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Does Investor Psychology Rule the Markets?

Dr. Pansy L. Yang | Executive Director
Fink Center for Finance & Investments

In financial models, investors are assumed to be rational in their decision-making. In reality, humans are subject to a variety of emotions, or cognitive biases, that can influence their investing decisions. Some researchers attribute the discovery and persistence of financial anomalies, or market inefficiencies, to irrational behavior in the markets. The belief is that irrational behavior, such as overconfidence and fear of regret, leads to errors in judgment and thereby results in arbitrage opportunities. Well-documented market anomalies in the last several decades include the predictability of stock returns based on momentum strategies, firm characteristics such as size and book-to-market, and earnings indicators, to name just a few.

In this issue of the Bulletin, we examine some of the psychological biases to which investors fall prey. New technological advances and institutional changes have increased the ease with which rational investors can perform arbitrage. What has been the effect on the persistence of market anomalies and the efficiency of the markets? Have arbitrage opportunities vanished? Thus, we seek to better our understanding of investor psychology, its effect on return predictability, as well as the aggregate behavior of the market after accounting for changes that have developed over time.

Howard Marks, Chairman of Oaktree Capital, shares with us valuable insights that he has accumulated from many successful years in the investment management industry. He discusses emotions such as greed and tendency towards herding behavior, amongst others, that lead to costly and recurring investing mistakes. Howard argues that the greatest investing errors stem from psychological, rather than informational or analytical factors, and warns us of six emotional pitfalls. The article is an excerpt from his forthcoming book, “The Most Important Thing; Uncommon Sense for the Thoughtful Investor” due out in May 2011.

Avanidhar Subrahmanyam, Goldyne and Irwin Hearsh Chair in Money and Banking at UCLA Anderson, is a leading expert on behavioral finance and discusses the findings of his recent study. The paper’s hypothesis is that market efficiency may be impeded by frictions such as trading costs; since trading costs have diminished over time, there has been greater activity and arbitrage opportunities have been taken advantage of, resulting in less return predictability in stock returns. Their results indicate that indeed, the predictability of returns has generally decreased in recent years, and in particular, the profitability of momentum strategies.

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Industry Perspective

The Most Important Thing is . . . Combating Negative Influences

Howard Marks | Chairman, Oaktree Capital Management

Market inefficiencies—mispricings, misperceptions, mistakes that other people make—provide potential opportunities for superior performance. Exploiting them is, in fact, the only road to consistent outperformance. To distinguish yourself from the others, you need to be on the right side of those mistakes.

Why do mistakes occur? Because investing is an action undertaken by human beings, most of whom are at the mercy of their psyches and emotions. Many people possess the intellect needed to analyze data, but far fewer are able to look more deeply into things and withstand the powerful influence of psychology. To say this another way, many people will reach similar cognitive conclusions from their analysis, but what they do with those conclusions varies all over the lot because psychology influences them differently. The biggest investing errors come not from factors that are informational or analytical, but from those that are psychological. Investor psychology includes many separate elements, but the key thing to remember is that they consistently lead to incorrect decisions. Much of this falls under the heading of “human nature.”

The first emotion that serves to undermine investors’ efforts is the desire for money, especially as it morphs into greed.

Greed is an extremely powerful force. It’s strong enough to overcome common sense, risk aversion, prudence, caution, logic, memory of painful past lessons, resolve, trepidation and all the other elements that might otherwise keep investors out of trouble. Instead, from time to time greed drives investors to throw in their lot with the crowd in pursuit of profit, and eventually they pay the price.

The counterpart of greed is fear—the second psychological factor we must consider. In the investment world the term doesn’t mean logical, sensible risk aversion. Rather, fear—like greed—connotes excess. Fear, then, is more like panic. Fear is overdone concern that prevents investors from taking constructive action when they should.

