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Ben Graham Centre
for Value Investing

Ben Graham Centre's 5th Symposium on Intelligent Investing

May 20, 2016
Ivey Spencer Leadership Centre
London, Ontario



IMPROVING LONG RUN INVESTMENT PERFORMANCE

www.bengrahaminvesting.ca



Mission of the Center

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 Center for Value Investing, Ivey Business School

Scientific Committee

Amos Nadler, Felipe Restrepo, Walid Busaba (Chair), Ivey Business School





A Message from the Director

I would like to welcome everyone to the Ben Graham Centre's 5th 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 Center 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 center'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 Justin Birru, Robert Stambaugh, David McLean, Iliia Dichev, Partha Mohanram and Ravi Jagannathan, as well as the discussants Hao Jiang, Chen Xue, Fabio Moneta, Stephen Penman, Theodore Sougiannis and Lu Zhang for their contribution to the success of the symposium and my colleagues Amos Nadler, Felipe Restrepo and Walid Busaba 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, Center for the Advancement of Value Investing Education and Ivey Business School for without their financial support this symposium will not have been possible. I hope everyone enjoys the Symposium, leaves with a better understanding of what the Ben Graham Center 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 5th 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. Featured presenters & discussants participating at the symposium are listed in the agenda below:

Friday, May 20, 2016

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 Center for Value Investing, Ivey Business School
8:30am – 9:00am	Presenter: Justin Birru, Ohio State University Topic: Nominal Price Premium
9:00am – 9:30am	Discussant: Hao Jiang, Michigan State University Q&A
9:30m – 10:00am	Presenter: Robert Stambaugh, Wharton, University of Pennsylvania Topic: Mispricing Factors
10:00am – 10:30am	Discussant: Chen Xue, University of Cincinnati Q&A
10:30am – 11:00am	Coffee Break
11:00am – 11:30am	Presenter: David McLean, DePaul University Topic: Anomalies and News
11:30pm – 12:00pm	Discussant: Fabio Moneta, Queen's University Q&A



Afternoon Agenda: On Value Investing

12:00pm – 1:00pm	Lunch
1:00pm – 1:30pm	Presenter: Ilia Dichev, Emory University Topic: On the Conceptual Foundations of Financial Reporting
1:30pm – 2:00pm	Discussant: Stephen Penman, Columbia University Q&A
2:00pm – 2:30pm	Presenter: Partha Mohanram, University of Toronto Topic: Fundamental Analysis - Combining the Search for Quality with the Search for Value
2:30pm – 3:00pm	Discussant: Theodore Sougiannis, University of Illinois, Urbana- Champaign Q&A
3:00pm – 3:15pm	Coffee Break
3:15pm – 3:45pm	Presenter: Ravi Jagannathan, Northwestern University Topic: Tail Risk in Momentum Strategy Returns
3:45pm – 4:15pm	Discussant: Lu Zhang, Ohio State University Q&A
4:15pm – 4:20pm	Closing Remarks



Presenters



Justin Birru

Justin Birru is an assistant professor of Finance at the Fisher College of Business at The Ohio State University. His research interests include behavioral finance in the areas of asset pricing and corporate finance. He earned a BS in Finance from the University of Pittsburgh in 2006 and a Ph.D. in Finance from NYU Stern School of Business in 2012.



Robert Stambaugh

Robert Stambaugh is the Miller Anderson & Sherrerd Professor of Finance at the Wharton School of the University of Pennsylvania. He is a Fellow and former President of the American Finance Association, a Fellow of the Financial Management Association, and a Research Associate of the National Bureau of Economic Research. Professor Stambaugh has been the editor of the *Journal of Finance*, an editor of the *Review of Financial Studies*, an associate editor of those journals as well as the *Journal of Financial Economics*, and a member of the first editorial committee of the *Annual Review of Financial Economics*. He has published articles on topics including return predictability, asset pricing tests, portfolio choice, parameter uncertainty, liquidity risk, volatility, performance evaluation, investor sentiment, and active-versus-passive investing. His research awards include a Smith-Breeden first prize for an article in the *Journal of Finance* as well as three Fama-DFA second prizes for articles in the *Journal of Financial Economics*. Before joining Wharton in 1988, he was Professor of Finance at the University of Chicago, where he received his PhD in 1981. Professor Stambaugh visited Harvard University as a Marvin Bower Fellow in 1997-98.



David McLean

David McLean is Professor of Finance and the Christopher L. Keeley Chair in Investment Management at DePaul University. David received his PhD from Boston College and holds the Chartered Financial Analyst (CFA) designation. He was previously the Kipnes Chair in Finance and Development at the University of Alberta, and has held visiting positions at MIT and the Development Bank of Japan. David's research is focused on capital market imperfections and the resulting effects on asset prices, corporate finance, and investment. His papers have been published in leading finance journals such as the *Journal of Finance*, *Journal of Financial Economics*, and *Review of Financial Studies*, and have won several awards, including the Q-Group's Roger Murray Prize for quantitative research in finance and the Jensen Prize for the best corporate finance paper in the *Journal of Financial Economics*.



