



# Graduate Seminar

Department of  
Economics and Finance

College of Business  
and Economics

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MA Candidate

Supervisor: Dr. Francis Tapon

Second Reader: Alex Maynard



### **Ownership Concentration, Common Risk Factors, & Stock Returns**

This study explores the role of insider ownership in explaining cross-sectional returns for firms in the S&P 500 index. Our study confirms a significant positive relation between returns and a measure of concentrated ownership. We use portfolio sorts based on ownership concentration after controlling for variables commonly found in standard asset pricing models. We also control for economic conditions. This paper finds both in general and times of crisis, that a factor constructed to capture the insider ownership premium plays a large explanatory role in stock returns. We create a debt-adjusted concentrated ownership measure to control for the effects of different capital structures. It reveals that increased leverage significantly diminishes the role insiders have in affecting returns. We also find that share buybacks hinder the performance of firms both with high and low insider ownership, contradicting past findings.

**Date: Tuesday August 21 2018**

**Time: 2:00 PM**

**Room: Mackinnon 720**



