

# 2011 SFS Finance Cavalcade Program

University of Michigan

May 23-27, 2011

Hosted by The Ross School of Business at the University of Michigan with Financial Support from the Mitsui Life Financial Research Center.

## Monday, May 23, 2011

### 12:00-1:30pm Welcome Lunch

#### Corporate Finance 1: Finance and Innovation

Session Chair: Gustavo Manso (MIT)

1:30-2:30 Acquiring Innovation  
Merih Sevilir (Indiana) and Xuan Tian (Indiana)  
Discussant: Amit Seru (Chicago)

2:45-3:45 Financing Risks and Bubble of Innovation  
Matthew Rhodes-Kropf (Harvard) and Ramana Nanda (Harvard)  
Discussant: Uday Rajan (Michigan)

4:00-5:00 Corporate Venture Capital, Value Creation and Innovation  
Thomas Chemmanur (Boston College), Elena Loutschina (Virginia), and Xuan Tian (Indiana)  
Discussant: Manju Puri (Duke)

#### Asset Pricing 1: The Cross-Section of Stock Prices and Returns

Session Chair: Rob Stambaugh (Wharton)

1:30-2:30 Information Quality and the Cross-Section of Expected Returns  
Christopher Armstrong (Wharton), Snehal Banerjee (Northwestern), and Carlos Corona (Carnegie Mellon)  
Discussant: Praveen Kumar (Houston)

2:45-3:45 Market Expectations and the Cross Section of Present Values  
Bryan Kelly (Chicago) and Seth Pruitt (Federal Reserve Board of Governors)  
Discussant: Jules van Binsbergen (Northwestern)

4:00-5:00 The Asset Growth Effect: Insights from International Equity Markets  
Akiko Watanabe (University of Alberta), Yan Xu (University of Rhode Island), Tong Yao (University of Iowa), and Tong Yu (University of Rhode Island)  
Discussant: Dongmei Li (University of California, San Diego)

### 6:00pm Cornerstone Research cocktail reception

# Tuesday, May 24, 2011

## 7:30-8:30am Breakfast

### Corporate Finance 2: Financial Crises

Session Chair: Robert Marquez (Boston University)

8:30-9:30 The Flight Home Effect: Evidence From the Syndicated Loan Market During Financial Crises

Mariassunta Giannetti (Stockholm School of Economics) and Luc Laeven (International Monetary Fund)

Discussant: Deniz Yavuz (Purdue)

9:45-10:45 Investor and Central Bank Uncertainty and Fear Measures Embedded in Index Options

Alexander David (Calgary) and Pietro Veronesi (Chicago)

Discussant: Francisco Palomino (Michigan)

11:00-12:00 Bank Bailout Menus

Sudipto Bhattacharya (London School of Economics) and Kjell Gustav Nyborg (University of Zurich)

Discussant: Kenichi Ueda (IMF)

### Asset Pricing 2: Consumer Finance

Session Chair: Bruce Carlin (UCLA)

8:30-9:30 The Role of Mortgage Brokers in the Subprime Crisis

Antje Berndt (Carnegie Mellon), Burton Hollifield (Carnegie Mellon), and Patrik Sandås (University of Virginia)

Discussant: Amir Seru (Chicago)

9:45-10:45 Complex Mortgages

Gene Amromin (Federal Reserve Bank of Chicago), Jennifer Huang (UT Austin), Clemens Sialm (UT Austin), and Edward Zhong (Wisconsin-Madison)

Discussant: Justin Murfin (Yale)

11:00-12:00 What is the Impact of Financial Advisors on Retirement Portfolio Choices and Outcomes?

John Chalmers (Oregon) and Jonathan Reuter (Boston College)

Discussant: Scott Weisbenner (Illinois)

## 12:00-2:00 Lunch

### Corporate Finance 3: Agency and Acquisitions

Session Chair: Anil Shivdasani (UNC)

2:00-3:00 Agency Conflicts and Cash: Estimates From a Structural Model

Boris Nikolov (Rochester) and Toni M. Whited (Rochester)

Discussant: Arthur Korteweg (Stanford)

3:15-4:15 CEO Preferences and Acquisitions  
Dirk Jenter (Stanford) and Katharina Lewellen (Dartmouth)  
Discussant: Simi Kedia (Rutgers)

