



Value

Value Investing Bibliography

June 4, 2014

Here is a selected list of books, journal articles and working papers that we found helpful in developing our research around Value strategies.

- Acharya, Viral V., and Lasse Heje Pedersen**, 2005, "Asset Pricing With Liquidity Risk," *Journal of Financial Economics* 77(2), 375–410
- Adrian, Tobias, and Hyun Song Shin**, 2010, "Liquidity and Leverage," *Journal of Financial Intermediation* 19(3), 418–437
- Amihud, Yakov**, 2002, "Illiquidity and Stock Returns: Cross-Section and Time Series Effects," *Journal of Financial Markets* 5, 31–56
- Amihud, Yakov, Haim Mendelson and Lasse Heje Pedersen**, 2005, "Liquidity and Asset Prices," *Foundations and Trends in Finance* 1(4), 269–364
- Asness, Cliff**, 1994, "Variables That Explain Stock Returns," Ph.D. dissertation, University of Chicago
- Asness, Cliff**, 1995, "The Power of Past Stock Returns to Explain Future Stock Returns," working paper, Goldman Sachs Asset Management
- Asness, Cliff**, 2011, "Momentum in Japan: The Exception That Proves the Rule," *The Journal of Portfolio Management* 37(4), 67–75
- Asness, Cliff, and Andrea Frazzini**, 2013, "The Devil in HML's Details," *The Journal of Portfolio Management* 39(4), 49–68
- Asness, Cliff, and Ross L. Stevens**, 2001, "Predicting Stock Returns Using Industry-Relative Firm Characteristics," working paper
- Asness, Cliff, John M. Liew and Ross L. Stevens**, 1997, "Parallels Between the Cross-Sectional Predictability of Stock and Country Returns," *The Journal of Portfolio Management* 23(3), 79–87
- Bali, Tarun G., Stephen J. Brown and Mustafa O. Caglayan**, 2011, "Do Hedge Funds' Exposures to Risk Factors Predict Their Future Returns?" *Journal of Financial Economics* 101(1), 36–68
- Bali, Tarun G., Stephen J. Brown and Mustafa O. Caglayan**, 2012, "Systematic Risk and the Cross-Section of Hedge Fund Returns," *Journal of Financial Economics* 106(1), 114–131
- Bansal, Ravi, and Amir Yaron**, 2004, "Risks for the Long Run: A Potential Resolution of Asset Pricing Puzzles," *The Journal of Finance* 59(4), 1481–1509
- Barberis, Nicholas, Andrei Shleifer and Robert Vishny**, 1998, "A Model of Investor Sentiment," *Journal of Financial Economics* 49(3), 307–343
- Belo, Federico**, 2010, "Production-Based Measures of Risk for Asset Pricing," *Journal of Monetary Economics* 57(2), 146–163
- Berk, Jonathan, Richard Green and Vasant Naik**, 1999, "Optimal Investment, Growth Options and Security Returns," *The Journal of Finance* 54(5), 1153–1607
- Bessembinder, Henrik**, 1992, "Systematic Risk, Hedging Pressure and Risk Premiums in Futures Markets," *The Review of Financial Studies* 5(4), 637–667
- Bhojraj, Sanjeev, and Bhaskaran Swaminathan**, 2006, "Macromomentum: Returns Predictability in International Equity Indices," *The Journal of Business* 79(1), 429–451
- Black, Fischer**, 1993, "Return and Beta," *The Journal of Portfolio Management* 20(1) 8–18
- Boudoukh, Jacob, Matthew Richardson and Robert F. Whitelaw**, 1994, "Industry Returns and the Fisher Effect," *The Journal of Finance* 49(5), 1595–1615

