



# Annual Report of the Society for Financial Studies for 2018–2019

## **Andrew Ellul**

Executive Editor, Review of Corporate Finance Studies

## **Itay Goldstein**

Executive Editor, Review of Financial Studies

## **Craig Holden**

SFS Secretary-Treasurer

## **Ron Masulis**

Cavalcade Chair, 2018 SFS Cavalcade Asia-Pacific

## **Jeffrey Pontiff**

Executive Editor, Review of Asset Pricing Studies

## **Antoinette Schoar**

Cavalcade Chair, 2019 SFS Cavalcade North America

The Society for Financial Studies (SFS) is a global, nonprofit academic society in finance. It owns and runs three academic journals: (1) the *Review of Asset Pricing Studies*, (2) the *Review of Corporate Finance Studies*, and (3) the *Review of Financial Studies*. It also organizes two annual academic conferences: (1) the SFS Cavalcade Asia-Pacific and (2) the SFS Cavalcade North America. It also runs several smaller, specialized conferences and financially supports and co-sponsors other independent conferences. Its governing board is the SFS Council.

SFS holds an annual membership meeting in May every year. At that meeting the SFS President, Executive Editors, Cavalcade Chair, and Secretary-Treasurer report on SFS activities. This year, for the first time, we have written up those

reports and integrated them into this annual report of the Society for Financial Studies, which will be published in all three SFS journals. The reasons for doing this are to share this information more broadly with SFS members and friends and to create a permanent record for the long run (that is, institutional memory).

## **1. Review of Asset Pricing Studies, by Jeffrey Pontiff, Executive Editor**

This year we renewed Editor Thierry Foucault and Associate Editors Roger Edelen, Sydney Ludvigson, Jun Pan, and Andrew Patton.

Between May 15, 2018, and May 15, 2019, our submissions increased by 15.9% to 160. Our mean turnaround time decreased slightly to 39 days, and our acceptance rate fell by over 1% to 5.6%.

We have increased the number of papers per issue from four to five. I am cautiously optimistic that we will soon be able to increase the number of issues per year from two to three.

We continue to be a selective “boutique” journal. Our authors enjoy, on average, quick turnaround and a short wait from first submission to publication. Since each issue has five papers and is delivered to the entire RFS subscriber base, each paper receives a lot of attention. Our challenge is to attract high-quality papers from assistant professors. Since RAPS is not considered one of the big three, some assistant professors are reluctant to send it to RAPS before exhausting other opportunities.

I never would have accepted my position if I did not think that RAPS has the quality of a top outlet. My positioning of RAPS as a boutique journal is intentional. One core realization drives my decision making—it is very difficult for a low-tier journal to evolve into a top-tier journal. Therefore, I want to steer RAPS such that when it qualifies for a Web of Science impact factor, that impact factor will place it among the very best finance journals. This process will be slow, but I think we are making progress.

Last year I spoke with the board about an initiative to invite content from Nobel Prize winners who have contributed to asset pricing studies. This year we saw some payoff from this effort. Although I offered Gene Fama the opportunity to write a piece outside of the normal editorial process, he submitted a solo paper, “Interest Rates and Inflation Revisited,” that went through the full referee process and was accepted. This paper will appear in our December issue.

## **2. Review of Corporate Finance Studies, by Andrew Ellul, Executive Editor**

### **2.1 Overview**

This year Andrew Ellul was appointed Executive Editor on July 1, 2018, and we renewed Editor Uday Rajan.

Between May 15, 2018, and May 15, 2019, our submissions stood at 122 and had an acceptance rate of slightly above 9%. The trajectory of paper

submissions increased significantly over the first six months of this year, and when we consider the period August 1, 2018, to August 1, 2019, the number of submissions went up further, to 210. Importantly, the impact factor (more precisely, this is the pseudo impact factor, had the journal been indexed by ISI in 2018) stood at 1.938 as of July 2019.

The number of papers published in 2018 stood at 8. The projected number of papers published in the two issues of 2019 will be 11, a significant increase over the number of papers published since the journal's inception.

## 2.2 Initiatives

Our biggest objective is to increase the paper flow that will allow the journal to be fully established and thriving, giving us an ISI index classification. We want to keep firm our strict quality threshold, find ways to attract paper submissions from the entire spectrum of the profession, and differentiate us from other journals. There are very encouraging signs that our work is paying off.

With this in mind, the editorial team has embarked on a number of initiatives aimed at increasing the visibility of the RCFS and increasing the paper flow. What follows is an overview of the initiatives that we have taken.

### 2.2.1 Conferences with dual submits.

a. *RCFS-RAPS Winter Break Conference*

Number of total papers submitted: 392

b. *Chinese University of Hong Kong–RCFS Conference on Corporate Finance and Financial Intermediation*

Number of total papers submitted: 301

c. *Centre for Studies in Economics and Finance–RCFS Conference on Finance, Labor, and Inequality*

Number of total papers submitted: 154

**2.2.2 Prior review process (PRP).** We are introducing the prior review process (PRP), in which authors submitting papers share with the editorial team the paper's prior reviews (exclusively from top finance/economics journals) to allow the team to make a quick and informed decision on how best to handle their submission.

**2.2.3 Registered reports.** We are about to introduce the registered reports initiative on a permanent basis. In this process, we invite authors to submit research proposals. A decision will be made on these research proposals, with papers to follow. We plan to introduce this initiative, starting with a topic of our choice, in 2020.