### **Asset Pricing Session 3: Asset Pricing**

Session Chair: Jonathan Berk (Stanford)

2:00-3:00 Intangible Assets and Cross-Sectional Stock Returns: Evidence from Structural Estimation

Erica Li (Michigan) and Laura Liu (Hong Kong University of Science and Technology)

Discussant: Jules van Binsbergen (Northwestern)

3:15-4:15 Human Capital as an Asset Class; Implications From a General Equilibrium Model  
Miguel Palacios (Vanderbilt)

Discussant: Nikolai Roussanov (Wharton)

**6:00pm Mitsui Center Dinner**

## **Wednesday, May 25, 2011**

**7:30-8:30am Breakfast**

### **Corporate Finance 4: Agency and Corporate Structure**

Session Chair: Praveen Kumar (Houston)

8:30-9:30 Lost in Translation? The Effect of Cultural Values on Mergers around the World  
Kenneth Ahern (Michigan), Daniele Daminelli (Politecnico di Milano), and Cesare Fracassi (UT Austin)

Discussant: Matthew Rhodes-Kropf (Harvard)

9:45-10:45 Expropriation Risk, Corporate Transparency, and Growth  
Artyom Durnev (McGill) and Sergei Guriev (New Economic School)

Discussant: Kathleen Hagerty (Northwestern)

11:00-12:00 Trade Credit, Relation-Specific Investment, and Product Market Power  
Jayant R. Kale (Georgia State), Nishant Dass (Georgia Institute of Technology), and Vikram Nanda (Georgia Institute of Technology)

Discussant: Gordon Phillips (Maryland)

### **Asset Pricing 4: Information, Behavior, and Stock Prices**

Session Chair: David Solomon (USC)

8:30-9:30 Frog in the Pan: Continuous Information and Momentum

Zhi Da (Notre Dame), Umit Gurun (UT Dallas), and Mitch Warachka (Singapore Management University)

Discussant: Tyler Shumway (Michigan)

9:45-10:45 Journalists and the Stock Market  
Casey Dougal (UNC), Joseph Engelberg (UNC), Diego García (UNC), and Christopher Parsons (UNC)  
Discussant: Denis Sosyura (Michigan)

11:00-12:00 Geographic Dispersion and Stock Returns  
Øyvind Norli (Norwegian School) and Diego García (UNC)  
Discussant: Tim Loughran (Notre Dame)

**12:00-2:00 Lunch**

**Corporate Finance 5: Shareholder Control**

Session Chair: Uday Rajan (Michigan)

2:00-3:00 The Costs of Shareholder Activism: Evidence From a Sequential Decision Model  
Nickolay M. Gantchev (UNC)  
Discussant: David Denis (Purdue)

3:15-4:15 On the Optimality of Shareholder Control: Evidence From the Dodd-Frank Reform Act  
Stuart Gillan (Texas Tech), Jonathan B. Cohn (UT Austin), and Jay Hartzell (UT Austin)  
Discussant: Daniel Bergstresser (Harvard)

**Asset Pricing 5: Liquidity and Trading**

Session Chair: Adam Reed (UNC)

2:00-3:00 The Cost of Short-Selling Liquid Securities  
Jeremy Graveline (Minnesota) and Snehal Banerjee (Northwestern)  
Discussant: Michael Fleming (Federal Reserve Bank of New York)

3:15-4:15 Middlemen in Limit-Order Markets  
Boyan Jovanovic (NYU) and Albert Menkveld (VU University Amsterdam)  
Discussant: Burton Hollifield (Carnegie Mellon)

**6:00pm: Meet the Editors cocktail party sponsored by Oxford University Press**

## **Thursday, May 26, 2011**

**7:30-8:30am Breakfast**

**Corporate Finance 6: Boards**

Session Chair: Amiyatosh Purnanandam (Michigan)

8:30-9:30 Co-opted Boards  
Jeffrey Coles (Arizona State), Naveen Daniel (Drexel), and Lalitha Naveen (Temple)  
Discussant: Jun Yang (Indiana)

9:45-10:45 Effects of Local Director Markets on Corporate Boards  
Anzhela Knyazeva (Rochester), Diana Knyazeva (Rochester), and Ronald Masulis (University of New South Wales)  
Discussant: Ola Bengtsson (UIUC)

