



NACVA AND THE IBA'S 2010 ANNUAL CONSULTANTS' CONFERENCE *SESSION SUMMARY*
JUNE 2—5, 2010 THE FONTAINEBLEAU MIAMI BEACH MIAMI BEACH, FL USA

Track: Academic Research Track
Session Date / Time: Friday, June 4, 2010 –12:55pm – 1:50pm
Session Title: *Volatility in Estimates of Industry Risk Premia and Its Implications*
Session Summary: Estimation of Cost of Equity is a critical aspect of any valuation. Our article/presentation focuses on one aspect of cost of equity - industry risk - and its measurement. We analyze Ibbotson/Morningstar's Industry Risk Premiums (IRPs), demonstrating the year-to-year volatility in these measures the the resulting impact on estimates of company value. We then explore the underlying relationships between observed volatility and fundamental measures such as the number of companies in the industry, the relative magnitude of each industry's IRP, etc. Participants should come away from the presentation with a much deeper understanding of these measures.

CPE Hours / Fields of Study: One (1) hours / Specialized Knowledge and Applications (SK&A)

Presenter Bio:



Keith Sellers, CPA, CVA, ABV, is the LaGrange Eminent Scholar of Business Valuation and Director of the Center for Business Valuation Research at the University of North Alabama. Dr. Sellers has published in numerous journals including the Journal of Accountancy, Accounting Horizons, the National Tax Journal, The Value Examiner and Research in Accounting Regulation. He is the president of Financial Valuation Services, Inc., is cofounder of Derivative Valuation Services, is a CPA, CVA, and ABV and serves on the Editorial Boards of The Value Examiner and the Journal of Business Valuation and Economic Loss Analysis.

Presenter Bio:



Dr. Peter Williams, PhD, CPA, is a Professor of Economics at the University of North Alabama. He received his PhD in Economics from the University of Mississippi, with fields in Labor Economics, Managerial Economics, and Econometrics. His research interests include economic effects of public policy, with special attention to taxation and regulation, labor issues, and experimental economics. He also consults as an expert witness in areas of valuation and damages. He has published articles in The Journal of Behavior and Organization, The Independent Review, and The Cato Journal.