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Ownership Concentration, Common Risk Factors, & Stock Returns
This paper investigates the relationship between stock returns and the degree of ownership concentration for S&P 500 firms and finds that, consistent with the existing literature, stock returns are increasing in the degree of ownership concentration. This paper is the first to demonstrate this result using a portfolio sorting method and standard asset pricing models. It is found that increased exposure to ownership concentration systematically decreases exposure to common risk factors. It is found that the observed out-performance by firms with high ownership concentration is driven largely by the behaviour of insider owners and the financing of share buybacks during times of crisis in financial markets.

Date: Tuesday July 26th 2016
Time: 4:00 PM
Room: Mackinnon 720