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Ben Graham Centre
for Value Investing

Ben Graham Centre's 7th Symposium on Intelligent Investing

May 18, 2018
Ivey Tangerine Leadership Centre,
First Canadian Place,
130 King Street West, Toronto



IMPROVING LONG RUN INVESTMENT PERFORMANCE

www.bengrahaminvesting.ca



Mission of the Centre

To research, teach, apply and promote the style of investing developed by Benjamin Graham in the early 1930s, referred to as Value Investing

Mission of the Symposium

To encourage and support academic research and study in areas related to value investing

Symposium Organizer and Chair

George Athanassakos, Director, Ben Graham Centre for Value Investing, Ivey Business School

Scientific Committee

Walid Busaba (Chair), Saurin Patel, Felipe Restrepo, Ivey Business School





A Message from the Director

I would like to welcome everyone to the Ben Graham Centre's 7th Symposium on Intelligent Investing.

The Centre was formally founded in 2006 and is one of two similar centers in the world that focus on educating future business leaders and investors in the investment style made popular by Benjamin Graham in the early 1930's, referred to as Value Investing.

The Centre serves a critical role in coordinating applied research at the University and in linking the activities of faculty and students with practitioners, primarily in the financial services sector, but also in other industries and in undertaking activities which are mutually beneficial to the University, the Industry and investors in general. The Centre is also known as the repository of information on Value Investing, where Value Investors' thoughts, teachings, writings, investing styles and research are preserved. We accomplish this by having built a virtual library on value investing, thanks to the support of Burgundy Asset Management. This resource is unique and is one of the differentiating aspects of the Value Investing program offered at Ivey vis-à-vis other schools. Current, past and future students and investors worldwide are the beneficiaries of this rich information resource.

The Centre's specific mandate is three pronged: (a) the development of future business leaders, (b) the development of intellectual capital and (c) the spreading the word about value investing to the broader community that includes both academics and practitioners.

The Symposium today is part of The Centre's third mandate. Its mission is to encourage and support academic research and study in areas related to value investing.

I am delighted with the program and the caliber of presenters and discussants. The presenters will discuss their work on value investing and related topics.

I would like to thank the presenters Mark Grinblatt, Samuel Hartzmark, Lars Lochstoer, Kewei Hou, Stephannie Larocque and Stephen Penman, as well as the discussants Lu Zhang, Hao Jiang, Seth Pruitt, Partha Mohanram, Hongping Tan and Akash Chattopadhyay for their contribution to the success of the symposium and my colleagues Walid Busaba, Saurin Patel and Felipe Restrepo for their invaluable assistance and consultations over the year that helped me make the symposium an outstanding success. Many thanks should also go to our sponsors Burgundy Asset Management, Sionna Investment Managers, Tweedy, Browne and Company LLC, Center for the Advancement of Value Investing Education and Ivey Business School for without their financial support this symposium would not have been possible. I hope everyone enjoys the Symposium, leaves with a better understanding of what the Ben Graham Centre for Value Investing is all about and comes back to the Symposium next year.

Best wishes to all,

George Athanassakos

Director, Ben Graham Centre for Value Investing
Ivey Business School



Panel of Presenters & Discussants

The Ben Graham Centre's 7th Symposium on Intelligent Investing offers a panel of speakers and discussants with a proven record of success researching areas related to the field of value investing.

Friday, May 18, 2018

Morning Agenda: On Market Anomalies

7:45am – 8:20am	Registration & Coffee
8:20am – 8:30am	Welcoming the Symposium Participants, Introductions and Opening Remarks George Athanassakos, Director, Ben Graham Centre for Value Investing, Ivey Business School
8:30am – 9:00am	Presenter: Mark Grinblatt, University of California Los Angeles Topic: Global Market Inefficiencies
9:00am – 9:30am	Discussant: Lu Zhang, Ohio State University Q&A
9:30am – 10:00am	Presenter: Samuel Hartzmark, University of Chicago Topic: Reconsidering Returns
10:00am – 10:30am	Discussant: Hao Jiang, Michigan State University Q&A
10:30am – 11:00am	Coffee Break
11:00am – 11:30am	Presenter: Lars Lochstoer, University of California Los Angeles Topic: What Drives Anomaly Returns?
11:30am – 12:00pm	Discussant: Seth Pruitt, Arizona State University Q&A