11:00-12:00 Generalists versus Specialists: Managerial Skills and CEO Pay  
Cláudia Custódio (Arizona State), Miguel Ferreira (Universidade Nova de Lisboa), and Pedro Matos (USC)  
Discussant: Charles Hadlock (MSU)

### **Asset Pricing Session 6: Long Run Risk**

Session Chair: Guofu Zhou (Washington University in St. Louis)

8:30-9:30 Risk Sharing for the Long Run. A General Equilibrium Approach to International Finance with Recursive Preferences and Long-Run Risks  
Riccardo Colacito (UNC) and Mariano M. Croce (UNC)  
Discussant: Andreas Stathopoulos (University of Southern California)

9:45-10:45 Long Run Labor Income Risk  
Robert Dittmar (Michigan) and Francisco Palomino (Michigan)  
Discussant: Wei Yang (University of Rochester)

11:00-12:00 Two Trees the EZ Way  
Christian Schlag (Goethe University), Nicole Branger (University of Münster), Ioana Dumitrescu (Goethe University), and Vesela Ivanova (Goethe University)  
Discussant: Ivan Shaliastovich (University of Pennsylvania)

### **12:00-2:00 Lunch**

### **Corporate Finance 7: Internal Capital Markets**

Session Chair: Naveen Khanna (Michigan State)

2:00-3:00 Divisional Managers and Internal Capital Markets  
Ran Duchin (Michigan) and Denis Sosyura (Michigan)  
Discussant: Ted Fee (Michigan State)

3:15-4:15 Firm Investment and Stakeholder Choices: A Top-Down Theory of Capital Budgeting  
Andres Almazan (UT Austin), Zhaohui Chen (Virginia), and Sheridan Titman (UT Austin)  
Discussant: Ing Cheng (Michigan)

### **Asset Pricing 7: Nontraditional Fund Management**

Session Chair: Zoran Ivkovich (Michigan State)

2:00-3:00 Capitalizing on Capitol Hill: Informed Trading by Hedge Fund Managers  
Jiekun Huang (National University of Singapore) and Meng Gao (National University of Singapore)  
Discussant: Pedro Matos (USC)

3:15-4:15 A Neoclassical Model of Managed Distribution Plans: Theory and Evidence  
Martin Cherkes (Columbia), Jacob S. Sagi (Vanderbilt), and Jay Wang (OIUC)  
Discussant: Shimon Kogan (UT Austin)

**6:00pm: SFS Dinner and SFS Retiring Officer's Keynote Address: Matthew Spiegel**

## **Friday, May 27, 2011**

**7:30-8:30am Breakfast**

### **Corporate Finance 8: Investment and the Cost of Capital**

Session Chair: Neng Wang (Columbia)

8:30-9:30 Stochastic Volatility, Bond Yields, and the Q Theory of Investment  
Michael Michaux (Marshall School of Business) and François Gourio (Boston University)  
Discussant: Lu Zhang (OSU)

9:45-10:45 Strategic Investments, Technological Uncertainty, and Expected Return Externalities  
Jan Bena (British Columbia) and Lorenzo Garlappi (British Columbia)  
Discussant: Miguel Palacios (Vanderbilt)

11:00-12:00 Anchoring and the Cost of Capital  
Casey Dougal (UNC), Joseph Engelberg (UNC), Christopher Parsons (UNC), and Edward Van Wesep (UNC)  
Discussant: Hui Chen (MIT)

### **Asset Pricing 8: Behavioral Finance**

Session Chair: Joseph Engelberg (UNC)

8:30-9:30 Trading Complex Assets  
Shimon Kogan (UT Austin), Bruce Carlin (UCLA), and Richard Lowery (UT Austin)  
Discussant: Jernej Copic (UCLA)

9:45-10:45 Asymmetric Attention and Stock Returns  
Jordi Mondria (Toronto) and Thomas Wu (UC Santa Cruz)  
Discussant: Paul Gao (Notre Dame)

11:00-12:00 How Important Is Mispricing?  
Paul Tetlock (Columbia) and Aydogan Altı (UT Austin)  
Discussant: Erica Li (Michigan)

