JOURNAL OF FINANCIAL AND QUANTITATIVE ANALYSIS



VOL. 46, NO. 2 APRIL 2011

MANAGING EDITORS
Hendrik Bessembinder
Stephen Brown
Paul Malatesta

ADVISORY EDITOR
Mark Grinblatt

ASSOCIATE EDITORS

Andrew Ang

Warren Bailey Gurdip Bakshi

Murillo Campello

Mikhail Chernov

Jeffrey Coles

Jennifer Conrad

Jefferson Duarte

Wayne Ferson

Jarrad Harford

Jonathan Karpoff

Michael Lemmon

Francis Longstaff

Ronald Masulis

John McConnell

Robert McDonald

Darius Palia

Neil Pearson

George Pennacchi

Jeffrey Pontiff

Jay Ritter

Bryan Routledge

Sergei Sarkissian

Paul Schultz

Chester Spatt

Kumar Venkataraman

Ralph Walkling

David Yermack

Lu Zhang

Guofu Zhou

Shareholders' Say on Pay: Does It Create Value? Jie Cai and Ralph A. Walkling

Holdings Data, Security Returns, and the Selection of Superior Mutual Funds

Edwin J. Elton, Martin J. Gruber, and Christopher R. Blake

Stale Prices and the Performance Evaluation of Mutual Funds Meijun Qian

Venture Capital Conflicts of Interest: Evidence from Acquisitions of Venture-Backed Firms Ronald W. Masulis and Rajarishi Nahata

VC Funds: Aging Brings Myopia

Eugene Kandel, Dima Leshchinskii, and Harry Yuklea

Rare Event Risk and Heterogeneous Beliefs: The Case of Incomplete Markets

Stephan Dieckmann

Lemons or Cherries? Growth Opportunities and Market Temptations in Going Public and Private Hadiye Aslan and Praveen Kumar

Information Shocks, Liquidity Shocks, Jumps, and Price Discovery: Evidence from the U.S. Treasury Market George J. Jiang, Ingrid Lo, and Adrien Verdelhan

The Term Structure of Lease Rates with Endogenous Default Triggers and Tenant Capital Structure: Theory and Evidence

Sumit Agarwal, Brent W. Ambrose, Hongming Huang, and Yildiray Yildirim

The Price Pressure of Aggregate Mutual Fund Flows Azi Ben-Rephael, Shmuel Kandel, and Avi Wohl

PUBLISHED BY CAMBRIDGE UNIVERSITY PRESS
FOR THE UNIVERSITY OF WASHINGTON
MICHAEL G. FOSTER SCHOOL OF BUSINESS
IN COOPERATION WITH THE UNIVERSITY OF UTAH
DAVID ECCLES SCHOOL OF BUSINESS
AND THE NEW YORK UNIVERSITY
LEONARD N. STERN SCHOOL OF BUSINESS



JOURNAL OF FINANCIAL AND QUANTITATIVE ANALYSIS

A PUBLICATION OF THE UNIVERSITY OF WASHINGTON MICHAEL G. FOSTER SCHOOL OF BUSINESS IN COOPERATION WITH THE UNIVERSITY OF UTAH DAVID ECCLES SCHOOL OF BUSINESS AND NEW YORK UNIVERSITY LEONARD N. STERN SCHOOL OF BUSINESS

VOL. 46, NO. 2, APRIL 2011

Shareholders' Say on Pay: Does It Create Value?	299
Holdings Data, Security Returns, and the Selection of Superior Mutual Funds	341
Stale Prices and the Performance Evaluation of Mutual Funds	369
Venture Capital Conflicts of Interest: Evidence from Acquisitions of Venture-Backed Firms	395
VC Funds: Aging Brings Myopia	431
Rare Event Risk and Heterogeneous Beliefs: The Case of Incomplete Markets	459
Lemons or Cherries? Growth Opportunities and Market Temptations in Going Public and Private	489
Information Shocks, Liquidity Shocks, Jumps, and Price Discovery: Evidence from the U.S. Treasury Market	527
The Term Structure of Lease Rates with Endogenous Default Triggers and Tenant Capital Structure: Theory and Evidence	553
The Price Pressure of Aggregate Mutual Fund Flows	585