Many times over the course of my career, I’ve been amazed by how easy it is for people to engage in willing suspension of disbelief. Thus, the third factor I want to discuss is people’s tendency to dismiss logic, history and time-honored norms. This tendency makes people accept unlikely propositions that have the potential to make them rich . . . if only they held water. Charlie Munger gave me a great quotation on this subject, from Demosthenes: “Nothing is easier than self-deceit. For what each man wishes, that he also believes to be true.” The belief that some fundamental limiter is no longer valid—and thus historic notions of fair value no longer matter—is invariably at the core of every bubble and consequent crash.

What makes investors fall for these delusions? The answer often lies in the ease with which—often in service to greed—they dismiss or ignore the lessons of the past. “Extreme brevity of the financial memory,” to use John Kenneth Galbraith’s wonderful phrase, keeps market participants from recognizing the recurring nature of these patterns, and thus their inevitability:

When the same or closely similar circumstances occur again, sometimes in only a few years, they are hailed by a new, often youthful, and always supremely self-confident generation as a brilliantly innovative discovery in the financial and larger economic world. There can be few fields of human endeavor in which history counts for so little as in the world of finance. Past experience, to the extent that it is part of memory at all, is dismissed as the primitive refuge of those who do not have the insight to appreciate the incredible wonders of the present.(John Kenneth Galbraith, A Short History of Financial Euphoria, New York: Viking, 1990)

The infallible investment that people come to believe can produce high returns without risk—the sure thing or free lunch—is well worth further discussion. What makes for belief in these things? First, there’s usually a germ of truth. It’s spun into an intelligent-sounding theory, and adherents get on their soapboxes to convince others. Then it produces profits for a while, whether because there’s merit in it or just because buying on the part of new converts lifts the price of the subject asset. Eventually, the
The fourth psychological contributor to investor error is the tendency to conform to the view of the herd rather than resist—even when the herd’s view is clearly cockeyed. In How Markets Fail, John Cassidy describes classic psychology experiments conducted by Swarthmore’s Solomon Asch in the 1950s. Asch asked groups of subjects to make judgments about visual exhibits, but all but one of the “subjects” in each group were shills working for him. The shills intentionally said the wrong thing, with dramatic impact on the one real subject. Cassidy explains, “This setup placed the genuine subject in an awkward spot: [As Asch put it,] ‘Upon him we have brought to bear two opposed forces: the evidence of his senses and the unanimous opinion of a group of his peers.’”

A high percentage of the real subjects ignored what they saw and sided with the other group members, even though they were obviously in the wrong. This indicates the influence of the crowd and thus suggests reservations about the validity of consensus decisions. “Like the participants in Solomon Asch’s visual experiments in the 1950s,” Cassidy writes, “many people who don’t share the consensus view of the market start to feel left out. Eventually it reaches a stage where it appears the really crazy people are those not in the market.”

Time and time again, the combination of pressure to conform and the desire to get rich causes people to drop their independence and skepticism, overcome their innate risk aversion and believe things that don’t make sense. It happens so regularly that there must be something dependable at work, not a random influence.

The fifth psychological influence is envy. However negative the force of greed might be, always spurring people to strive for more and more, the impact is even stronger when they compare themselves to others. This is one of the most harmful aspects of what we call human nature.

People who might be perfectly happy with their lot in isolation become miserable when they see others do better. In the world of investing, most people find it terribly hard to sit by and watch while others make more money than they do.

I know of a nonprofit institution whose endowment earned 16 percent a year from June 1994 to June 1999, but since its peers averaged 23 percent, the people involved with the endowment were dejected. Without growth stocks, technology stocks, buyouts and venture capital, the endowment was entirely out of step for half a decade. But then the tech stocks collapsed, and from June 2000 to June 2003 the institution earned 3 percent a year while most endowments suffered losses. The stakeholders were thrilled.

There’s something wrong with this picture. How can people be unhappy making 16 percent a year and happy making 3 percent? The answer lies in the tendency to compare ourselves to others and the deleterious impact this can have on what should be a constructive, analytical process.