Ilia Dichev

Ilia Dichev joined the Goizueta faculty in 2009. Dichev's previous appointment was at the University of Michigan's Ross School of Business, where he taught accounting for thirteen years and directed the PhD program in accounting for three. Dichev holds a BS in finance from Santa Clara University and a PhD in accounting from the University of Washington. Immediately following completion of his PhD in 1995, he served as assistant professor of accounting at Rice University in Houston, Texas, for a year. He has published in *The Accounting Review*, *Journal of Accounting and Economics*, *Journal of Accounting Research*, *The Journal of Finance*,

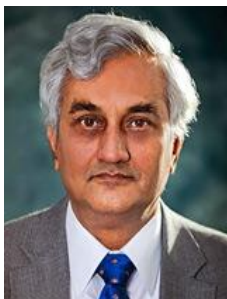
Journal of Business, and *American Economic Review*. In 2002, he received the Notable Contributions to Accounting Literature Award, the highest research award in accounting. He is also the recipient of the 2007 Emerald Citation for Excellence, as author of one of the top 50 articles in economics and business worldwide. He has been cited in numerous popular publications, including *Forbes*, *The New York Times*, *Money*, *The Wall Street Journal*, *Smart Money*, *Handelsblatt*, *National Public Radio*, *Harvard Business Review*, *Atlanta Journal-Constitution*, *CFO Magazine*, *Financial Advisor*, *Investors' Chronicle*, *The Chronicle of Higher Education*, and *The Economist*.



Partha Mohanram

Partha Mohanram is the CGA Ontario Professor of Financial Accounting at Rotman. 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).



Ravi Jagannathan

Ravi Jagannathan is the Chicago Mercantile Exchange/John F. Sandner Professor of Finance and a Co-Director of the Financial Institutions and Markets Research Center. Before joining the Kellogg faculty, Professor Jagannathan was the Piper Jaffray Professor of Finance at the Carlson School of Management at the University of Minnesota. Professor Jagannathan's research interests are in the areas of asset pricing, capital markets, financial institutions, and portfolio performance evaluation. His articles have appeared in leading academic journals, including the *Journal of*

Political Economy, *Journal of Financial Economics*, *Journal of Finance*, and *Review of Financial Studies*. His research has received extensive coverage in advanced textbooks on finance and economics. He has served on the editorial boards of leading academic journals. He was a member of the Board of Directors of the American Finance Association, and a research associate at the National Bureau of Economic Research, and President of the Society of Financial Studies. He has served on the advisory group on Share Based Compensation at the International Accounting Standards Board. Professor Jagannathan is a member of the American Finance Association, the Western Finance Association, and the Econometrics Society. Professor Jagannathan received his Ph.D. and M.S. at Carnegie-Mellon University, his M.B.A. from the Indian Institute of Management, and his B.E. from the University of Madras, India.

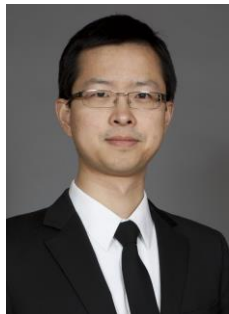


Discussants



Hao Jiang

Hao 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.



Chen Xue

Dr. Chen Xue is an assistant professor of finance at the University of Cincinnati. He holds a PhD in Finance from the University of Michigan. His areas of research include empirical asset pricing, mutual fund performance, and real estate finance. Dr. Xue has published in the Review of Financial Studies and the Journal of Real Estate Finance and Economics.



Fabio Moneta

Fabio Moneta is an Assistant Professor of Finance at the Stephen J.R. Smith School of Business, Queen's University, Canada. He received his PhD in Finance from the Carroll School of Management, Boston College. He also holds an MSc in Finance from CORIPE Piemonte (Turin, Italy) and a BA in Economics from the University of Pisa in Italy. His research interests concentrate on investments, institutional investors, mutual fund performance, and empirical asset pricing. He has presented his research at the American Finance Association and the European Finance Association meetings, as well as other conferences and universities in Europe and North America. He has published articles on mutual fund performance, forecasting, and international business cycle synchronization in a variety of journals.



Stephen Penman

Stephen 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. He joined Berkeley in 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 for academic and professional audiences. 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 and now in its 5th edition. 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.



Theodore Sougiannis

Theodore Sougiannis is the KPMG Distinguished Professor of accounting at the University of Illinois, Urbana-Champaign. He holds a Ph.D. from the University of California at Berkeley, an MA in economics and an MBA in finance from York University - Canada, and an undergraduate degree in accounting from the University of Piraeus - Greece. He worked as an accountant at Texaco Athens. He is at the University of Illinois since 1990. His research interests are in financial accounting and he focuses on the use of accounting numbers in stock market valuations, the choice of financial accounting rules, accounting regulation, and the behavior of financial analysts. He has published articles in leading accounting and finance journals and his research has been featured by the business press. His teaching interests are in Intermediate and Advanced Financial Accounting, and Financial Statement Analysis.



Lu Zhang

Lu Zhang is 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. Before joining Ohio State in 2010, he taught at Stephen M. Ross School of Business at University of Michigan and William E. Simon Graduate School of Business Administration at University of Rochester. 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. Dr. Zhang has published extensively at leading academic journals including *Journal of Accounting Research*, *Journal of Finance*, *Journal of Financial Economics*, *Journal of Monetary Economics*, *Journal of Political Economy*, and *Review of Financial Studies*. One chapter of his doctoral thesis "The value premium" won the Smith-Breeden Award for Best Paper for 2005 from American Finance Association and the *Journal of Finance*.



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