



HILLCREST ASSET MANAGEMENT

EXPERTS IN BEHAVIORAL FINANCE

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Hillcrest Asset Management is pleased to announce that Tim Loughran and Bill McDonald from the Mendoza College of Business at the University of Notre Dame have won the inaugural Hillcrest Behavioral Finance Award for their paper “The Use of Word Lists in Textual Analysis.”

The paper utilizes Big Data techniques to study methods of assessing the tone of business documents as part of stock selection analysis. Textual analysis is becoming increasingly common in accounting and finance research. The approach groups words into positive, negative, or other sentiment categories and, based on these categories, the overall tone of a financial document can be determined. Loughran and McDonald’s paper argues that researchers should use only data created specifically for investments when gauging document tone.



2014 winners Tim Loughran and Bill McDonald holding their Hillcrest awards

“This study is on the cutting edge of both Big Data and behavioral finance research and is a deserving winner of the Hillcrest Behavioral Finance Award,” commented Brian Bruce, CEO of Hillcrest Asset Management and Editor of *The Journal of Behavioral Finance*, an Institutional Investor publication.

There were 5 finalists. The other four finalist papers were awarded Honorable Mention. They are:

1. “The Effect of Providing Peer Information on Retirement Savings Decisions,” John Beshears, Harvard University and NBER; James J. Choi, Yale University and NBER; David Laibson, Harvard University and NBER; Brigitte C. Madrian, Harvard University and NBER and Katherine L. Milkman, University of Pennsylvania
2. “Is the Recent Rise in the DJIA Bubble Based on Herding? Can an Econophysics Method Tell Us Yes or No?,” María José Muñoz Torrecillas, University of Almería and Bill Mckelvey, Professor Emeritus, UCLA Anderson School of Management
3. “An Empirical Investigation into Investor Sentiment Estimated From Market Prices,” Austin Murphy, Oakland University
4. “Predicting Equity Markets with Digital Online Media Sentiment: Evidence from Markov-Switching Models,” Simon Broda, University of Amsterdam and Steven J. Nooijena, University of Amsterdam

The Hillcrest Behavioral Finance Award seeks to annually recognize excellence in research through the selection of a current non-published paper from academics on the subject of behavioral finance.

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