The sixth key influence is ego. It can be enormously challenging to remain objective and calculating in the face of facts like these:

- Investment results are evaluated and compared in the short run.
- Incorrect, even imprudent, decisions to bear increased risk generally lead to the best returns in good times (and most times are good times).
- The best returns bring the greatest ego rewards. When things go right, it’s fun to feel smart and have others agree.

In contrast, thoughtful investors can toil in obscurity, achieving solid gains in the good years and losing less than others in the bad. They avoid sharing in the riskiest behavior because they’re so aware of how much they don’t know and because they have their egos in check. This, in my opinion, is the greatest formula for long-term wealth creation—but it doesn’t provide much ego gratification in the short run. It’s just not that glamorous to follow a path that emphasizes humility, prudence and risk control. Of course, investing shouldn’t be about glamour, but often it is.

Finally, I want to mention a phenomenon I call capitulation, a regular feature of investor behavior late in cycles. Investors hold to their convictions as long as they can, but when the economic and psychological pressures become irresistible, they surrender and jump on the bandwagon.

In general, people who go into the investment business are intelligent, educated, informed and numerate. They master the nuances of business and economics and understand
complex theories. Many are able to reach reasonable conclusions about value and prospects.

But then psychology and crowd influences move in. Much of the time, assets are overpriced and appreciating further, or underpriced and still cheapening. Eventually these trends have a corrosive effect on investors’ psyches, conviction and resolve. The stocks you rejected are making money for others, the ones you chose to buy are lower every day, and concepts you dismissed as unsafe or unwise—hot new issues, high-priced tech stocks without earnings, highly levered mortgage derivatives—are described daily as delivering for others.

As an overpriced stock goes even higher or an underpriced stock continues to cheapen, it should get easier to do the right thing: sell the former and buy the latter. But it doesn’t. The tendency toward self-doubt combines with news of other people’s successes to form a powerful force that makes investors do the wrong thing, and it gains additional strength as these trends go on longer. It’s one more influence that must be fought.

The desire for more, the fear of missing out, the tendency to compare against others, the influence of the crowd and the dream of the sure thing—these factors are near universal. Thus they have a profound collective impact on most investors and most markets. This is especially true at the market extremes. The result is mistakes—frequent, widespread, recurring, expensive mistakes.


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Since the formation of Oaktree in 1995, Mr. Marks has been responsible for ensuring the firm’s adherence to its core investment philosophy, communicating closely with clients concerning products and strategies, and managing the firm. From 1985 until 1995, Mr. Marks led the groups at The TCW Group, Inc. that were responsible for investments in distressed debt, high yield bonds, and convertible securities. He was also Chief Investment Officer for Domestic Fixed Income at TCW and President of TCW Asset Management Company, the largest of the TCW companies. Previously, Mr. Marks was with Citicorp Investment Management for 16 years, where from 1978 to 1985, he was Vice President and senior portfolio manager in charge of convertible and high yield securities. Between 1969 and 1978, he was an equity research analyst and, subsequently, Citicorp’s Director of Research. Mr. Marks holds a B.S.Ec. degree *cum laude* from the Wharton School of the University of Pennsylvania with a major in Finance and an M.B.A. in Accounting and Marketing from the Graduate School of Business of the University of Chicago, where he received the George Hay Brown Prize. He is a Chartered Financial Analyst and a Chartered Investment Counselor. Mr. Marks chairs the Investment Board of the University of Pennsylvania.
Recent years have witnessed a sea of change in the costs of trading on financial markets. For example, institutional commissions and bid-ask spreads have declined substantially over time. Further, technology has allowed institutions to conduct algorithmic trading and online brokerage accounts have facilitated trading by individual investors. Another trend in financial markets is the proliferation of hedge funds, possibly stimulated by the exogenous decreases in trading costs. The decrease in trading costs is dramatic and quite unprecedented from an historical perspective.

