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AWI This Week

Monday, 8. 6. 09

Departmental Seminar

17.15-18.45

AWI 00.010

Jacob Sagi, Vanderbilt University, U.S.

"Do fund managers make informed asset allocation decisions?"

Wednesday, 10. 6. 09

Departmental Seminar

17.15-18.45

AWI 00.010

Frauke Lammers,
WHU – Otto Beisheim School of Management

"The Role of Expectations in the Formation of
Reference Points"

Departmental Seminars

Jacob S. Sagi

"Do fund managers make informed asset allocation decisions?"*

We derive a fully dynamic model of asset allocation based on private and public information. Roughly, the model predicts that the portfolio market weight of better informed managers will mean revert faster and be more variable. Conversely, portfolio weights that mean revert faster and are more variable should have better forecasting power for expected returns. We test the model on a large dataset of mutual fund domestic equity holdings and find mixed evidence for timing ability at the monthly horizon. At a longer horizon, our tests are more supportive of an alternative hypothesis: Shifts between equities and non-equities are not based on information about future market returns. In particular, such shifts do not seem to incorporate public conditioning information about the aggregate equity premium.

*with Bradyn Breon-Drish

Frauke Lammers

"The Role of Expectations in the Formation of Reference Points"*

This paper studies the role of expectations in the formation of reference points. We present a questionnaire study and an experiment in which both expectations and the status quo are salient. We find that when expectations are present, they have a significant impact on reference point formation and subsequent risky choice. Therefore, it is generally not sufficient to equate the reference point with the status quo.

*with Andreas Hack

Talks and Research Visits

On June 2, 2009 Malte Faber, AWI, and Thomas Petersen, Philosophisches Seminar, gave a lecture on "Ursachen der Finanzkrise - Kausalität in den Wirtschaftswissenschaften" at *Evangelische Studentengemeinde (ESG)*.

On May 16, Hans Diefenbacher held a key note lecture on "The economics of climate change" at a conference *Ecology and the public sphere* organized by the the university of Åbo/Finland.

On May 15-16, Christian Almer presented his paper "Environmental Crime and Punishment: Econometric Evidence from the German Penal Code" (with T. Goeschl) at the *Annual Meeting of the American Law and Economics Association (ALEA)* at the University of San Diego.

**Editorial deadline for issue 16/2009 of the newsletter:
Wednesday, June 10, 2009, 12 o'clock
newsletter@awi.uni-heidelberg.de**

If you would like to receive the newsletter by email,
please contact the address above.