

**Title: Round trip trades, short-termism and momentum**

**Speaker: Prof. Ellapulli V. Vasudevan, IIM Ahmedabad**

**Area: F&A**

**Date: 16.07.2024, Venue: P22 @ 2.30PM**

**Abstract:**

Investors exhibit a systematic tendency to shorten their holding periods for stocks on which they execute multiple round trip trades. On average, the holding period decreases by 11% with each additional round trip. This tendency for short-termism is linked to reinforcement learning. Investors are more likely to shorten their holding periods after a round trip where they miss out on better returns by not selling earlier. Additionally, the propensity for round trip trades is influenced by momentum, with a 7% increase in the likelihood of an additional round trip for stocks with strong past returns.

**Speaker Profile:**



Ellapulli Vasudevan (Vasu) is currently a faculty at the Finance and Accounting group at IIMA. Before joining IIMA, Vasu was an Assistant Professor of Finance at ESCP Business School, Paris. He holds a Ph.D. from Aalto University Business School in Finland. Vasu's primary research interests are in behavioral finance, with a specific focus on understanding the behavior of retail investors. He also studies the implications of labor policies in the financial sector. Vasu has presented and discussed research at several international conferences, including the European Retail Investor Conference, the World Finance Conference, the New Zealand Finance Summit, the Behavioral Finance Working Group London, and the Nordic Finance Network Conference. His work has been published in journals of international repute, such as Management Science and Journal of Economic Behavior and Organization. Moreover, some of his research work has garnered attention from influential financial media outlets such as the Financial Times (FT), Bloomberg, and the New York Times. He also contributes as an ad-hoc reviewer for Management Science. Before his doctorate, Vasu completed his PGDM from IIM Indore and B-Tech from IIT Roorkee.

Webpage Link: <https://www.iima.ac.in/faculty-research/faculty-directory/Ellapulli-Vasudevan>