An unrelated paradigm shift in academic finance has been the suggestion that the cross-section of stock returns may be driven by behavioral as opposed to rational considerations. In a well-known study, Fama and French (1992) find that size and the book/market ratio strongly predict future returns. Returns are negatively related to size and positively to book/market. Fama and French (1993) provide evidence that a three-factor model based on factors formed on the size and book-market characteristics explains average returns, and argue that the factors compensate for distress risk. But Daniel and Titman (1997) argue that, after controlling for size and book/market ratios, returns are not strongly related to betas calculated based on the Fama and French (1993) factors. More recently, Daniel and Titman (2006) argue that the book/market effect is driven by overreaction to the intangible part of the book/market ratio - in other words, to that part unrelated to accounting fundamentals. The part of this ratio that is related to fundamentals does not appear to forecast returns, thus raising questions about the distress-risk explanation.

In addition to the value effect, two anomalies that have largely defied rational perspectives are (i) the momentum effect i.e., the positive abnormal returns to buying winners and selling losers at three to twelve month horizons, and (ii) the accruals anomaly, wherein stocks with greater non-cash components of earnings earn lower abnormal returns. Other cross-sectional predictors that also have proved difficult to explain using neoclassical theories include post-earnings announcement drift and the phenomenon where stock with high dispersion of analysts’ forecasts earn low average returns.

We examine how the cross-sectional predictability of stock returns has changed in recent years. Our simple hypothesis is that frictions may impede efficiency, so that if predictability arises due to market inefficiencies, it should have diminished in recent years due to the steep declines in trading costs and the resulting increase in arbitrage activity. Further, we expect the diminution of predictability to be the strongest for the most liquid stocks, which should have higher levels of arbitrage, stimulated by lower trading costs.

Our results demonstrate that predictability in the cross-section of expected stock returns has generally decreased in recent years (see Tables 1 and 2). The decline in profitability of momentum strategies is particularly noteworthy—these strategies show little significance in recent years. Many other cross-sectional predictors such as share turnover, illiquidity, dispersion of analyst opinion, standardized unexpected earnings (SUE) (the predictor variable for post-earnings announcement drift), and accounting accruals are not consistently significant in later years, and lose significance for liquid stocks completely. The magnitudes of the regression coefficients for most predictors also decline steeply, indicating sharply diminished economic significance in recent years.

Our empirical results shed light on the key issue of whether decreases in trading costs have diminished cross-section return predictability. The results are consistent with the economic notion that technologies and policies that reduce trading costs will increase market efficiency by facilitating the movement of arbitrage capital. The results also suggest that since the anomalies are dynamically unstable, they may indeed represent market inefficiencies rather than inadequate risk controls, since it would be difficult to argue that the nature of risk can change so fundamentally as to reduce the statistical and economic significance of virtually all the anomalies in recent years. Finally, the results have important implications for finance education and scholarship, because we believe they influence our priors on whether it is actually possible to earn supernormal profits on anomalies documented by academicians in the current low trading cost regime.

Obviously, there are a few possible critiques of our study. First, there is the possibility that we are data mining. We defend ourselves against this criticism by observing that our list of cross-sectional predictors is based on prior studies. We did not select them by running several regressions and picking the significant variables. In response to the argument that previous studies were data mining, we note that several of our predictors, such as momentum, have been found to work in out-of-sample data for foreign markets. It is hard to imagine that cross-sectional effects that were first discovered in the US but prevail in many foreign markets can be an artifact of data mining.

Another potential issue is that diminished statistical significance for the predictors in recent years is arising due to a lack of statistical power. There are at least two counter-arguments to this line of criticism. First, many of the cross-sectional
predictors are significant in the first subperiod but not in the second, and the two subperiods have identical numbers of time-series observations. There is no a priori reason why there should be a power problem in one subperiod and not in the other. Furthermore, if statistical power was driving the lack of significance, we would expect to see it reflected in the standard errors of the estimated coefficients; but we find that the magnitudes of the coefficients and the Fama and French (1993) intercepts decline substantially in the second subperiod relative to the first, so that the economic significance of the predictors also diminishes markedly in recent years.

