

The Diminishing Size Effect and Link to Liquidity Risk

Thursday, July 28, 2011

1:00pm - 2:40pm ET

10:00am - 11:40am PT

Presenters:

Michael A. Crain, CPA/ABV, ASA, CFA, CFE - The Financial Valuation Group

G. William Kennedy, Ph.D., CPA/ABV - FTI Consulting

Why You Should Attend

Thought to represent inherent risks in smaller businesses, the size effect has long been used as an explanation for the risk-reward relationship empirically seen in small businesses. Since its widespread in the 1980's however, empirical analysis has show several discrepancies in this analysis have appeared including the "January Effect" and more importantly, a significant diminishment in the size effect. On July 28 expert appraisers Michael Crain and William Kennedy join BVR for an in-depth look at the size effect's recent history, the counter-intuitive and anomalous characteristics viewed in its analysis, and, most importantly, what all of this means for appraisers today.

Agenda:

- What is the size effect?
- Observation of the size effect
- Current state of size premiums in BV practice
- Evidence of the diminishment or disappearance of the size effect in U.S. and UK listed firms since the 1980s
- Link between the size effect and liquidity risk in empirical research
- Concentration of the size effect in smaller firms
- Other empirical evidence
- Implications for BV theory and practice

Learning Objectives:

- Learn how empirical observations are leading to new thinking on the size effect and its representation of small company risk
- Understand what a diminishment of the size effect means for liquidity risk and other appraisal assessments
- Learn how these changes to the size effect will affect BV theory and practice
- Learn which new trends are being watched in this continuing analysis and what these indicators will show going forward

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Registration Deadline – 12:00 AM EST – July 26, 2011

For those that register for the webinar, we will send you an email with the webinar log-in details on July 27, 2011.

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