

**PROMOTION RECOMMENDATION**  
The University of Michigan  
Stephen M. Ross School of Business

Robert F. Dittmar, assistant professor of finance, Stephen M. Ross School of Business, is recommended for promotion to associate professor of finance, with tenure, Stephen M. Ross School of Business.

Academic Degrees:

PhD	2000	Finance, University of North Carolina, Chapel Hill
BS	1991	Finance, University of Illinois, Champaign-Urbana

Professional Record:

2003-Present	University of Michigan, Stephen M. Ross School of Business Assistant Professor of Finance
1999-2003	Indiana University, Kelley School of Business Assistant Professor of Finance

Summary of Evaluation:

Teaching: Professor Dittmar teaches in the MBA and PhD programs. He is a thoughtful instructor who clearly invests in his courses to make sure the students deeply understand the finance theory being used in investment management today. He is now expanding the pedagogical activity to incorporate action-learning opportunities. Specifically, with other finance colleagues he is participating in a task force to develop action-based pedagogy in investments in conjunction with a possible Center for Applied Finance. As part of this experience, students will be expected to cover industries, uncover potentially undervalued firms within these industries through quantitative screens, verify their findings through fundamental valuation, and construct portfolios to best exploit their information. This is an exciting opportunity for students to take an active role in their education.

Research: Professor Dittmar is an excellent researcher who works on very important issues in finance. He asks very fundamental questions and his execution is impeccable. His research rests on the familiar rational investor behavioral assumption. Any critics of his work were those simply less enthusiastic about his paradigm, than Professor Dittmar's execution within it. His research deals with a central issue in asset pricing: the appropriate discount factor to value assets. Classic asset pricing models assume that 1) variables that drive economic risk are either aggregate consumption or aggregate wealth growth; 2) the dynamics of these variables are relatively simple; and 3) the discount factor is linear in these variables. Despite the theoretical and economic elegance of these assumptions, growing empirical evidence suggests that these models fail to explain differences in prices across securities. Professor Dittmar's research has contributed two fundamental insights into this issue of the risk-return trade off. The first is that entertaining a simple and intuitive departure from linear asset-pricing models can provide deep insights into this relationship, enabling us to distinguish rational behavior from proposed behavioral biases. The second insight which has the potential of being even more impactful, is that there are long-run risks related to cash flows that not only affect the inter-temporal behavior of asset prices but also the relative prices of different assets.

Professor Dittmar has published nine papers which are all in the leading journals in the field such as the *Journal of Finance*, *Journal of Financial Economics*, *Review of Financial Studies*, and *Journal of Econometrics*. This publication rate places him among the top young finance researchers in the

profession. He is a frequent presenter at the leading finance conferences and his pipeline of papers in review and work in progress suggest a very productive future.

Recent and Significant Publications:

Ahn, D.H., Conrad, J., Dittmar, R. Basis Assets. *Review of Financial Studies*, In Press 2009.

Dittmar, R., Bansal, R., Kiku, D. Cointegration and consumption risks in asset returns. *Review of Financial Studies* 22 (3), 2009.

Dittmar, A., Dittmar, R. The timing of financing decisions: An examination of the correlation in financing waves. *Journal of Financial Economics*, 2008.

Yuan, K., Dittmar, R. The pricing impacts of sovereign bonds. *Review of Financial Studies*, 21, 2008.

Bansal, R., Dittmar, R., Lundblad, C. Consumption, dividends, and the cross-section of equity returns. *Journal of Finance*, 60, 2005.

Service: Professor Dittmar spends contributes to the finance area and the Ross school in various ways. He is an enthusiastic participant in brown bag research seminars generally, and time-intensive faculty and doctoral student recruiting activities. He has mentored PhD students and served on the dissertation committees of three PhD students. He has represented the Tozzi Center at a panel for the Minority MBA Forum and participated in Worldwide Alumni Club Day in Denver. Professionally he has served as a referee on such prestigious journals as the *Journal of Finance* and *Review of Financial Studies*. He has also served as a reviewer for leading economics journals such as the *Review of Economic Studies*. He has served on the program committees of the Western Finance Association and the European Finance Association conference.

External Reviewers:

Reviewer (A): "He impressed me with his thoughtfulness. Overall, he is the kind of high-quality researcher you should aim to have on your tenured faculty at Michigan and I recommend his promotion. While I don't share all his views about research style or the behavior of asset markets, I think he clearly deserves promotion..."

Reviewer (B): "Robert has the number of publications in first-tier journals, the citations, the recognition within the finance profession, and the promise that support this promotion."

Reviewer (C): "Robert is a well regarded specialist in empirical asset pricing, but he also does some research in corporate finance. He has a normal level of research accomplishment for this appointment, measured in terms of publications in the top three field journals covering financial economics, the *Journal of Finance*, the *Review of Financial Studies*, and the *Journal of Financial Economics*."

Reviewer (D): "Professor Dittmar's work focuses on model-based empirical asset pricing. A common theme is the relevance of higher moments beyond the second moment of security return distributions, in the determination of asset market prices. The work involves often sophisticated econometrics, simulation and numerical techniques. He has also done work on the term structure of interest rates that involves sophisticated mathematical modeling. In addition to technical prowess Bob's work shows a great deal of cleverness in making empirical models work. Overall, I think that Bob Dittmar would likely be granted tenure if he was coming up at this institution."

Reviewer (E): “It is a pleasure to write this review of Robert Dittmar’s research. Bob is a talented and productive scholar. He has averaged one publication a year during the nine years he has been a professor and all are in top finance and economics journals. He also has several interesting working papers that are likely to join his other papers in the best journals. All his research demonstrates a deep understanding of asset pricing theory and strong empirical skills. In short, Bob clearly warrants promotion to associate professor with tenure.”

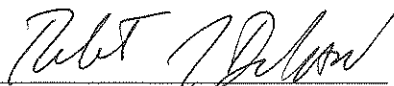
Reviewer (F): “Let me mention one other important item – at least for me. In the current culture of coauthorship, Professor Dittmar has shown that he can hit an A-level journal with a single author piece. His 2002 *Journal of Finance* paper is also a big paper. I work in this area of higher moments and this is a must cite paper. He is considered one of the very top empirical asset pricing researchers. Indeed, I did not know that he was untenured. Assuming we have similar standards, I would conclude that this should be an easy case for you.”

Reviewer (G): “Dittmar’s papers when taken together make an important contribution to the empirical asset pricing literature. The number of papers in leading journals may be on the higher end of the average for his cohort. I would put Dittmar among the best in that group...By reading the working papers, I can only conclude the best is yet to come. I fully support promotion to the associate rank with tenure – it should be an easy decision.”

Summary of Recommendation:

Professor Dittmar’s work in the top journals in the field of finance and the outside reviewers’ comments place him solidly as a leader in his field. His research is outstanding and he is able to exploit the strength of his work in order to maximize its impact. He significantly enhances our intellectual diversity, and adds considerable value to the finance area and the Ross School. Professor Dittmar is now hitting his stride and will yield dividends for a long time to come. To date, while the theoretical content in his courses has likely diminished their immediate appeal to MBA’s, they have been effective in communicating essential tools and we believe that his currently more applied focus will be helpful.

With this in mind, the Executive Committee and I strongly recommend Professor Robert Dittmar’s promotion to associate professor of finance, with tenure, Stephen M. Ross School of Business.



Robert J. Dolan, Dean  
Stephen M. Ross School of Business

May 2009