



**NATIONAL ASSOCIATION OF CERTIFIED VALUATION ANALYSTS**

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

**Track:** Academic Research Track

**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.