



MANAGING EDITORS

Hendrik Bessembinder
 Stephen Brown
 Jarrad Harford
 Paul Malatesta

ADVISORY EDITOR

Mark Grinblatt

ASSOCIATE EDITORS

Warren Bailey
 Gurdip Bakshi
 Turan Bali
 Murillo Campello
 Mikhail Chernov
 Jeffrey Coles
 Jennifer Conrad
 Ran Duchin
 Alex Edmans
 Wayne Ferson
 Jonathan Karpoff
 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 Walking
 Yuhai Xuan
 David Yermack
 Lu Zhang
 Guofu Zhou

VOL. 50 | NOS. 1/2 | FEBRUARY/APRIL 2015

Acquirer Valuation and Acquisition Decisions: Identifying Mispricing Using Short Interest

Itzhak Ben-David, Michael S. Drake, and Darren T. Roulstone

Dividend Yields, Dividend Growth, and Return Predictability in the Cross Section of Stocks

Paulo Maio and Pedro Santa-Clara

Firm Mortality and Natal Financial Care

Utpal Bhattacharya, Alexander Borisov, and Xiaoyun Yu

Industries and Stock Return Reversals

Allaudeen Hameed and G. Mujtaba Mian

Once Burned, Twice Shy: Money Market Fund Responses to a Systemic Liquidity Shock

Philip E. Strahan and Başak Tanyeri

Do Happy People Make Optimistic Investors?

Guy Kaplanski, Haim Levy, Chris Veld, and Yulia Veld-Merkoulova

Religion and Stock Price Crash Risk

Jeffrey L. Callen and Xiaohua Fang

The Diminishing Liquidity Premium

Azi Ben-Rephael, Ohad Kadan, and Avi Wohl

Foreign Currency Returns and Systematic Risks

Victoria Atanasov and Thomas Nitschka

The Effects of Securities Class Action Litigation on Corporate Liquidity and Investment Policy

Matteo Arena and Brandon Julio

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

Acquirer Valuation and Acquisition Decisions: Identifying Mispricing Using Short Interest	1
Itzhak Ben-David, Michael S. Drake, and Darren T. Roulstone	
Dividend Yields, Dividend Growth, and Return Predictability in the Cross Section of Stocks	33
Paulo Maio and Pedro Santa-Clara	
Firm Mortality and Natal Financial Care	61
Utpal Bhattacharya, Alexander Borisov, and Xiaoyun Yu	
Industries and Stock Return Reversals	89
Allaudeen Hameed and G. Mujtaba Mian	
Once Burned, Twice Shy: Money Market Fund Responses to a Systemic Liquidity Shock	119
Philip E. Strahan and Başak Tanyeri	
Do Happy People Make Optimistic Investors?	145
Guy Kaplanski, Haim Levy, Chris Veld, and Yulia Veld-Merkoulova	
Religion and Stock Price Crash Risk	169
Jeffrey L. Callen and Xiaohua Fang	
The Diminishing Liquidity Premium	197
Azi Ben-Rephael, Ohad Kadan, and Avi Wohl	
Foreign Currency Returns and Systematic Risks	231
Victoria Atanasov and Thomas Nitschka	
The Effects of Securities Class Action Litigation on Corporate Liquidity and Investment Policy	251
Matteo Arena and Brandon Julio	

MANAGING EDITORS

Hendrik Bessembinder
University of Utah

Stephen Brown
New York University

Jarrad Harford
Paul Malatesta
University of Washington

ADVISORY EDITOR

Mark Grinblatt
University of California, Los Angeles

ASSOCIATE EDITORS

Warren Bailey
Cornell University

Gurdip Bakshi
University of Maryland

Turan Bali
Georgetown University

Murillo Campello
Cornell University

Mikhail Chernov
University of California, Los Angeles

Jeffrey Coles
University of Utah

Jennifer Conrad
University of North Carolina

Ran Duchin
University of Washington

Alex Edmans
University of Pennsylvania

Wayne Ferson
University of Southern California

Jonathan Karpoff
University of Washington

Francis Longstaff
University of California, Los Angeles

Ronald Masulis
University of New South Wales

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 Walking
Drexel University

Yuhai Xuan
Harvard University

David Yermack
New York University

Lu Zhang
Ohio State University

Guofu Zhou
Washington University in St. Louis

BUSINESS MANAGER

Susan Huot
University of Washington

The Journal of Financial and Quantitative Analysis (ISSN 0022-1090), Michael G. Foster School of Business, University of Washington, 370 Mackenzie Hall, UW 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, Shaftesbury 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.

Copyright 2015, Michael G. Foster School of Business, University of Washington



JOURNAL OF FINANCIAL AND QUANTITATIVE ANALYSIS

PHONE: (206) 543-4598
FAX: (206) 616-1894
E-MAIL: jfqa@uw.edu
URL: <http://www.jfqa.org>

University of Washington
 Michael G. Foster School of Business
 370 Mackenzie Hall UW Box 353200
 Seattle, WA 98195-3200 USA

VOL. 50, NOS. 1/2, FEBRUARY/APRIL 2015

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). Payment is required at the time of submission. VISA, MasterCard, and American Express are accepted. Please consult the journal Web site for current submission details. 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/jfqa>

For individuals or institutions interested in a single journal subscription in 2015, 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

2015 Annual Subscription Fees

Volume 50: February, April, June, August, October, and December

Category	Access Type	Price
Organizational	Online & Print	\$598/£323
Organizational	Print only	\$598/£323
Organizational	Online only	\$445/£258
Individual	Online & Print	\$105/£57
Individual	Print only	\$89/£47
Individual	Online only	\$73/£42
Student	Print only	\$25/£17

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/contacts/melbourne.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>. Photocopying Information (for users in the USA): Copying for 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 USA. 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 2014. Winners are selected by the Associate Editors. Access the official ballot at

<http://www.jfqa.org>

Deadline: June 30, 2015