We expect future research to be influenced by our results in a few material ways. For example, the decline in profitability of strategies based on momentum, accruals earnings surprises, analyst forecast dispersion, and share turnover indicates that these cross-sectional effects are inherently unstable. They may have been arbitrated away in recent years. This lends support to assertions such as those by Fama (1998), which argue that modeling market inefficiencies may be of limited value since these phenomena may be arbitraged away as soon as agents become aware of them. This observation, combined with our results, provides some pointers as to where future modeling efforts in finance should be focused. Furthermore, our results underscore the point that arbitrage may be more effective in liquid stocks. However, the extent to which trading costs have diminished in other countries is an open question. Our analysis suggests that cross-sectional return predictability would diminish to a greater extent in countries that have experienced greater increases in liquidity. This hypothesis awaits rigorous testing in an international context.

Table 1: Regression estimates with excess market return, SMB and HML as risk factors, including analyst forecast dispersion, SUE, and accruals

This table presents the time-series averages of individual stock cross-sectional OLS regression coefficient estimates. The dependent variable is the excess return risk-adjusted using the Fama-French (1993) factors. Size represents the logarithm of market capitalization in billions of dollars. BM is the logarithm of the book-to-market ratio. TURN represents the logarithm of turnover. RET2-6 and RET7-12 are the cumulative returns over the second through sixth and seventh through twelfth months prior to the current month, respectively. ILLIQ represents the Amihud measure of illiquidity. PRC is the logarithm of the share price. DISP represents analyst forecast dispersion, computed as the standard deviation across analysts EPS forecasts for fiscal year 1 divided by the absolute value of the mean EPS forecast. SUE is the standardized unexpected earnings, computed as the most recently announced quarterly earnings less the earnings four quarters ago, standardized by its standard deviation estimated over the prior eight quarters. ACC represents accruals, measured as Sloan (1996). All coefficients are multiplied by 100. T-statistics are reported in parentheses.

<table>
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<td>-2.351</td>
<td>-3.66</td>
<td>-0.860</td>
<td>-1.12</td>
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</table>
Table 2: Trend Fits to Regression Coefficients

We run linear regression of the relevant regressions coefficients on time and this table reports the slope of linear regression with associated t-statistics. RET2-6 and RET7-12 are the cumulative returns over the second through sixth and seventh through twelfth months prior to the current month, respectively. ILLIQ represents the Amihud measure of illiquidity. DISP represents analyst forecast dispersion, computed as the standard deviation across analysts EPS forecasts for fiscal year 1 divided by the absolute value of the mean EPS forecast. SUE is the standardized unexpected earnings, computed as the most recently announced quarterly earnings less the earnings four quarters ago, standardized by its standard deviation estimated over the prior eight quarters. ACC represents accruals, measured as Sloan (1996). All coefficients are multiplied by 10000.

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<td>ACC</td>
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This article borrows from my working paper “Trends in the Cross-Section of Expected Stock Returns” (with Tarun Chordia at Emory University).

References


Dr. Subrahmanyam is an expert in behavioral finance and economics, who is known for his path-breaking research in the use of psychological principles to explain stock price movements. He has used his behavioral expertise to explain spikes in gasoline prices and he has studied the effect of war on the stock market.

Dr. Subrahmanyam's current research interests range from the relationship between the trading environment of a firm's stock and the firm's cost of capital, to behavioral theories for asset price behavior and empirical determinants of the cross-section of equity returns.

Co-editor of the *Journal of Financial Markets*, Dr. Subrahmanyam is the author or co-author of numerous refereed journal articles in leading finance and economics journals. He previously served as associate editor of *Review of Financial Studies*. He is a member of the Working Research Group on Market Microstructure, recently established by the National Bureau of Economic Research (NBER).

