are too efficient for active fund managers to earn back their management fees. This session will cover these studies, some important caveats, and some research that challenges the standard interpretation, with a look at direct-sold funds versus funds sold through brokers and their various incentives to generate alpha.

Jonathan Reuter, Ph.D., associate professor of finance, Boston College

9:45a

Networking Break

Sponsored by William Blair

William Blair

10:10a

General Session / Salon 6 and 7

Financial Literacy & Financial Education: Just-in-Time or Just-Too-Late?

This session offers a look at two major studies on the relation of financial literacy to downstream financial behavior. The first looks at the effects of financial literacy on downstream financial behavior, offering a major conclusion that financial education has more chance of influencing behavior if it is "just-in-time" – proximate to the behavior that the educational intervention hopes to influence.

The second is a recent study about financial literacy in couples that re-examines why many consumers suffer from low levels of financial literacy and why attempts at educational interventions are typically unsuccessful. We find that among new couples, the person given more responsibility for family finances gets the job as the money person in the couple for reasons unrelated to ability. But over time, the money person and the non-money person diverge more in their financial literacy. Even when given access to expert information to remedy one's deficits in financial literacy, the person with less financial responsibility becomes incapable of focusing and using that external

information to make good financial decisions. We'll consider the implications of this work for just-in-time financial education and other policy remedies intended to improve consumers' financial decision making.

John G. Lynch, Jr., Ph.D., Ted Anderson, professor of free enterprise at the Leeds School of Business, University of Colorado, Boulder, and director of the Center for Research on Consumer Financial Decision Making

11:05a

General Session / Salon 6 and 7

"Passive Management", the Perfect Oxymoron?

Investors tend to assume that investing passively results in a portfolio that is both efficient and neutral from a risk-allocation perspective. Academic and practitioner research shows that some strategies aiming to gain a different 'beta' exposure regularly outperform the market cap-weighted strategies (the most common choice for investors seeking beta exposure).

The presentation will discuss the inefficiencies of market cap-weighted benchmarks and introduces a diversification measurement that allows for an efficient, unique, and cost-effective alternative.

Yves Choueifaty, president, TOBAM

12:00p

Closing Remarks

Scott Burns, head of asset management, client solutions, Morningstar, Inc.