**12:00-2:00 Concluding Lunch**

## **Program Committee**

Viral Acharya, New York University  
Kenneth Ahern, University of Michigan  
Andres Almazan, University of Texas at Austin  
Heitor Almedia, University of Illinois  
George Aragon, Arizona State University  
Gurdip Bakshi, University of Maryland  
Antonio Bernando, UCLA  
Sugato Bhattacharya, University of Michigan  
Christos Cabolis, University of North Carolina  
Murillo Campello, University of Illinois  
Charles Cao, Penn State University  
Bruce Carlin, University of California, Los Angeles  
David Chapman, Boston College  
Thomas Chemmanur, Boston College  
Yong Chen, Virginia Tech  
Long Chen, Washington University in St. Louis  
Joe Chen, University of California Davis  
Martin Cherkes, Columbia University  
Tarun Chordia, Emory University  
Susan Christoffersen, University of Toronto  
Riccardo Colacito, University of North Carolina  
Martijn Cremers, Yale University  
Mariano Massimiliano Croce, University of Pennsylvania  
David Denis, Purdue University  
Amy Dittmar, University of Michigan  
Greg Duffee, Johns Hopkins University  
Joey Engelberg, University of North Carolina  
Mara Faccio, Purdue University  
Adlai Fisher, University of British Columbia  
Michael Fishman, Northwestern University  
Thierry Foucault, HEC Paris  
Nick Gantchev, University of North Carolina  
Diego Garcia, University of North Carolina  
Eitan Goldman, Indiana University  
Charles Hadlock, Michigan State University  
Jean Helwege, University of South Carolina  
Christopher Hennessy, London Business School  
David Hirshleifer, University of California Irvine  
Dirk Jenter, Stanford University  
Pab Jotikasthira, University of North Carolina  
Mark Kamstra, York University  
Steven Kaplan, University of Chicago  
Andrew Karolyi, Cornell University  
Don Keim, University of Pennsylvania  
Min Kim, Australian School of Business  
Han Kim, University of Michigan  
Lisa Kramer, University of Toronto  
Praveen Kumar, Houston University  
Anh Le, University of North Carolina

Dave Lesmond, Tulane University  
Martin Lettau, University of California at Berkeley  
Jonathan Lewellen, Dartmouth  
Alexander Ljungqvist, New York University  
Michelle Lowry, Penn State University  
Chris Lundblad, University of North Carolina  
Pedro Matos, University of Southern California  
Jiang Mei, Cheung Kong Graduate School of Business  
Erwan Morellec, EPFL  
Stefan Nagel, Stanford University  
Vikram Nanda, Georgia Tech  
MP Narayanan, University of Michigan  
Thomas Noe, University of Oxford  
Maureen O'Hara, Cornell University  
Paige Ouimet, University of North Carolina  
Oguzhan Ozbas, University of Southern California  
Marco Pagano, Università di Napoli Federico II  
Francisco Palomino, University of Michigan  
Daniel Paravisini, Columbia Business School  
Christine Parlour, University of California, Berkeley  
Chris Parsons, University of North Carolina  
Paolo Pasquariello, University of Michigan  
Neil Pearson, University of Illinois  
Lasse Pedersen, New York University  
Mitchell Petersen, Northwestern University  
Chris Polk, London School of Economics  
Jeff Pontiff, Boston College  
Amiyatosh Purnanandam, University of Michigan  
Uday Rajan, University of Michigan  
Adam Reed, University of North Carolina  
Gideon Saar, Cornell University  
Ronnie Sadka, Boston College  
Jacob Sagi, Vanderbilt University  
Sergei Sarkissian, McGill University  
Merih Sevilir, Indiana University  
Anil Shivdasani, University of North Carolina  
Tyler Shumway, University of Michigan  
Clemens Sialm, University of Texas at Austin  
Tim Simin, Penn State University  
David Solomon, University of Southern California  
Denis Sosyura, University of Michigan  
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Gunter Strobl, University of North Carolina  
Paul Tetlock, Columbia University  
Selale Tuzel, University of Southern California  
Raman Uppal, London Business School  
Stijn Van Nieuwerburgh, New York University  
Ed Van Wesep, University of North Carolina  
Pietro Veronesi, University of Chicago



Ingrid Werner, Ohio State University  
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Amir Yaron, University of Pennsylvania  
Lu Zhang, Ohio State University