For his scholarly efforts, he has received best paper awards at the Western Finance Association meetings and the International Conference of Finance in Taiwan and was honored with the Fama-DFA prize for the best paper in investments published in the *Journal of Financial Economics* (2000) and the Smith Breeden Prize for the best paper published in the *Journal of Finance* (1999).

Dr. Subrahmanyam has served as a consultant to the Nasdaq Stock Market, the National Stock Exchange in Mumbai (Bombay, India), *San Jose Mercury News*, and Irwin/McGraw-Hill.
In the News

Mark Grinblatt is Keynote Speaker at Helsinki Finance Summit and Recipient of Honorary Degree from Aalto University

Professor Mark Grinblatt will be the keynote speaker at the Helsinki Finance Summit on Investor Behavior this spring. The conference is organized by the finance department at Aalto University and will be held May 17-19, 2011 in Helsinki, Finland. The objective of this conference is to present state-of-the-art academic research on topics related to investor behavior from empirical and theoretical as well as experimental standpoints.

Mark will also be receiving an honorary degree from Aalto University. This degree is awarded only once every five years.

Peter Carr (Ph.D. '89) is 2010 IAFE/SunGard Financial Engineer of the Year

UCLA Anderson has done it again! The International Association of Financial Engineers (IAFE) and SunGard named Dr. Peter Carr the 2010 IAFE/SunGard Financial Engineer of the Year. The award was presented to Peter on February 10, 2011, at the New York Stock Exchange in New York City, during the IAFE/SunGard Financial Engineer of the Year Award Gala Dinner.

Commenting on his 2010 FEOY award, Peter said, “As the world economy regenerates, it becomes increasingly important for financial engineers to connect with each other, as well as to build bridges to the rest of the financial community. The annual event surrounding the IAFE/SunGard award has emerged as a crucial spoke in that developing social network. As such, I’m deeply honored to be this year’s recipient.”

Peter is managing director and global head of market modeling for Morgan Stanley in New York. He is also the executive director of the Masters in Math Finance program at NYU’s Courant Institute. Prior to his current positions, he headed quantitative research groups at Bloomberg LP and at Banc of America Securities. His prior academic positions include four years as an adjunct professor at Columbia University and eight years as a finance professor at Cornell University. Since receiving his Ph.D. in Finance from UCLA Anderson in 1989, he has published extensively in both academic and industry-oriented journals.

The Fink Center Anderson Student Asset Management (ASAM) Speaker Series

This speaker series is held regularly on Monday evenings starting at 7:00 p.m. Leading investment managers are invited to speak to a select group of MBA students interested in pursuing a career in investment management. The students are members of ASAM, who manage an investment fund that aims to provide a competitive rate of risk-adjusted return to its investors, and engage in experiential learning through firm visits and guest speakers. The Winter quarter speakers appear below.

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<th>Speaker</th>
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<td>January 24</td>
<td>Lou Caballero</td>
<td>Partner, Bison Capital</td>
<td>Private Equity vs. Public Equity</td>
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<td>January 31</td>
<td>Antonio Bernardo</td>
<td>Professor, UCLA Anderson</td>
<td>Leverage and the Pricing of Illiquid Assets</td>
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<td>February 7</td>
<td>Suzanne Trepp</td>
<td>Senior High Yield Analyst, Western Asset Research Process: A Case Study</td>
<td>High Yield Credit</td>
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<td>February 14</td>
<td>Howard Marks</td>
<td>Chairman, Oaktree Capital</td>
<td>The Outlook</td>
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<tr>
<td>March 7</td>
<td>Ram Willner</td>
<td>Portfolio Manager, Analytic Investors</td>
<td>Quantitative Investment Strategies</td>
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Join the UCLA Anderson finance faculty, ranked #1 in intellectual capital by *BusinessWeek*, for a weekly seminar given by renowned academics visiting from leading universities all over the world. Seminars are open to the public and held at UCLA Anderson from 11:00 a.m.–12:15 p.m.