Overall, we believe we are making very good progress to reach bigger goals in the future, but the process to reach our objectives will be long and challenging.

### 3. Review of *Financial Studies*, by Itay Goldstein, Executive Editor

#### 3.1 Overview

This report describes the state of the *Review of Financial Studies* (RFS) and the key developments over the year 2018–2019. It is based on the presentation at the annual North American Meeting of the Society of Financial Studies (Cavalcade) that took place at Carnegie Mellon University in Pittsburgh on May 20–23, 2019.

#### 3.2 Editorial team

Table 1 presents the RFS editorial team and the changes in it over the past year. We continue to run the journal with a team of one Executive Editor and seven Editors. All eight of us handle papers and make decisions. This is my first year as Executive Editor of the journal, replacing Andrew Karolyi, who retired after four years in this position. Among the Editors, we had two retirements: Francesca Cornelli and David Denis. We added three new Editors: Ralph Koijen, Holger Mueller, and Manju Puri (they replace the two retiring Editors and me following my transition from the position of Editor to the position of Executive Editor).

The table also shows the team of over twenty Associate Editors that assist us in the editorial job. As always, about one-third of the team stepped down and were replaced with new members. This year, we implemented a change in the editorial process to get the Associate Editors more involved in editorial decisions: we more frequently ask them for feedback on close-call decisions, on desk rejections, and on appeals.

Finally, we continue to rely heavily on Jaclyn Einstein (Managing Editor), Jan Sokolowsky, and Dawoon Kim (Advisory Editors) in their diligent work preparing manuscripts for processing and providing background information.

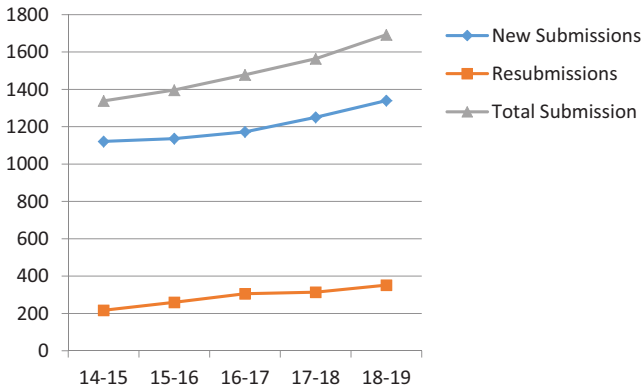
#### 3.3 Key statistics on submissions, editorial decisions, and impact

Figure 1 presents the evolution of submissions to RFS over the past few years. In the figure, only submissions received via the Editorial Express system are counted. Between May 7, 2018, and May 7, 2019, we had 1,340 new submissions and 352 resubmissions in the system, bringing the total to 1,692. This presents growth of 7.2% (8.18%) in new submissions (total submissions), which is the highest growth rate we had in recent years. If we add the 460 submissions received via the dual-submission process, which were not invited to be formally submitted in the Editorial Express system, we get a total number of submissions of 2,152.

Even without dual submissions (which might add noise to total numbers), our submission numbers are higher than those in the other top-three finance journals. From recent public records, the *Journal of Finance* (JF) receives 1,150 total submissions a year, and the *Journal of Financial Economics* (JFE) receives 1,591 total submissions a year, which are both below our 1,692.

**Table 1**  
**RFS editorial team**

<b>New editors</b>	<b>Retiring editors</b>	<b>Continuing editors</b>	<b>New associate editors (July 19)</b>	<b>Retiring associate editors (July 19)</b>	<b>Continuing associate editors</b>
Ralph Koijen (Sep 18)	Andrew Karolyi (Jul 18)	Itay Goldstein (Executive Editor)	Manuel Adelino	Bo Becker	Henrik Cronqvist Ken Ahern
Holger Mueller (May 19)	Francesca Corelli (May 19)	Lauren Cohen	Carola Frydman	Benjamin Keys	Ran Duchin Zhi Da
Manju Puri (Aug 19)	David Denis (Jul 19)	Wei Jiang	Stefano Giglio	Tarun Ramadorai	Isil Erel Slava Fos
		Stijn van Nieuwerburgh	Xavier Giroud	Philipp Schnabl	Dirk Hackbarth Nadya Malenko
		Phil Strahan	Camelia Kuhnen	Heather Tookes	Lalitha Naveen Kai Li
			Dimitris Papanikolaou	Adrien Verdelhan	Paolo Pasquariello Veronika Pool
			Anna Pavlova	Jessica Wachter	Alexi Savov Michela Verardo
				Motohiro Yogo	

