



ANNUAL CONSULTANTS' CONFERENCE

JUNE 8-11
2011
SAN DIEGO



NATIONAL ASSOCIATION OF CERTIFIED VALUATORS AND ANALYSTS • INSTITUTE OF BUSINESS APPRAISERS

Track: **Valuation Forum**

Session Date/Time: *Thursday, June 9, 2011 • 4:00 – 5:40 PM*

Session Title: **Does Firm Size Matter?**

Session Summary:



The "size effect" is the observation that smaller firms tend to have higher returns than larger firms. The main theory to explain this is that smaller firms are systematically more risky, and market forces cause stock prices to adjust resulting in higher returns for investors. However, the empirical data regarding whether the "size effect" even exists is mixed. Highlights of this presentation include: The size effect is complex phenomena and not universally accepted by academic researchers; The size premium of small firms seems to include elements of lack of marketability; The size premium has disappeared at times; The size effect is not linear, so size premiums derived from public firms need to be applied with care; Size may not be the source of risk, but a proxy for risk.

CPE Hours/Fields of Study: CPE: 2 • 2Hrs-SK&A

Presenter Bio(s): **Michael A. Crain, CPA/ABV, ASA, CFA, CFE**



Michael has been a licensed CPA for over 25 years. He holds several certifications in valuation: Accredited in Business Valuation (ABV) by the American Institute of CPAs, Accredited Senior Appraiser (ASA) in business valuation by the American Society of Appraisers and the designation of Chartered Financial Analyst (CFA) from the CFA Institute. He also holds the designation of Certified Fraud Examiner (CFE) by the Association of Certified Fraud Examiners. Mike is a past chairman of the AICPA business valuation committee and has been inducted into the AICPA Business Valuation Hall of Fame. He is a recipient of AICPA's Lawler Award presented by Journal of Accountancy for best article of the year. Mike is currently working part time on doctorate research in finance at the Manchester Business School in England at the University of Manchester.