

# “Social Screens and Systematic Boycott Risk”

(in English)



**Prof. Ronald J. BALVERS**

**Professor**

**Michael Lee-Chin & Family Chair  
in Investment and Portfolio Management,  
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## **Biography:**

Prof. Balvers currently holds the Michael Lee-Chin & Family Chair in Investment and Portfolio Management at McMaster University. He has previously held faculty positions at West Virginia University and the University of Notre Dame. He was born in the Netherlands and obtained his undergraduate education at Tilburg University and a PhD in Economics from the University of Pittsburgh. Professor Balvers specializes in Asset Pricing and Investments and his research has been published in such journals as the Journal of Finance, the Journal of Financial Economics, Review of Economic Studies, Management Science, International Economic Review, and the Economic Journal.

**Date: 30 April 2014 (Wednesday)**

**Time: 5:00 pm - 6:30 pm**

**Venue: WYL314, Dorothy Y. L. Wong Building**

## **Abstract:**

Prof. Balvers considers the pricing implications of allowing the investor base to differ along a moral dimension. The model extends standard risk-based asset pricing models by deriving a portfolio of stocks that are systematically screened out of the investment universe of a subgroup of investors as an additional factor determining expected stock returns. The model reconciles the empirically observed risk-adjusted sin-stock abnormal return with a “boycott risk premium” derived from the model. We show that the boycott has a substantial financial impact that is, however, not limited to the targeted firms or industries. The model compares favorably to other theoretical asset pricing models based on the incremental contribution of the boycott factor to overall explanatory power.

**All Are Welcome**

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