- Boyson, Nicole, Christof W. Stahel and René M. Stulz**, 2010, "Hedge Fund Contagion and Liquidity Shocks," *The Journal of Finance* 65(5), 1789–1816
- Brunnermeier, Markus, and Lasse Heje Pedersen**, 2009, "Market Liquidity and Funding Liquidity," *The Review of Financial Studies* 22(6), 2201–2238
- Carhart, Mark**, 1997, "On Persistence in Mutual Fund Performance," *The Journal of Finance* 52(1), 57–82
- Chordia, Tarun, and Lakshmanan Shivakumar**, 2002, "Momentum, Business Cycle and Time-Varying Expected Returns," *The Journal of Finance* 57(2), 985–1019
- Chui, Andy, Sheridan Titman and K.C. John Wei**, 2010, "Individualism and Momentum Around the World," *The Journal of Finance* 65(1), 361–392
- Daniel, Kent, David Hirshleifer and Avanidhar Subrahmanyam**, 2002, "Investor Psychology and Security Market Underreaction and Overreactions," *The Journal of Finance* 53(6), 1839–1885
- DeBondt, Werner F.M. and Richard Thaler**, 1985, "Does the Stock Market Overreact?" *The Journal of Finance* 40(3), 793–805
- Erb, Claude, and Campbell Harvey**, 2006, "The Strategic and Tactical Value of Commodity Futures," *Financial Analysts Journal* 62(2), 69–97
- Fama, Eugene F.**, 1976, *Foundations of Finance* (Basic Books: New York)
- Fama, Eugene F., and James MacBeth**, 1973, "Risk, Return and Equilibrium: Empirical Tests," *Journal of Political Economy* 81(3), 607–636
- Fama, Eugene F., and Kenneth R. French**, 1993, "Common Risk Factors in the Returns on Stocks and Bonds," *Journal of Financial Economics* 33(1) 3–56
- Fama, Eugene F., and Kenneth R. French**, 1997, "Industry Costs of Equity," *Journal of Financial Economics* 43(2), 153–193
- Fama, Eugene F., and Kenneth R. French**, 1996, "Multifactor Explanations of Asset Pricing Anomalies," *The Journal of Finance* 51(1), 55–84
- Fama, Eugene F., and Kenneth R. French**, 1998, "Value vs. Growth: The International Evidence," *The Journal of Finance* 53(6), 1975–1999
- Fama, Eugene F., and Kenneth R. French**, 2012, "Size, Value and Momentum in International Stock Returns," *Journal of Financial Economics* 105(3), 457–472
- Fama, Eugene F., and Kenneth R. French**, 1992, "The Cross-Section of Expected Stock Returns," *The Journal of Finance* 47(2) 427–465
- Frazzini, Andrea, and Lasse H. Pedersen**, 2014, "Betting Against Beta," *Journal of Financial Economics* 111(1), 1–25
- Frazzini, Andrea, Ronen Israel and Tobias J. Moskowitz**, 2012, "Trading Costs of Asset Pricing Anomalies," working paper, AQR Capital Management and University of Chicago
- Gârleanu, Nicolae, and Lasse H. Pedersen**, 2012, "Dynamic Trading With Predictable Returns and Transaction Costs," *The Journal of Finance* 68(6), 2309–2340
- Gerakos, Joseph, and Juhani Linnainmaa**, 2012, "Decomposing Value," working paper, University of Chicago
- Gibbons, Michael R., Stephen A. Ross and Jay Shanken**, 1989, "A Test of the Efficiency of a Given Portfolio," *Econometrica* 57, 1121–1152
- Gomes, Joao F., Leonid Kogan and Lu Zhang**, 2003, "Equilibrium Cross Section of Returns," *Journal of Political Economy* 111(4), 693–732
- Gorton, Gary B., Fumio Hayashi and K. Geert Rouwenhorst**, 2012, "The Fundamentals of Commodity Futures Returns," *Review of Finance* 17(1), 35–105
- Goyal, Amit, and Sunil Wahal**, 2013, "Is Momentum an Echo?" working paper, Swiss Finance Institute and Arizona State University
- Griffin, John, Susan Ji and Spencer Martin**, 2003, "Momentum Investing and Business Cycle Risk: Evidence From Pole to Pole," *The Journal of Finance* 58(6), 1515–1547
- Grinblatt, Mark, and Tobias J. Moskowitz**, 2004, "Predicting Stock Price Movements From Past Returns: The Role of Consistency and Tax-Loss Selling," *Journal of Financial Economics* 71(3), 541–579
- Hansen, Lars P., and Ravi Jagannathan**, 1997, "Assessing Specification Errors in Stochastic Discount Factor Models," *The Journal of Finance* 52(2), 557–590