Afternoon Agenda: On Value Investing

12:00pm – 1:00pm	Lunch
1:00pm – 1:30pm	Presenter: Kewei Hou, Ohio State University Topic: The Economics of Value Investing
1:30pm – 2:00pm	Discussant: Partha Mohanram, University of Toronto Q&A
2:00pm – 2:30pm	Presenter: Stephannie Larocque, University of Notre Dame Topic: Independent Analysts' Estimates of Firm Value
2:30pm – 3:00pm	Discussant: Hongping Tan, McGill University Q&A
3:00pm – 3:15pm	Coffee Break
3:15pm – 3:45pm	Presenter: Stephen Penman, Columbia University Topic: A Framework for Identifying Accounting Characteristics for Asset Pricing Models, with an Evaluation of Book-to-Price
3:45pm – 4:15pm	Discussant: Akash Chattopadhyay, University of Toronto Q&A
4:15pm – 4:20pm	Closing Remarks



Presenters



Mark Grinblatt

Dr. Grinblatt joined the professoriate at UCLA Anderson School of Management in 1981, after graduate studies at Yale University. He now holds the Japan Alumni Chair in International Finance and the title of Distinguished Professor. The research covers a wide range of theoretical and empirical areas, including asset pricing, derivatives, performance evaluation, asymmetric information, security design, event studies, behavioral finance and household finance. He is a noted teacher, having won several teaching awards, and is the proud thesis chairman of 13 doctoral dissertations. He currently serves as an advisory editor to several journals, and as a member of both the executive committee and board of directors of the National Bureau of Economic Research. Grinblatt serves on the board of the Foundation for the Advancement of Research in Financial Economics. In the past, he has been vice-president, program chairman and president of the Western Finance Association, senior associate dean and director of the UCLA Anderson Ph.D. program, and a board member of both the American Finance Association and Citi Swapco Inc.



Samuel Hartzmark

Dr. Hartzmark studies asset pricing and behavioral finance. His research has appeared in the *Review of Financial Studies*, the *Journal of Financial Economics*, the *Quarterly Journal of Finance*, and the *Review of Asset Pricing Studies*. He has received a number of awards including the 2016 AQR Insight Award, the Hillcrest Behavioral Finance Award, the UBS Global Asset Management Award, the Michael J. Barclay young scholar award and he was a finalist for the 2014 AQR Insight award. Hartzmark holds a PhD from Marshall School of Business at the University of Southern California, a MBA from University of Chicago Booth School of Business and a BA in mathematics/economics (summa cum laude) with a double major in religion from Emory University. While at Emory, Hartzmark interned as an analyst on the macro-policy team at the Federal Reserve Bank of Atlanta. After completing his MBA at Booth, Hartzmark worked in economic consulting at Chicago Partners/Navigant Economics as a senior consultant and then as an associate director.



Lars Lochstoer

Dr. Lochstoer's main research interest is asset pricing, where he focuses on the relation between the real economy and financial markets, as well as the pricing of derivative instruments. His research has been presented at both academic and practitioner conferences and published in top academic finance journals, such as *the Review of Financial Studies*. Lochstoer joined the UCLA Anderson faculty as associate professor of finance from Columbia University, where he was Gantcher Associate Professor of Business. He has a master in business economics from the Norwegian University of Science and Technology and earned his Ph.D. in finance from the University of California, Berkeley. He has taught MBA- and Ph.D.-level finance courses at Haas School of Business and London Business School, as well as at Columbia Graduate School of Business. Prior to his academic career, Lochstoer worked as a quantitative analyst at Carnegie Asset Management in Norway.



Kewei Hou

Dr. Hou's primary research interest is in the area of empirical asset pricing with a specialization in the predictability of asset returns. He has published in the *Journal of Finance*, *Journal of Financial Economics*, *Review of Financial Studies*, *Journal of Accounting and Economics*, and *Management Science*. Professor Hou is an Editor of the *Journal of Empirical Finance*, Associate Editor of the *Journal of Banking and Finance* and *Asia-Pacific Journal of Financial Studies*, Faculty Research Fellow of the Charles A. Dice Center for Research in Financial Economics and the China Academy of Financial Research, and the recipient of research grants from the Institute for Quantitative Research in Finance (Q-Group), INQUIRE-Europe, INQUIRE-UK, BSI GAMMA Foundation, Chicago Quantitative Alliance, and Research Grants Council (RGC) of Hong Kong. Professor Hou joined the Ohio State University Fisher College of Business in 2001. He received his B.S. in Electrical Engineering from the University of Science and Technology of China (USTC) and his Ph.D. in Finance from the University of Chicago Booth School of Business.



