

Meet the Winners of the 2021 Investing Excellence Awards

The winners represent the best of the asset management industry.

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Today, Morningstar announces the winners of the 2021 U.S. Morningstar Awards for Investing Excellence in three categories: Exemplary Stewardship, Outstanding Portfolio Manager, and Rising Talent. The winners of each award demonstrate the industry's very best attributes, including investment skill, the courage to differ from the consensus to benefit investors, and an alignment of interests with the strategies' investors.

Firms that were nominated for the Exemplary Stewardship Award have all carefully nourished an "investors first" culture that shows in strong results for shareholders. The Outstanding Portfolio Manager nominees have distinguished themselves by staying true to their processes, building strong research teams, and delivering topnotch long-term returns. Finally, the Rising Talent nominees have excelled over their shorter tenures and show great leadership potential.

Morningstar's manager research analysts chose the winners from short lists of nominees that they compiled based on the criteria in each category. The analysts considered in-depth qualitative evaluations of each nominee and then voted for those they found most deserving.

The named winners follow.

Exemplary Stewardship Dodge & Cox

Dodge & Cox stands out for its singular approach to investing; specifically, its value-oriented, often contrarian, investment style that considers a company's entire capital structure has helped define the seven stock and bond mutual funds it has launched. The firm boasts a pristine reputation that helps it attract talent and has produced stable investment teams that build portfolios through teamwork and consensus. Overall, its strategies have delivered impressive long-term performance.

Of late, Dodge & Cox has been able to show off other attributes. In May 2021, it launched its first stock fund focused on emerging markets. The investment committees on its international-stock and global-stock funds have invested in emerging markets for years; adding an emerging-markets stock fund is thus in the firm's wheelhouse. This one, however, will add a quantitative component to help the investment team differentiate the portfolio by presenting overlooked firms. As has been its practice, Dodge & Cox is pricing this new fund in the bottom quartile of its peer group. Another of its hallmarks has been the firm's well-telegraphed and seamless transitions from one generation of leadership to the next. For example, the firm announced in January 2021 that chairman and CIO Charles Pohl will retire in June 2022, after adding associate CIO David Hoeft to support Pohl in January 2019. Hoeft's work as an understudy, plus the year he has remaining to work with Pohl, should help him take up CIO duties without a hitch. Dodge & Cox's past success in leadership transition and its transparency inspire confidence in the firm for the long haul.

Outstanding Portfolio Manager Joel Tillinghast, Fidelity

Since taking the helm in late 1989 through May 2021, Tillinghast has shaped Fidelity Low-Priced Stock's (FLPSX) long-term track record to be among the industry's best. He looks for resilient companies with staying power, doesn't chase fads, avoids firms that lack enduring competitive advantages or load up on debt, and scrutinizes executives' integrity and prowess. Although this patient and risk-conscious approach can lag during bull markets, the fund's steady gains, subdued volatility, and impressive downside protection have kept its risk-adjusted results consistently strong, especially during stressed market environments such as 2020's pandemic-induced bear market.

As assets under management have grown, Tillinghast has kept the sprawling 800-stock strategy from becoming bland or too much like the benchmark. He has long distinguished the portfolio through its exposure to international markets; its 41% non-U.S. stake as of January 2021 was well above the typical mid-value peer's 6%. A preference for consumer cyclical names and a typically lighter financials stake also help the portfolio stand out from its bogy.

Tillinghast has help. He has access to Fidelity's deep, 100-plus global analyst team, and the strategy's five listed comanagers together run around 5% of assets. Those managers have discretion over their respective slices, but they also have Tillinghast's constant guidance. He owns this impressive record.

Rising Talent **Sonali Pier, Pimco**

Pier's cautious contrarianism and rising influence at one of the industry's premier and most internally competitive fixed-income asset-management firms stands out. She became one of the named managers on Gold-rated Pimco Diversified Income (PDIIIX) in February 2017 after working at Pimco for four years. She is distinguished by her willingness to take less risk even if that positioning goes against conventional wisdom. This is crucial for high-beta strategies such as Pimco Diversified Income, where the penalty for getting things wrong can be much more severe than the reward for getting things right. This approach has been successful: Over her tenure from February 2017 through May 2021, both the annualized and risk-adjusted returns landed in the top quintile relative to multisector bond Morningstar Category peers. She is highly regarded by her colleagues at Pimco, as she serves as a rotating member of the investment committee and has key responsibilities in executing Pimco's investment forum process.

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Morningstar Rising Talent Award, 2021. Morningstar presents the Rising Talent Award to an up-and-coming manager in Morningstar's coverage universe. The manager must have less than seven years' tenure managing portfolios and yet has delivered exceptional results to investors over that span of time. Morningstar's manager research analysts conduct in-depth qualitative analyses in order to select nominees and, subsequently, vote to determine the award winner. To qualify for the award, the manager's strategy must earn a Morningstar Analyst Rating of Gold, Silver or Bronze, for at least one vehicle and/or share class, or be featured in Morningstar Prospects, a publication highlighting investments that Morningstar analysts are following closely but have not yet received full coverage.

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