- Hansen, Lars P., John Heaton and Nan Li**, 2008, "Consumption Strikes Back? Measuring Long Run Risk," *Journal of Political Economy* 116(2), 260–302
- Haugen, Robert A.**, 1995, *The New Finance: The Case Against Efficient Markets* (Prentice Hall: Englewood Cliffs, New Jersey)
- Hong, Harrison, and Jeremy Stein**, 1999, "A Unified Theory of Underreaction, Momentum Trading and Overreaction in Asset Markets," *The Journal of Finance* 54(6), 2143–2184
- Hong, Harrison, Terrence Lim and Jeremy Stein**, 2000, "Bad News Travels Slowly: Size, Analyst Coverage and the Profitability of Momentum Strategies," *The Journal of Finance* 55(1), 265–295
- Israel, Ronen, and Tobias J. Moskowitz**, 2013, "The Role of Shorting, Firm Size and Time on Market Anomalies," *Journal of Financial Economics* 108(2), 275–301
- Jegadeesh, Narasimhan, and Sheridan Titman**. 1993, "Returns to Buying Winners and Selling Losers: Implications for Stock Market Efficiency," *The Journal of Finance* 48(1), 65–91
- Jegadeesh, Narasimhan**, 1990, "Evidence of Predictable Behavior of Security Returns," *The Journal of Finance* 45(3), 881–898
- Johnson, Timothy**, 2002, "Rational Momentum Effects," *The Journal of Finance* 57(2), 585–608
- Kho, Bong C.**, 1996, "Time-Varying Risk Premia, Volatility and Technical Trading Rule Profits: Evidence From Foreign Currency Futures Markets," *Journal of Financial Economics* 41(2), 249–290
- Koijen, Ralph, Tobias Moskowitz, Lasse H. Pedersen and Evert Vrugt**, 2012, "Carry," working paper, University of Chicago.
- Korajczyk, Robert A., and Ronnie Sadka**, 2004, "Are Momentum Profits Robust to Trading Costs?" *The Journal of Finance* 59(3), 1039–1082
- Korajczyk, Robert A., and Ronnie Sadka**, 2008, "Pricing the Commonality Across Alternative Measures of Liquidity," *Journal of Financial Economics* 87(1), 45–72
- Krishnamurthy, A.**, 2002, "The Bond/Old-Bond Spread," *Journal of Financial Economics* 66(2–3), 463–506
- Lakonishok, Josef, Andrei Shleifer and Robert W. Vishny**, 1994, "Contrarian Investment, Extrapolation and Risk," *The Journal of Finance* 49(5), 1541–1578
- Lebaron, B.**, 1999, "Technical Trading Rule Profitability and Foreign Exchange Intervention," *Journal of International Economics* 49(1), 125–143
- Lesmond, David A., Michael J. Schill and Chunsheng Zhou**, 2003, "The Illusory Nature of Momentum Profits," *Journal of Financial Economics* 71(2), 349–380
- Li, Dongmei, and Lu Zhang**, 2010, "Does Q-Theory With Investment Frictions Explain Anomalies in the Cross-Section of Returns?" *Journal of Financial Economics* 98(2), 297–314
- Li, Erica X. N., Dmitry Livdan and Lu Zhang**, 2009, "Anomalies," *The Review of Financial Studies* 22(11), 4301–4334
- Liew, Jimmy, and Maria Vassalou**, 2000, "Can Book-to-Market, Size and Momentum Be Risk Factors That Predict Economic Growth?" *Journal of Financial Economics* 57(2), 221–245
- Liu, Laura Xiaolei, and Lu Zhang**, 2008, "Momentum Profits, Factor Pricing and Macroeconomic Risk," *The Review of Financial Studies* 21(6), 2417–2448
- Liu, Laura Xiaolei, Toni M. Whited and Lu Zhang**, 2009, "Investment-Based Expected Stock Returns," *Journal of Political Economy* 117(6), 1105–1139
- Lo, Andrew W., and A. Craig MacKinlay**, 1990, "When Are Contrarian Profits Due to Stock Market Overreaction?" *The Review of Financial Studies* 3(2), 175–205
- Malloy, Christopher, Tobias J. Moskowitz and Annette Vissing-Jorgensen**, 2009, "Long-Run Stockholder Consumption Risk and Asset Returns," *The Journal of Finance* 64(6), 2427–2479
- Moskowitz, Tobias J.**, 2003, "An Analysis of Covariance Risk and Pricing Anomalies," *The Review of Financial Studies* 16(2), 417–457
- Moskowitz, Tobias J., Yao Hua Ooi and Lasse Heje Pedersen**, 2012, "Time Series Momentum," *Journal of Financial Economics* 104(2), 228–250
- Novy-Marx, Robert**, 2012, "Is Momentum Really Momentum?" *Journal of Financial Economics* 103(3), 429–453
- Parker, Jonathan A., and Christian Julliard**, 2005, "Consumption Risk and the Cross Section of Expected Returns," *Journal of Political Economy* 113(1), 185–222