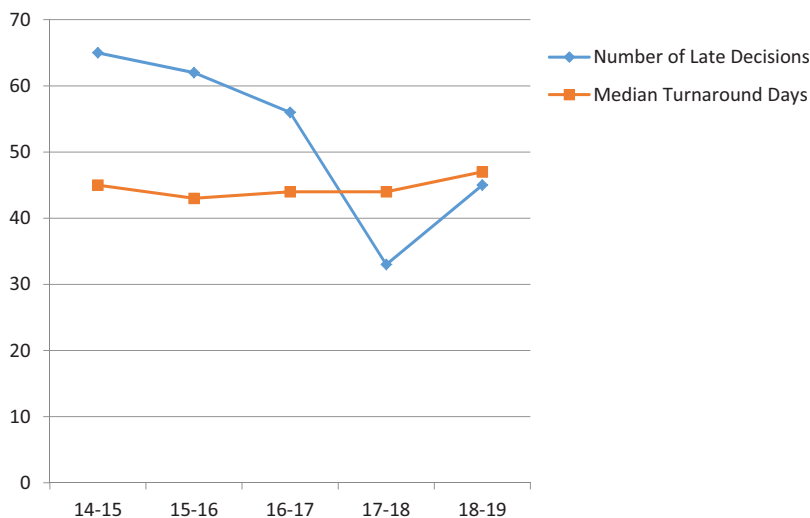


**Figure 1**  
RFS submissions

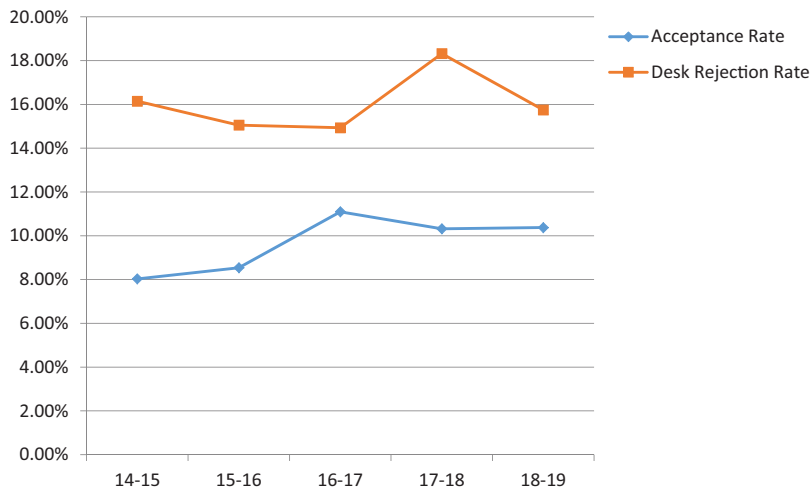
Figure 2 presents key statistics on the speed and efficiency of our process. Of course, with such growth in submissions, efficiency is a challenge, but we keep this as a high priority. The median turnaround time we had this year is still low at 47 days (based on public records, it is higher than that of JFE at 28 days, but lower than that of JF at 49 days). Our average turnaround time is just below 56 days. For the number of late decisions, which we define as decisions taking over 120 days, we saw an increase relative to the past year, but the number is still low relative to the years before that. We had 45 late decisions between May 2018 and May 2019, which is about 2.65% of our total flow.

Figure 3 presents information about two types of editorial decisions: the acceptance rate and the desk rejection rate. The acceptance rate in the figure is out of the new submissions in the system, and it reached 10.37% this past year, which is high with respect to recent years. Given that dual submissions that make it to the system have been positively pre-screened, however, this rate is not indicative of the unconditional chance that a paper ends up being accepted. For this, the rate out of total new submissions including dual submissions not in the system is a better indicator, and it was 7.72% this past year. Still, the optimistic message is that RFS is accepting more papers than in the past; 139 papers were accepted between May 2018 and May 2019. Given the growth in the profession, we think it is important not to be stagnant with the number of published papers, as long as standards are not compromised. The desk rejection rate in the past year was 15.75%, which is lower than the previous year, but consistent with the years before that.

Figure 4 presents information about the impact factor of RFS. The 2017 number showed an increase in the two-year impact factor to 4.270, significantly

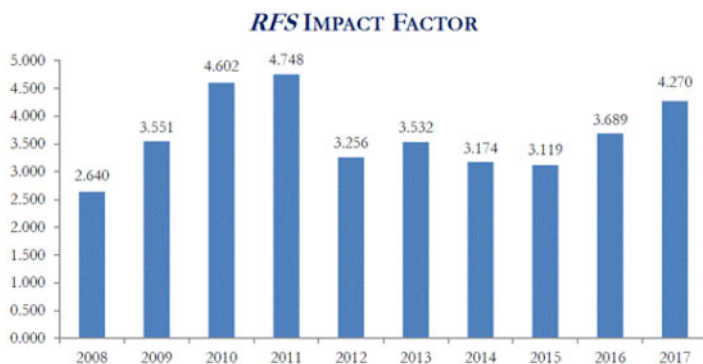


**Figure 2**  
RFS turnaround statistics



**Figure 3**  
RFS editorial decisions

higher than every year in the past five years. The numbers for JF and JFE were higher in 2017, at 5.397 and 5.162, respectively. The five-year impact factor for RFS (not shown in the figure) has also climbed and is now at 5.864. Further improvements will follow in 2018.



**Figure 4**  
RFS impact factor

### 3.4 Editorial initiatives and other news

RFS is completing the two initiatives involving the registered reports editorial process for new emerging topics. The first special issue—“To FinTech and Beyond”—came out in May and was edited by Itay Goldstein, Wei Jiang, and Andrew Karolyi. An editorial written for the special issue describes the logic behind the registered reports editorial process and the research agenda for FinTech. The second special issue using this process, which deals with the topic of climate finance, is being completed and will come out in late 2019 or early 2020, edited by Harrison Hong, Andrew Karolyi, and Jose Scheinkman. These two initiatives reflect the commitment of RFS to cultivating new, promising research agendas, and for this the registered reports concept was very useful.

RFS continues to sponsor dual-submission conferences. The demand for such sponsorships from various conferences has grown significantly in recent years, and RFS needs to be selective and focus attention on those that present the best fit. One direction here is to focus on advancing unique topics with potential for special issues / half special issues. This reinforces the position RFS takes in attempting to promote new directions and topics of research. A few such recent and forthcoming conferences (not based on registered reports) are: (1) FinTech, a joint conference with Georgia State, sponsored by Wei Jiang, held in February 2019; (2) Big Data, a joint conference with NBER, sponsored by Itay Goldstein, held in March 2019; (3) Private-Value Assets, a joint conference with Yale University, sponsored by Stijn van Nieuwerburgh, to be held in January 2020; and (4) Insurance, a joint conference with NBER, sponsored by Ralph Koijen, to be held in March 2020. In addition, we continue collaborations with older conference series, such as Miami Behavioral Finance (sponsored by Lauren Cohen), Oklahoma Energy Finance (sponsored by Phil Strahan), and Texas Finance Festival (sponsored by Itay Goldstein and Stijn van Nieuwerburgh).



This year, RFS conducted a survey among members of the profession, asking for opinions about the efficiency, quality, fairness, and general standing of RFS. We received close to 500 responses. The overall feedback was very encouraging. We also received many good suggestions for further improvements, which we are now sorting through. Finally, to improve communication with the broader profession, RFS just launched a Twitter account, @RevOfFinStudies, where news and updates from RFS will be posted.

#### **4. 2018 SFS Cavalcade Asia-Pacific, by Ron Masulis, Cavalcade Chair**

I wanted to thank the many people who contributed to the success of this conference, including the great administrative support of Jaclyn Einstein and Leigh Clark from the SFS, as well as the invaluable advice and support of SFS officers Laura Starks and Craig Holden. The host faculty sponsors were Johan Sulaeman (National University of Singapore) and Massimo Massa (INSEAD), who worked tirelessly to organize the conference. As Program Chair, I also benefited greatly from the frequent advice and support of the Vice Chair, Kolak Chan (CUHK); the Associate Chair, Jun-koo Kang (NTU); and last year's Program Chair, Bernard Yeung.

The 2018 SFS Cavalcade Asia-Pacific received 511 submissions, 74 of which were student papers. The conference accepted 59 papers, implying an overall acceptance rate of 11.5%. This was a dramatic increase from the 2017 inaugural conference. To benchmark the improvement in submissions and selectivity, the prior 2017 Asia-Pacific Cavalcade had 387 submissions, of which 52 papers were accepted, implying an acceptance rate of 13.4%.

The conference review process involved 102 reviewers, of which 93 reviewers handled the bulk of the reviewing work, with about 11 papers per reviewer. The unexpected growth in submissions required last-minute recruiting of more program committee members. An additional 9 reviewers were ad hoc, to cover missing reviews due to: (1) reviewers sending back papers because they did not feel qualified to review them, (2) unfinished reviews, and (3) lack of response from reviewers.

The average score for all submitted papers was 6. The average score for accepted papers was 8.5. There were 19 sessions, and each session consisted of 3–4 papers, for a total of 59 papers on the program. The sessions were held from Thursday afternoon through Saturday afternoon (that is, the conference was 2.5 days long). A number of Asian schools were reported to be doing some faculty/PhD student recruiting at the conference. This is likely to expand next year.

The conference main sponsors were National University of Singapore (NUS) and INSEAD along with additional sponsorship by the Asian Bureau of Finance and Economic Research (ABFER) under the leadership of Bernard Yeung. Sessions were held at NUS on the first day and a half and at INSEAD on the last day. Unlike past conferences, we opted to start Thursday afternoon and end Saturday afternoon, given the constraints we had on classrooms and given

that most international flights depart from Singapore in the evening. We did encounter some mild dropoff in attendance on Saturday afternoon.

Here is a list of the number of submissions by category, where some papers were placed in two categories:

- Banking/Financial Intermediation: 89
- Behavioral (Corporate): 15
- Behavioral (Investments): 62
- Corporate (Empirical): 161
- Corporate (Theory): 23
- Derivatives: 38
- Fixed Income Securities: 39
- Governance/Corporate Control: 52
- Information and Securities Markets/Market Microstructure: 66
- Investments (Empirical): 172
- Investments (Theory): 46
- Money Management: 32

The keynote speakers were Ong Chong Tee, Deputy Managing Director in charge of financial supervision at the MAS, and Ron Masulis. Using the Program Chair as a keynote speaker helped to reduce conference costs, as did using the facilities and administrative staff of local universities to help in coordinating the conference.

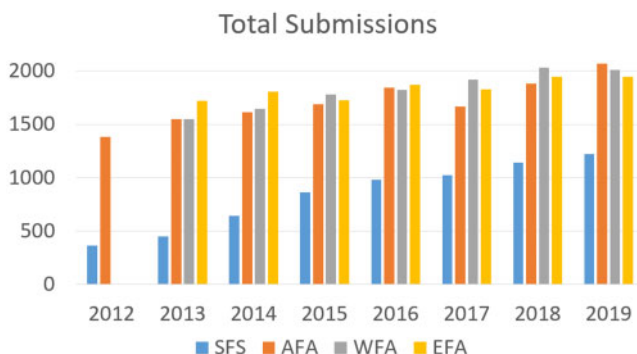
## 5. 2019 SFS Cavalcade North America, by Antoinette Schoar, Cavalcade Chair

I would like to acknowledge the invaluable help of many people who contributed to the success of the SFS Cavalcade. In particular, the event organizers: from the SFS, Jaclyn Einstein; and from Carnegie Mellon, Burton Hollifield, Lars A. Kuehn, Chester Spatt, and Rosanne Christy. I also would like to thank my co-chairs, Monika Piazzesi and Ulrike Malmendier; the SFS Advisory Chair, Josef Zechner; and the SFS board and editors, especially Laura Starks.

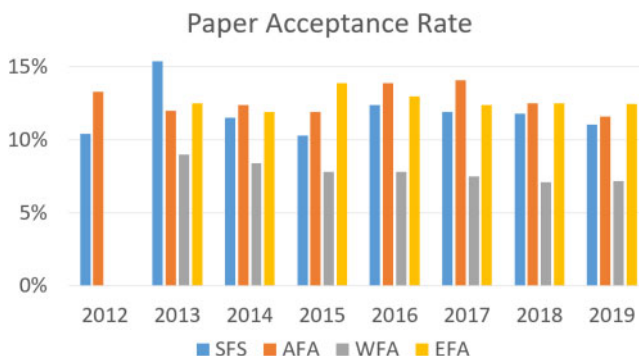
The following provides a summary of our review and selection process, and a few suggestions for future improvements. In total, we had 1,221 submissions this year, which is a 7% growth over last year. The total submissions last year were 1,142 (Figure 5). We accepted 135 papers in 9 parallel sessions, which kept the SFS Cavalcade at the same size as the prior year. The overall acceptance rate is 11% (Figure 6), which is in line with most of the other major finance conferences, like AFA and EFA. Only the WFA has a lower acceptance rate, at about 7%.

### 5.1 Review process

To improve the speed of the review process and lower the burden on individual reviewers, we tried to significantly increase the number of reviewers by inviting

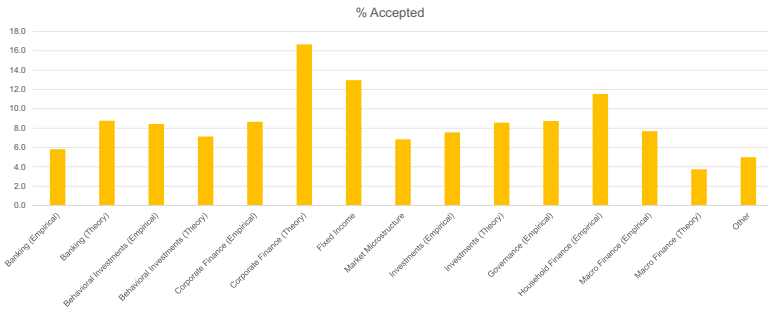


**Figure 5**  
Total submissions to large finance conferences



**Figure 6**  
Paper acceptance rates at large finance conferences

300 reviewers. However, of these 300 reviewers, only 230 accepted, compared with 232 in 2018. As a result, we ended up with an allocation of about 10 papers per reviewer. This seems to be an acceptable rate at the moment, but if submissions keep increasing, we might have to expand the pool of reviewers further. This year we had a few issues with the timing of the reviews. A number of reviewers were very late with their reviews, and some reviewers decided late in the review process that papers did not match their expertise. The most problematic trend is that some reviewers did not do their reviews at all, despite agreeing to serve as a reviewer. This left the co-organizers to review a large set of papers at the end (more than 150). This is not sustainable and will dissuade people in the future from wanting to chair the SFS Cavalcade. We discussed a few possible solutions: First, we could have a couple of reviewers in each area as “final reviewers” who do not do any of the regular reviews but agree to help with the papers that are left to review at the end. Typically, this works best if these are colleagues or co-authors of the co-chairs. Second, the SFS should



**Figure 7**  
Acceptance rates by category

also create a list of reviewers who typically “shirk” their duties so that we can avoid these reviewers in the future.

### 5.2 Changes to ConfTool

We also refined the submission categories in ConfTool to create better matches between papers and reviewers (Figure 7). Table 2 shows the new, more granular categories and the number of submissions in each. We found that overall these categories seem to work well. For example, we had a more even acceptance rate across topics this year, which we think might also be related to having better matches. There are still some new or idiosyncratic areas where we saw some mismatches—that is, reviewers sending back papers because they did not feel qualified to review them (for example, in the topics of cryptocurrencies or machine learning). While these topics constitute only a minor part of submissions right now, it will be good to monitor future development in these areas.

We also suggest amending ConfTool to track the representation of minorities and women among presenters, submissions, and session chairs. We can only change what we measure!

### 5.3 Session chairs

Finally, it is becoming more difficult to recruit session chairs, since the format requires session chairs to organize a full day. To reduce the burden on session chairs, we propose breaking up the sessions into half days. This lowers the time commitment for the session chairs, but requires the organizers to recruit more session chairs. However, we believe this new format is worth trying.

### 5.4 Timing of keynote speeches

The SFS Cavalcade previously was on a schedule that required a four-year commitment for conference chairs, since the keynote speech of the chair would only happen in the fourth year. Since Amir Yaron was not able to do the keynote this year due to his commitments at the Bank of Israel, Monika Piazzesi agreed

**Table 2**  
**Number of submissions by more granular categories**

Banking/Financial Intermediation (Empirical)	206
Banking/Financial Intermediation (Theory)	57
Behavioral Corporate Finance (Empirical)	30
Behavioral Corporate Finance (Theory)	11
Behavioral Investments (Empirical)	83
Behavioral Investments (Theory)	14
Corporate Finance (Empirical)	300
Corporate Finance (Theory)	66
Derivatives	55
Fixed Income	54
Information and Securities Markets/Market Microstructure	146
Institutional Investors	89
Investments (Empirical)	251
Investments (Theory)	70
Governance/Corporate Control (Empirical)	103
Governance/Corporate Control (Theory)	20
Household Finance (Empirical)	78
Household Finance (Theory)	7
Macro Finance (Empirical)	104
Macro Finance (Theory)	80
Money Management	22
Mutual funds/ETF/Investment Vehicles	92
Real Estate Finance/Mortgage Markets	34
VCPE/Entrepreneurial Finance	47
Other	60

to do the keynote. Antoinette Schoar will do her keynote in 2020 and Ulrike Malmendier in 2021. This will allow us to go back to a three-year commitment for chairs going forward, which is preferred.

The next SFS Cavalcade will be on May 25–28, 2020, hosted by the University of North Carolina.

## 6. SFS Finances, by Craig Holden, SFS Secretary-Treasurer

The financial condition of SFS is strong. Table 3 reports the SFS balance sheet as of the end of the year from 2015 to 2018. As of December 31, 2018, we had \$6.4 million in assets and \$0.6 million in liabilities for a surplus of \$5.8 million. The society has no debt. Our liabilities are banked referee fees that will be paid out to referees in the future.

SFS has \$6.4 million in investments. The SFS investment policy holds approximately \$600K in a nearly risk-free asset (that is, a short-term Treasury bond index fund) and put the rest in three low-fee stock index funds to approximate the global stock portfolio.

The Arthur Warga endowment fund, which supports the Arthur Warga Awards for the best paper in fixed income at our two SFS Cavalcade conferences, was worth \$31,840 at the end of 2018. The endowment is invested in the same manner as our other investments and is part of the total investments reported above.

Table 4 reports the SFS income statement for 2015–2018. The revenues and expenses are grouped into three broad activity categories: journals, Cavalcade

**Table 3**  
**SFS balance sheet 2015-2018**

ASSETS	12/31/2015	12/31/2016	12/31/2017	12/31/2018
<b>Bank funds</b>				
Checking	\$317,083	\$184,123	\$175,692	\$200,275
Savings	\$601,792	\$602,122	\$0	\$0
Total bank funds	\$918,875	\$786,244	\$175,692	\$200,275
<b>Investments (at market value)</b>				
Short-Term Treasury Bond Index Fund	\$0	\$0	\$599,057	\$608,296
US S&P 500 Stock Index Fund	\$1,631,557	\$1,824,521	\$2,221,871	\$2,122,648
Developed Countries Stock Index Fund	\$1,344,728	\$1,468,928	\$2,008,790	\$1,736,869
Emerging Countries Stock Index Fund	\$1,142,382	\$1,428,542	\$2,079,341	\$1,774,783
Total investments	\$4,118,667	\$4,721,992	\$6,909,059	\$6,242,596
TOTAL ASSETS	\$5,037,542	\$5,508,236	\$7,084,751	\$6,442,871
LIABILITIES (Banked referee fees)	\$389,110	\$454,160	\$524,100	\$596,580
SURPLUS	\$4,648,432	\$5,054,076	\$6,560,651	\$5,846,291
Arthur Warga endowment (part of invest.)	\$28,676	\$30,577	\$35,666	\$31,840

conferences, and SFS support of conferences organized by others. In addition, the revenues include a separate line for gains or losses on our investments. For 2018, total revenue was \$336K, and total expense was \$1,052K for a net loss of \$715K. The situation is less alarming than it might seem, because most of the loss (\$666K) comes from losses on our investment portfolio. Essentially, 2018 was a bad year for the global stock market. The drivers of our losses and gains are broken out in more detail in Table 5 and discussed further in the following section.

Table 5 breaks out SFS income by activity. In 2018, we lost \$109K on our three journals (RAPS, RCFS, and RFS), made \$59K on our two Cavalcade conferences (Asia-Pacific and North America), made \$2K on SFS support, and lost \$666K on our investments. The four-year time series of investment gains shows significant volatility over time, as we would expect based on our investment in risky assets, but the long-run average is very positive. The Cavalcade conferences have made a small positive profit every year, which is consistent with the SFS Council policy that they at least be self-supporting. The SFS support category is generally expected to be negative, because we give money to help support worthwhile conferences organized by others. In 2018, this category was positive based on our success in obtaining donations.

This brings us to our journals category. In the past, we have consistently made \$150K to \$200K income on our top-tier journals. Journal profit dropped to \$64K in 2017 and dropped further to a loss of \$109K in 2018. This decline in journal profit was primarily driven by six independent decisions, each of which was a rational and sensible decision by itself, but each of which added cost to running our journals. The six decisions are: (1) buying out teaching time for our RFS executive editor, (2) several new journal-hosted conferences for RAPS and RCFS, (3) higher journal award amounts, (4) hiring a second advisory editor,

**Table 4**  
**SFS income statement 2015–2018**

REVENUE	2015	2016	2017	2018
<b>Journals</b>				
Submission revenue	\$304,050	\$376,770	\$381,567	\$415,260
Income from Oxford	\$437,778	\$442,204	\$426,279	\$410,964
Journal-hosted conferences	\$0	\$0	\$0	\$5,000
<b>Total journals</b>	<b>\$741,828</b>	<b>\$818,974</b>	<b>\$807,846</b>	<b>\$831,224</b>
<b>Cavalcades</b>				
Cavalcade submission	\$37,150	\$42,800	\$61,758	\$84,383
Cavalcade registration	\$29,035	\$38,255	\$47,771	\$47,107
<b>Total Cavalcades</b>	<b>\$66,185</b>	<b>\$81,055</b>	<b>\$109,529</b>	<b>\$131,490</b>
SFS support	\$36,000	\$6,569	\$22,766	\$40,187
Investment gains	(\$216,568)	\$355,107	\$1,334,223	(\$666,466)
<b>TOTAL REVENUE</b>	<b>\$627,445</b>	<b>\$1,261,705</b>	<b>\$2,274,363</b>	<b>\$336,435</b>
EXPENSES	2015	2016	2017	2018
<b>Journals</b>				
Paid referee fees	\$193,390	\$256,960	\$271,380	\$289,600
Change in banked referee fees	\$63,950	\$65,050	\$69,940	\$72,480
Submission refunds	\$15,860	\$16,233	\$19,120	\$18,678
Merchant service and bank fees	\$9,959	\$12,830	\$11,435	\$20,202
Editorial Express	\$14,000	\$14,000	\$14,000	\$14,000
Journal professional fees	\$135,522	\$133,141	\$183,273	\$267,169
Payroll IRS/NC/VA payments	\$48,983	\$53,756	\$51,718	\$60,681
Copy editor fees	\$17,213	\$30,943	\$48,790	\$46,961
Journal award amounts	\$53,000	\$53,000	\$51,000	\$79,667
Journal award plaques and t-shirts	\$8,002	\$10,339	\$5,896	\$5,700
Council and editors dinner and misc.	\$6,890	\$9,724	\$12,594	\$2,020
Journal-hosted conferences	\$0	\$0	\$5,000	\$63,446
<b>Total journals</b>	<b>\$566,769</b>	<b>\$655,975</b>	<b>\$744,146</b>	<b>\$940,603</b>
<b>Cavalcades</b>				
Cavalcade submission software	\$0	\$0	\$3,451	\$3,211
Cavalcade professional fees	\$0	\$0	\$19,971	\$5,500
Cavalcade food and transportation	\$33,497	\$21,348	\$22,729	\$41,595
Cavalcade travel	\$1,561	\$2,600	\$5,078	\$10,417
Cavalcade best paper awards	\$3,300	\$2,700	\$3,300	\$3,403
Cavalcade misc. expenses	\$10,712	\$12,670	\$14,056	\$8,402
<b>Total Cavalcades</b>	<b>\$49,070</b>	<b>\$39,318</b>	<b>\$68,585</b>	<b>\$72,528</b>
<b>SFS support</b>				
Support of other conferences	\$25,993	\$37,191	\$36,060	\$9,737
Misc. support expenses	\$27,747	\$10,960	\$8,882	\$28,807
<b>Total SFS support</b>	<b>\$53,740</b>	<b>\$48,150</b>	<b>\$44,942</b>	<b>\$38,543</b>
<b>TOTAL EXPENSES</b>	<b>\$669,579</b>	<b>\$743,444</b>	<b>\$857,674</b>	<b>\$1,051,673</b>
<b>NET INCOME</b>	<b>(\$42,133)</b>	<b>\$518,261</b>	<b>\$1,416,690</b>	<b>(\$715,238)</b>

(5) raising copy-editor rates to be more competitive with market rates, and (6) switching to PayPal to make payments to non-U.S. referees. To bring our journals out of the red, the SFS Council decided to make two adjustments going forward: (1) the new journal-hosted conferences for RAPS and RCFS will charge submission and registration fees with the aim that the conferences

**Table 5**  
**SFS income by activity**

	2015	2016	2017	2018
Journal profit	\$175,059	\$162,999	\$63,700	(\$109,379)
Cavalcades profit	\$17,115	\$41,737	\$40,943	\$58,963
SFS support profit	(\$17,740)	(\$41,581)	(\$22,176)	\$1,644
Income before investments	\$174,434	\$163,154	\$82,466	(\$48,772)
Investment gains	(\$216,568)	\$355,107	\$1,334,223	(\$666,466)
NET INCOME	(\$42,133)	\$518,261	\$1,416,690	(\$715,238)

**Table 6**  
**Returns of the underlying SFS investments**

Investment	2015	2016	2017	2018	Expense fee	10-year return
Capital Gain Returns						
US S&P 500 Stock Index Fund (FXAIX)	-1.44%	9.11%	19.29%	-6.80%	1.5 bp	15.31%
Developed Countries Stock Index (FSPSX)	-3.47%	-1.70%	22.25%	-15.82%	3.5 bp	8.18%
Emerging Countries Stock Index (FPADX)	-17.96%	9.59%	34.87%	-16.39%	7.5 bp	2.90%
Portfolio Average (1/3 weight in each)	-7.62%	5.67%	25.47%	-13.00%	4.2 bp	8.80%
Dividend Yield	2.44%	2.44%	2.63%	1.68%		
ST Treasury Bond Index Fund (FUMBX)	0.80%	0.87%	0.67%	1.47%	3.0 bp	

will become self-supporting, and (2) we will lower some of the journal award amounts.

Table 6 reports the returns of the underlying SFS investments. All three stock index funds had negative capital gain returns in 2018. Specifically, the U.S. S&P 500 index fund return was -6.80%, the Developed Countries stock index fund return was -15.82%, and the Emerging Countries stock index fund return was -16.39%. The average dividend yield across all three was 1.68%. The Short-Term Treasury Bond index fund return was 1.47%. The average expense fee on our three passive stock index funds was 4.2 basis points (bp).