Stephannie Larocque

Dr. Larocque is the Notre Dame Associate Professor of Accountancy and the EY Faculty Fellow at the Mendoza College of Business. Professor Larocque is a graduate of the University of Western Ontario (B.A. Hon.) and the University of Toronto (Ph.D.) as well as a CFA charterholder. A former equity research analyst, Professor Larocque's research now encompasses empirical capital markets including earnings forecasts, cost of equity capital estimation, and firm valuation. Her research has been published in *The Accounting Review*, *Journal of Financial Economics*, *Review of Accounting Studies*, *Journal of Financial Reporting*, *Journal of Accounting*, *Auditing & Finance*, and *Journal of Accounting and Public Policy*. Professor Larocque teaches Introductory Financial Accounting, and previously taught Data Analytics in Accounting



Stephen Penman

Dr. Penman is the George O. May Professor in the Graduate School of Business, Columbia University. He is also co-director of the Center for Excellence in Accounting and Security Analysis at Columbia Business School. Prior to his appointment at Columbia in 1999 he was the L.H. Penney Professor in the Walter A. Haas School of Business at the University of California at Berkeley from 1977. From 1990-95 he served as Chair of the Professional Accounting Program and Chairman of the Accounting Faculty at Berkeley, and initiated and chaired Berkeley's Annual Conference on Financial Reporting. His research deals with the valuation of equity and the role of accounting information in security analysis. He has published widely in finance and accounting journals and has conducted seminars on fundamental analysis and equity evaluation. In 1991 Penman was awarded the Notable Contribution to Accounting Literature Award by the American Accounting Association and the American Institute of Certified Public Accountants, and in 2002 was awarded the American Accounting Association and Deloitte & Touche Wildman Medal for his book, *Financial Statement Analysis and Security Valuation*, published by McGraw-Hill/Irwin. His new book, *Accounting for Value*, was published by Columbia University Press in January, 2011. Stephen Penman is an editor of the *Review of Accounting Studies* and served as managing editor from 2002-2006.



Discussants



Lu Zhang

Dr. Zhang is the Fisher College of Business Distinguished Chair in Finance and Professor of Finance at The Ohio State University as well as Research Associate at National Bureau of Economic Research (Asset Pricing program) and Associate Editor for *Journal of Financial Economics* and *Journal of Financial and Quantitative Analysis*. He is a cofounder (and President in 2013) of Macro Finance Society, a newly established academic society devoted to advancing and disseminating high-quality research at the intersection of financial economics and macroeconomics. Dr. Zhang's research focuses on asset pricing, in connection with macroeconomics, corporate finance, labor economics, and capital markets research in accounting. His work elaborates a unified conceptual framework based on the neoclassical q -theory of investment for cross-sectional asset pricing. His recent work shows how labor market frictions can give rise endogenously to rare disasters.



Hao Jiang

Dr. Jiang is an Assistant Professor of Finance at Michigan State University. His research focuses on Financial Institutions, Investments, and Asset Pricing. He has published in top finance journals such as the *Journal of Financial Economics* and *Review of Financial Studies*, top management as well as practitioner oriented journals. His paper "Information Content when Mutual Funds Deviate from Benchmarks" won the 2012 Standard & Poors Dow Jones SPIVA Award First Prize. His research has been frequently presented at premier academic conferences organized by the American Financial Association, Western Finance Association and NBER.



Seth Pruitt

Dr. Pruitt is an Assistant Professor in the Department of Finance at the W.P. Carey School of Business at Arizona State University. Prior to this, he was Senior Economist at the Federal Reserve Board of Governors. He received his PhD in Economics from the University of California, San Diego in 2008. His research focuses on asset pricing, macroeconomics, and econometrics and has been published in leading journals such as *American Economic Review*, *Journal of Finance*, and *Journal of Financial Economics*.



Partha Mohanram

Dr. Mohanram is the CGA Ontario Professor of Financial Accounting at Rotman Business School, University of Toronto. He has published extensively in the area of valuation with an emphasis on financial statement analysis, valuation of growth firms and implied cost of capital. He serves as an editor of *Contemporary Accounting Research* and on the editorial board of *The Accounting Review* and *Review of Accounting Studies*. He teaches advanced electives on business analysis and valuation at the MBA and undergraduate level, and a PhD seminar on valuation. Professor Mohanram joined Rotman after serving on the faculty of Columbia and New York University. He obtained his PhD from Harvard, MBA from IIM – Ahmedabad, and B.Tech from IIT-Madras. He is a CPA-CGA, and a certified board director (ICD.D).



Hongping Tan

Dr. Tan is an Associate professor of accounting and finance at Desautels Faculty of Management, McGill University. His research interests include financial disclosure, analyst forecasts, and international capital market. In particular, he is interested in the impact of information asymmetry due to various factors such as geography distance, accounting standard difference, media coverage, culture value and innovation on some major market participants including financial analysts and institutional investors.



Akash Chattopadhyay

Dr. Chattopadhyay is an Assistant Professor of Accounting at the University of Toronto. He is interested in understanding the role of firm-level information in corporate governance and asset pricing. Before joining the University of Toronto, he was a doctoral student at Harvard Business School. Before moving to academia, Akash spent three years working as an equity analyst at Merrill Lynch and IIFL Capital. In these roles, he was responsible for analyzing and valuing firms in a variety of industries with the purpose of generating investment recommendations for institutional investors.



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