- Pástor, Lúboš, and Robert F. Stambaugh**, 2003, "Liquidity Risk and Expected Stock Returns," *Journal of Political Economy* 111(3), 642–685
- Pedersen, Lasse H.**, 2009, "When Everyone Runs for the Exit," *International Journal of Central Banking* 5(4), 177–199
- Piotroski, Joseph**, 2000, "Value Investing: The Use of Historical Financial Statement Information to Separate Winners From Losers," *Journal of Accounting Research*, 38, 1–41
- Roon, Frank A.**, Theo de Nijman and Christian H. Veld, 2000, "Hedging Pressure Effects in Futures Markets," *The Journal of Finance*, 55(3), 1437–1456
- Rosenberg, Barr, Kenneth Reid and Ronald Lanstein**, 1985, "Persuasive Evidence of Market Inefficiency," *The Journal of Portfolio Management* 11(3), 9–16
- Rouwenhorst, K. Geert**, 1998, "International Momentum Strategies," *The Journal of Finance* 53(1), 267–284
- Sadka, Ronnie**, 2006, "Momentum and Post-Earnings-Announcement Drift Anomalies: The Role of Liquidity Risk," *Journal of Financial Economics* 80(2), 309–349
- Sadka, Ronnie**, 2012, "Hedge-Fund Performance and Liquidity Risk," *Journal of Investment Management* 10(2), 60–72
- Sagi, Jacob, and Mark Seasholes**, 2007, "Firm-Specific Attributes and the Cross-Section of Momentum," *Journal of Financial Economics* 84(2), 389–434
- Shleifer, Andrei, and Lawrence H. Summers**, 1990, "The Noise Trader Approach to Finance," *Journal of Economic Perspectives* 4(2), 19–33
- Stattman, Dennis**, 1980, "Book Values and Stock Returns," *Chicago MBA: A Journal of Selected Papers* 1980(4), 25–45
- Vayanos, Dimitri, and Paul Woolley**, 2013, "An Institutional Theory of Momentum and Reversal," *The Review of Financial Studies* 26(5), 1087–1145
- Zhang, Lu**, 2005, "The Value Premium," *The Journal of Finance* 60(1), 67–103

This document is not intended to, and does not relate specifically to any investment strategy or product that AQR offers. It is being provided merely to provide a framework to assist in the implementation of an investor's own analysis and an investor's own view on the topic discussed herein.

This document has been provided to you solely for information purposes and does not constitute an offer or solicitation of an offer or any advice or recommendation to purchase any securities or other financial instruments and may not be construed as such. The factual information set forth herein has been obtained or derived from sources believed by the author and AQR Capital Management, LLC ("AQR") to be reliable but it is not necessarily all-inclusive and is not guaranteed as to its accuracy and is not to be regarded as a representation or warranty, express or implied, as to the information's accuracy or completeness, nor should the attached information serve as the basis of any investment decision. This document is not to be reproduced or redistributed to any other person. The information set forth herein has been provided to you as secondary information and should not be the primary source for any investment or allocation decision. Past performance is not a guarantee of future performance. Diversification does not eliminate the risk of experiencing investment losses.

This material is not research and should not be treated as research. This paper does not represent valuation judgments with respect to any financial instrument, issuer, security or sector that may be described or referenced herein and does not represent a formal or official view of AQR. The views expressed reflect the current views as of the date hereof and neither the author nor AQR undertakes to advise you of any changes in the views expressed herein.

The information contained herein is only as current as of the date indicated, and may be superseded by subsequent market events or for other reasons. Charts and graphs provided herein are for illustrative purposes only. The information in this presentation has been developed internally and/or obtained from sources believed to be reliable; however, neither AQR nor the author guarantees the accuracy, adequacy or completeness of such information. Nothing contained herein constitutes investment, legal, tax or other advice nor is it to be relied on in making an investment or other decision. There can be no assurance that an investment strategy will be successful. Historic market trends are not reliable indicators of actual future market behavior or future performance of any particular investment which may differ materially, and should not be relied upon as such. Diversification does not eliminate the risk of experiencing investment losses.

The information in this paper may contain projections or other forward-looking statements regarding future events, targets, forecasts or expectations regarding the strategies

described herein, and is only current as of the date indicated. There is no assurance that such events or targets will be achieved, and may be significantly different from that shown here. The information in this document, including statements concerning financial market trends, is based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons.