

John A. Doukas  
Honored for Best Article in Financial Analysts Journal, 2004  
Article describes the role of divergent opinions in investment decisions.  
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## Finance

### **John A. Doukas Receives Graham and Dodd Award for Best Financial Analysts Journal Article**

Norfolk —The CFA Institute *Financial Analysts Journal* announced that John A. Doukas, Professor of Finance and Eminent Scholar, ODU, Founding and Managing Editor of *European Financial Management*, has received the prestigious Graham and Dodd Award for his article “Divergent Opinions and the Performance of Value Stocks” co-authored with C. Kim and C. Pantzalis.

The readership of the Financial Analysts Journal has voted "Divergent Opinions and the Performance of Value Stocks" to receive a Graham and Dodd Award for Excellence for 2004. This article is among a select group of articles chosen by our readers and the Editorial Board to receive this prestigious award. The awards were established by the Financial Analysts Journal in 1960 to recognize excellence in financial writing and to honor Benjamin Graham and David L. Dodd for their enduring contributions to the field of financial analysis.

Awarded by the FAJ's advisory council and editorial board, the Graham and Dodd Award for excellence in research and financial writing is the publication's highest honor. The FAJ is published by CFA Institute, the worldwide association of more than 70,000 financial securities analysts and investment managers. The article, published in the November-December 2004 issue, describes how divergent opinions among investor can explain the “value” anomaly. It investigates whether divergence of opinion among investors, manifested in the dispersion of analysts' earnings forecasts, plays an important role in asset pricing. Specifically, the article tests whether disagreement can explain the cross-sectional return difference between value and growth stocks over the 1983-2001 period. The findings of the article suggest that the return advantage of “value” strategies is a reward for the greater disagreement characterizing their future growth in earnings. Alternative multifactor asset pricing tests show that investor disagreement plays an important role in explaining the superior return of value stocks.

The Graham and Dodd Award, created in 1960 to honor Benjamin Graham's and David L. Dodd's enduring

contributions to the field of investment analysis, is presented each year to the author or authors of the most outstanding article published in the *Financial Analysts Journal* that year. Past recipients have included Robert D. Arnott and Peter L. Bernstein (2002), Mark Rubinstein (2001), Eduardo Schwartz and Mark Moon (2000) and industry leaders such as Peter L. Bernstein, William F. Sharpe, Fischer Black and Charles D. Ellis. In 2003, Clifford S. Asness, managing principle with AQR Capital Management in New York, received this prestigious recognition for his article "Surprise! Higher Dividends = Higher Earnings Growth."

The 60-year-old *Financial Analysts Journal* is published six times a year. Its purpose is to advance the knowledge and understanding of the practice of investment management through the publication of high-quality, practitioner-relevant research. To celebrate its 60th anniversary, each issue of the FAJ contains special "reflections" pieces written by specially invited authors such as Abby Joseph Cohen, CFA, John C. Bogle and Gary P. Brinson, CFA. These articles will be compiled into a hard-bound anthology at the end of 2005.

### **About CFA Institute**

CFA Institute is the global, non-profit professional association that administers the CFA curriculum and examination program worldwide and, through its CFA Centre for Financial Market Integrity, sets voluntary, ethics-based professional and performance-reporting standards for the investment industry. CFA Institute has 75,000 members in 119 countries. Its membership includes the world's 63,000 CFA charterholders, as well as 130 affiliated professional societies in 51 countries and territories. CFA Institute is headquartered in Charlottesville, Va., USA, with additional offices in London and Hong Kong. CFA Institute was known as AIMR (Association for Investment Management and Research) from 1990 to early 2004, and before that was two separate organizations whose roots go back to 1947. More information may be found at [www.cfainstitute.org](http://www.cfainstitute.org) or by calling (800) 247-8132 or (434) 951-5499.