Next, let me turn to policy issues. I am the SFS representative to our publisher, Oxford University Press. At our request, Oxford agreed to eliminate “page budgets” for our journals in future years. The significance of this is that there will not be any artificial limits on the future growth of our journals. Said differently, we could publish a billion articles if we wanted to. The future growth of our journals will be based strictly on the quality standard set by the editorial board.

Figure 8 plots personal “print and online” subscriptions (blue circles) and student “print and online” subscriptions (red squares) over time. Both types of subscriptions have been steadily declining over the past 13 years. Projecting the trend forward, personal “print and online” subscriptions are forecast to hit zero in 2021, and student “print and online” subscriptions are projected to hit zero



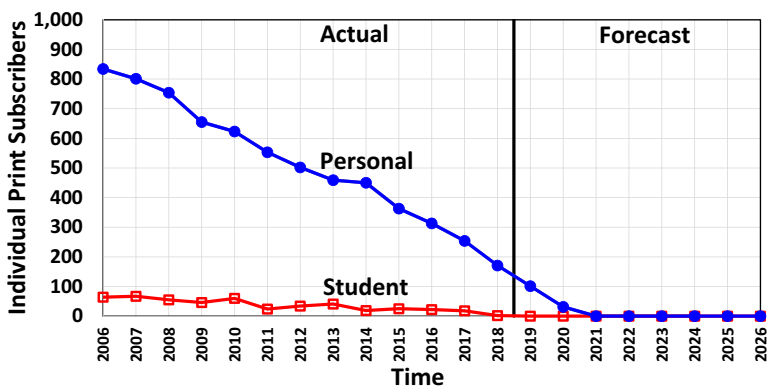


Figure 8  
SFS individual “print and online” subscriptions over time

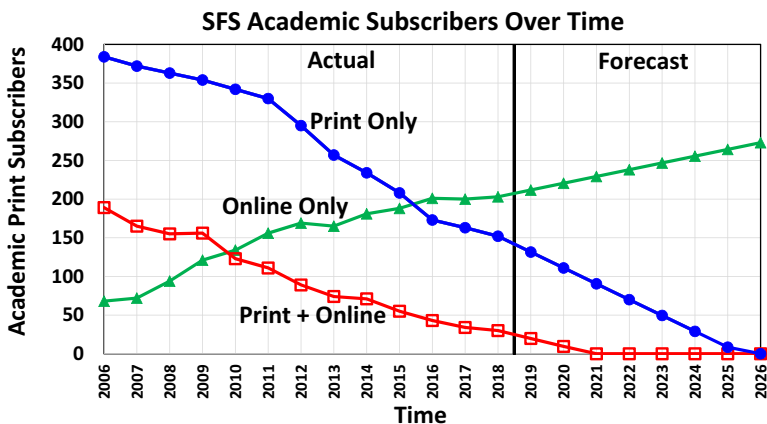
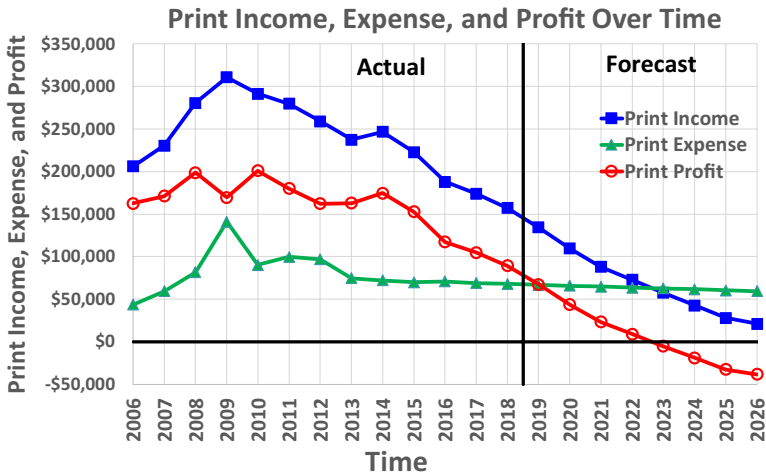


Figure 9  
SFS academic subscribers over time

even earlier, in 2019. This is part of the general decline of print subscriptions, which is a broad trend across academic journals in all disciplines.

Based on this trend, the SFS Council voted to eliminate both personal and student “print and online” subscriptions in 2021. SFS will continue to offer personal “online only” subscriptions.

Figure 9 plots academic (that is, university library) “print only” subscriptions (blue circles), academic “print + online” subscriptions (red squares), and academic “online only” subscriptions (green triangles) over time. Similar to the individual subscription trend, both types of academic subscriptions involving print have steadily declined.



**Figure 10**  
Print income, print expense, and print profit

Not shown in Figure 9 are academic “consortia online only” subscriptions, which involve custom deals negotiated by multiple universities and so there are no unit quantities for this category. This category has grown rapidly and is nearly half of our subscription income. Projecting the trend forward, “consortia online only” subscriptions will become the large majority of our subscription income.

Figure 10 plots print income from print subscriptions (blue squares), print expense (green triangles), and net print profit (red circles). In the past four years, print income has declined by 35%, but print expense has declined by only 15%. The slow decline of print expense is consistent with relatively high fixed costs and low variable costs. Said differently, we have already lost any economies of scale in print. Projecting the trends forward, print profit is forecast to go negative in 2023. I anticipate that we will choose to eliminate all print subscriptions in 2023.

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- Secretary-Treasurer Craig W. Holden, Indiana University
- Council Chair Raman Uppal, EDHEC Business School

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