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<th>Date</th>
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<td>Pompeu Fabra</td>
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<td>Title of paper: “The boats that did not sail. News, trading and asset price volatility in a natural experiment.”</td>
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<td>February 18</td>
<td>David Hirshleifer</td>
<td>UC Irvine</td>
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<td>Title of paper: “Self-Enhancing Transmission Bias and Active Investing”</td>
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<td>February 25</td>
<td>Jan Brueckner</td>
<td>UC Irvine</td>
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<td>March 4</td>
<td>Amir Yaron</td>
<td>The Wharton School</td>
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<td>March 11</td>
<td>Dean Yang</td>
<td>University of Michigan</td>
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<td>Title of paper: “Identification Strategy: A Field Experiment on Dynamic Incentives in Rural Credit Markets”</td>
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<tr>
<td>March 18</td>
<td>Jeremy Stein</td>
<td>Harvard University</td>
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<td>April 1</td>
<td>Dean Karlan</td>
<td>Yale University</td>
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<td>Fernando Ferreira</td>
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<td>April 15</td>
<td>Steve Ross</td>
<td>MIT</td>
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<td>May 6</td>
<td>Adriano Rampini</td>
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<td>May 13</td>
<td>Vojislav Maksimovic</td>
<td>University of Maryland</td>
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<td>May 20</td>
<td>Christine Parlour</td>
<td>UC Berkeley</td>
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<tr>
<td>June 3</td>
<td>Anil Shivdasani</td>
<td>University of North Carolina, Chapel Hill</td>
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Congratulations to the 2011 Fink Center Investment Banking Fellows!

After a rigorous selection process, we’d like to introduce this year’s IB Fellows: Todd Holman (JD/MBA 2012), Guillaume Hotelin (MBA 2012) and Nathan True-Daniels (MBA 2012).

Todd Holman is pursuing his JD MBA at UCLA. He spent the last two summers at the Department of Justice in the Office of the US Trustee, and at a corporate law firm, Shartsis Friese, in San Francisco where he mainly focused on M&A deals and its hedge fund practice. At UCLA he is an editor of a journal at the law school, a TA for accounting courses, the president of the Surf Club, as well as the captain of the rugby team.

Todd attended UCSD for college, where he majored in economics. Upon graduation he took a role as an analyst at a nascent hedge fund as their first full-time hire. He then went on to work for Capital One in Richmond, VA and Washington D.C. as a Business Analyst, and later as a Senior Analyst.

Todd will be working at RBC Capital Markets in San Francisco this summer.

Guillaume Hotelin is a member of the class of 2012 at UCLA Anderson. Previously, he worked for Fordham Financial Management in New York City as a sales trader where he covered institutional sales and also provided strategic guidance to high net worth clients focusing on emerging growth companies. Earlier in his career, he was the business development manager of Comarbois, a lumber retail company, in Morocco. Guillaume holds a M.S in Mechanical & Electrical Engineering from the ESTP (Paris) and a M.S. in Civil & Environmental Engineering from UCLA. He is also FINRA Series 7 and 63 registered.

Guillaume has received an offer to work this summer at BNP Paribas in New York.

Nathan True-Daniels is a member of the class of 2012 at UCLA Anderson. Prior to UCLA Anderson, Nathan worked in investment management at Goldman Sachs and UBS where he conducted analyses on a variety of different financial products including debt, equity, futures and options. While working in Dallas, he was also an active volunteer at the Texas Scottish Rites Hospital for Children and was the founder of the "Crawfish for Kids" charity event. Nathan graduated cum laude with a Bachelors in Science from Vanderbilt University in 2005.

Nathan will be working at Barclays Capital in Los Angeles this summer.
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