

FOR IMMEDIATE RELEASE:

2018 Hillcrest Behavioral Finance Award Winners

Plano, Texas – February 13, 2019 - Hillcrest Asset Management is pleased to announce that Samuel Hartzmark from the University of Chicago and David Solomon from Boston College have won the **2018 Hillcrest Behavioral Finance Award** for their paper “Reconsidering Returns.”



The paper shows that investors have a biased perception of performance because the relevant measure, returns, is rarely displayed in brokerage statements, finance websites, newspapers or market indices. Major indices are price indices and ignore dividends, leading to predictable declines on ex-dividend days. Financial newspaper articles are more negative on index ex-dividend days when the indices mechanically understate performance. The paper demonstrates that the wrong choice of default display can influence prices and capital allocation in financial markets. The authors suggest an information display focusing on returns to ameliorate these issues.

“This is a wonderful behavioral paper showing an example of the framing bias. Since returns are rarely displayed in brokerage statements and financial websites and some major indices are price only indices that ignore dividends, investors have a biased perception of performance,” commented Brian Bruce, CEO of Hillcrest Asset Management and Editor of *The Journal of Behavioral Finance*.

This **2018 Hillcrest Behavioral Finance Award** contest received over 40 submissions representing 88 authors, 72 academic institutions and 17 countries. As a result of the strong field of submissions received for this year’s contest, 5 finalists were identified.

The four finalist papers awarded an Honorable Mention are:

1. “Analyst Bias and Mispricing,” by Mark Grinblatt of UCLA Anderson School of Management, Gergana Jostova of George Washington University, and Alexander Philipov of George Mason University.
2. “‘Stiff Business Headwinds and Uncharted Economic Waters’: The Use of Euphemisms in Earnings Conference Calls,” by Kate Soslava of Bucknell University.
3. “Bragging Rights: Does Corporate Boasting Imply Value Creation?” by Don Chance of Louisiana State University, Stephen Ferris and Pratik Kothari of the University of Missouri.
4. “Valuation Bias and Limits to Nudges,” by Hersh Shefrin of Santa Clara University.

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.

The previous winners of the **Hillcrest Behavioral Finance Award** are:

- 2014:** “The Use of Word Lists in Textual Analysis,” by Tim Loughran and Bill McDonald from the Mendoza College of Business at the University of Notre Dame
- 2015:** “Being Surprised by the Unsurprising: Earnings Seasonality and Stock Returns,” by Tom Chang and David Solomon from University of Southern California, Samuel Hartzmark from University of Chicago, and Eugene Soltes from Harvard Business School
- 2016:** “Lazy Prices,” by Lauren Cohen and Christopher Malloy from Harvard Business School and Quoc Nguyen from University of Illinois at Chicago
- 2017:** “Short and Long Horizon Behavioral Factor,” by Kent Daniel from Columbia Business School and NBER, David Hirshleifer from UC Irvine and NBER and Lin Sun from Florida State University

Hillcrest Asset Management is an institutional investment management firm and a recognized leader in the field of Behavioral Finance investing. Our investment philosophy and process are guided by a fundamental belief that stocks deviate from their fair value due to investor behavioral biases. Hillcrest’s experienced investment team believes that stocks follow the behavioral cycle of stock movements. We combine model-driven behavioral analysis with traditional fundamental research to build on the strengths of both approaches.

Hillcrest was founded in October 2007 and has offices in Dallas and Boston.

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