MANAGING EDITORS

Hendrik Bessembinder University of Utah Stephen Brown
New York University

Paul Malatesta
University of Washington

ADVISORY EDITOR

Mark Grinblatt

University of California, Los Angeles

ASSOCIATE EDITORS

Andrew Ang

Columbia University

Warren Bailey

Cornell University

Gurdip Bakshi

University of Maryland

Murillo Campello

University of Illinois, Urbana-Champaign

Mikhail Chernov

London Business School

Jeffrey Coles

Arizona State University

Jennifer Conrad

University of North Carolina

Jefferson Duarte

Rice University

Wavne Ferson

University of Southern California

Jarrad Harford

University of Washington

Jonathan Karpoff

University of Washington

Michael Lemmon

University of Utah

Francis Longstaff

University of California, Los Angeles

Ronald Masulis

Vanderbilt University

John McConnell

Purdue University

Robert McDonald

Northwestern University

Darius Palia

Rutgers University

Neil Pearson

University of Illinois, Urbana-Champaign

George Pennacchi

University of Illinois, Urbana-Champaign

Jeffrey Pontiff

Boston College

Jay Ritter

University of Florida

Bryan Routledge

Carnegie Mellon University

Sergei Sarkissian

McGill University

Paul Schultz

University of Notre Dame

Chester Spatt

Carnegie-Mellon University

Kumar Venkataraman

Southern Methodist University

Ralph Walkling

Drexel University

David Yermack

New York University

Lu Zhang

Ohio State University

Guofu Zhou

Washington University in St. Louis

STAFF

Business Manager, Susan Huot

Editorial Assistants

Sandra Leonard and Claudia Link

The Journal of Financial and Quantitative Analysis (ISSN 0022-1090), Michael G. Foster School of Business, University of Washington, 115 Lewis, Box 353200, Seattle, WA 98195-3200, is published bimonthly in February, April, June, August, October, and December by Cambridge University Press, 32 Avenue of the Americas, New York, NY 10013-2473/Cambridge University Press, the Edinburgh Building, Shaftesburg Road, Cambridge CB2 8RU, UK for the University of Washington Michael G. Foster School of Business in cooperation with the David Eccles School of Business at the University of Utah and the Leonard N. Stern School of Business at New York University. Periodicals Postage Paid at New York, NY and additional mailing offices. POSTMASTER: Send address changes to Journal of Financial and Quantitative Analysis, Cambridge University Press, 100 Brook Hill Dr, West Nyack, NY 10994-2133, USA.



JOURNAL OF FINANCIAL AND QUANTITATIVE ANALYSIS

PHONE: (206) 543-4598 University of Washington FAX: (206) 616-1894 Michael G. Foster School of Business E-MAIL: jfqa@uw.edu 115 Lewis Box 353200 URL: http://www.jfqa.org Seattle, WA 98195-3200 USA

VOL. 46, NO. 2, APRIL 2011

PURPOSE AND FOCUS

The Journal of Financial and Quantitative Analysis (JFQA) publishes theoretical and empirical research in financial economics. Topics include corporate finance, investments, capital and security markets, and quantitative methods of particular relevance to financial researchers. Opinions expressed in the JFQA are those of the authors and do not necessarily reflect those of the University of Washington Foster School of Business. For submissions queries, please write, call, fax, or e-mail the JFQA office. For all other information related to the journal, please contact Cambridge Journals Customer Services: Cambridge University Press, 100 Brook Hill Drive, West Nyack, NY 10994-2133, USA. http://journals.cambridge.org/jfqa

SUBMISSIONS

www.editorialmanager.com/jfqa

It is JFQA policy to give prompt attention to all submitted manuscripts. Consistent with this policy, honoraria are paid to referees who provide timely reviews. Submit manuscripts online (www.editorialmanager.com/jfqa) with a \$220 submission fee and confirmation of a current individual subscription. Checks must be payable to the JFQA in U.S. dollars for deposit in a U.S. bank. VISA, MasterCard, and American Express are accepted. Manuscripts are considered for publication on the understanding that they have not been previously published in whole or in part, and are not being simultaneously considered for publication elsewhere.

SUBSCRIPTIONS

http://journals.cambridge.org/jfga

For individuals or institutions interested in a single journal subscription in 2011, please contact Cambridge Journals Customer Services. In the U.S., Canada, or Mexico, subscription fees are payable in U.S. dollars: journals_subscriptions@cambridge.org. Elsewhere in the world, subscription fees are payable in U.K. pounds sterling: journals@cambridge.org

2011 Annual Subscription Fees

Volume 46: February, April, June, August, October, and December

Category	Access Type	Price
Organizational	Online & Print	£196.00 / \$393.00
Organizational	Print only	£179.00 / \$360.00
Organizational	Online only	£168.00 / \$337.00
Individual	Online & Print	£42.00 / \$84.00
Individual	Print only	£36.00 / \$73.00
Individual	Online only	£31.00 / \$63.00
Student	Print only	£17.00 / \$25.00

RIGHTS AND PERMISSIONS

All rights reserved. No part of this publication may be reproduced, in any form or by any means, electronic, photocopying, or otherwise, without permission in writing from Cambridge University Press. General enquiries from the USA, Mexico, and Canada should be addressed to the New York office of Cambridge University Press http://www.cambridge.org/us/information/rights/contacts/newyork.htm; general enquiries from elsewhere should be addressed to the Cambridge office http://www.cambridge.org/uk/information/rights/contacts/cambridge.htm; permission enquiries from Australia and New Zealand should be addressed to the Melbourne office http://www.cambridge.org/aus/information/contactsmelbourne.htm; enquiries regarding Spanish-language translation rights (only) should be addressed to the Madrid office http://www.cambridge.org/uk/information/rights/contacts/madrid.htm.PhotocopyingInformation(forusersintheU.S.A.): Copyingfor internal or personal use beyond that permitted by Sec. 107 or 108 of the U.S. Copyright Law is authorized for users duly registered with the Copyright Clearance Center (CCC), provided that the appropriate remittance is paid directly to: CCC, 222 Rosewood Drive, Danvers, MA 01923 U.S.A. Specific written permission must be obtained for all other copying; contact the nearest Cambridge University Press office.

VOTE FOR THE SHARPE BEST PAPER AWARD!

The William F. Sharpe Award for Scholarship in Financial Research recognizes researchers who, through their articles published in the Journal of Financial and Quantitative Analysis, have most contributed to our understanding of important areas of financial economics. The Sharpe Award nominees are chosen by a vote of JFQA readers and Associate Editors from the papers published in 2010. Winners are selected by the Associate Editors. Access the official ballot at

http://www.jfqa.org

Deadline: April 30, 2011