UC San Diego
RADY SCHOOL OF MANAGEMENT
The Brandes Center

THE REAL COST OF BENCHMARKING

HOW PASSIVE FLOWS DISTORT RISK SIGNALS AND RESHAPE CORPORATE INVESTMENT

ROUNDTABLE SUMMARY

by Dylan Schuman

The Real Cost of Benchmarking

In a recent session of the Active–Passive Working Group, The Brandes Center hosted Christian Kontz, a Ph.D. candidate at Stanford University, to discuss his research paper "The Real Cost of Benchmarking," co-authored with Sebastian Hanson.

Moderated by Bob Schmidt, Executive Director of The Brandes Center, the discussion examined how the rapid growth of benchmark-linked investing has altered financial risk signals and, in turn, influenced economic outcomes.

At the center of the conversation was a striking conclusion: while passive investing has lowered costs for investors, it has unintentionally raised the perceived cost of capital for many firms, leading to lower investment across large parts of the economy.

As Kontz put it during the discussion, “Benchmark-linked capital flows have become a first-order determinant of CAPM Betas,” fundamentally changing how market risk is calculated and interpreted.

The following summary captures the depth of the presentation, the debate that followed, and the implications for asset owners, corporate decision-makers, and policymakers.

Christian Kontz is a Ph.D. candidate at Stanford University Graduate School of Business. His research focuses on asset pricing, financial intermediation, and the real effects of financial markets. His paper, "The Real Cost of Benchmarking," co-authored with Sebastian Hanson, has received attention for its empirical rigor in linking market microstructure to corporate investment decisions. In the fall of 2026, Christian will join the University of Notre Dame’s Mendoza College of Business as an Assistant Professor of Finance.

“Benchmark-linked capital flows have become a first-order determinant of CAPM Betas.”

--Christian Kontz

Executive Summary

- On the Growth of Benchmark-Linked Investing: Benchmark-linked investing has grown dramatically over the past 25 years, reshaping return co-movement across equities. This shift is not limited to passive ETFs but includes active managers constrained by tracking error. Kontz said, "We are in a world where flows dominate fundamentals. When money enters the S&P 500, it enters all 500 stocks simultaneously, regardless of their individual business conditions."

- On the Mechanical Rise of Beta: This change in capital allocation has mechanically increased CAPM Betas for many firms, particularly small- and mid-cap companies. The research isolates this effect to show it is driven by correlated capital flows, not fundamental business risk. Kontz noted, "It's not really that these are traditional risk factors, per se,… they're more like flow-driven effects. But because these benchmark-linked flows are highly correlated, the Beta—the most popular measure of co-movement—increases."

- On the "Instruction Manual" Problem: Managers, analysts, and regulators continue to rely on the CAPM framework, interpreting higher Betas as higher costs of equity. Schmidt said, "The market has changed, but the instruction manual hasn't." Kontz added, "We teach people in business school that they should use the capital asset pricing model (CAPM). They are responding rationally to the framework they were taught. However, a significant disconnect persists between the CAPM's pedagogical primacy and its empirical performance, as documented by the extensive literature on the failure of the security market line to accurately predict cross-sectional returns."

- On the Real Economy Impact: Firms respond by reducing capital expenditures and increasing payouts, even as equity valuations remain high. Kontz said, "We see that they have reduced their capital expenditure and increased payouts, especially buybacks. They accumulate cash, but they don't invest it in physical plants or R&D."

- On the "Missing Investment" Puzzle: Historically, high stock prices have accompanied greater investment by companies as, in theory, the firms' cost of capital should be lower, raising funds should be easier and new projects may be more likely to have a positive net present value. But that hasn't been the case for the last 25 years or so in the United States. Kontz asserts his work may help explain this "investment puzzle."

- On the Persistent Signal Mismatch: A key finding is that index inclusion creates two conflicting signals for managers. Prices rise as benchmark funds buy the stock, implying a lower cost of capital. At the same time, Beta rises as the stock trades in lockstep with the index. While the initial price impact fades within months, the Beta increase can persist for years, leaving managers with a lasting "high risk" signal. As Kontz summarized, "There's a mismatch between what managers perceive and how the market actually prices assets."

- On Broader Economic and Policy Implications: The effects extend beyond corporate managers. Regulators often rely on CAPM to set allowed returns for utilities and other regulated firms, meaning benchmark-driven Betas can influence utility rates paid by consumers. More broadly, the research suggests that financial markets have evolved in how risk is generated and transmitted—but the models used to interpret that risk have not kept pace.

- On Implications for Investors: For asset owners, the findings challenge traditional interpretations of Beta. Many stocks now appear riskier in terms of systematic volatility but do not offer higher fundamental returns. While these distortions may create opportunities for active managers, exploiting them can be difficult. As Kontz cautioned, "There are opportunities, but the problem is timing. Flows can dominate fundamentals for long periods. Don't get in the way of the flows."

The Rise of Benchmark- and "Shadow" Benchmark-Driven Investing

Defining the Universe: It's Bigger Than ETFs

Schmidt opened the discussion by asking Kontz to clarify the scope of the phenomenon his research examines. Kontz explained that the issue extends beyond the visible rise of passive funds and ETFs and reflects a broader structural shift in capital markets. Since the late 1990s, a growing share of equity ownership has moved toward investors who are explicitly or implicitly tied to benchmarks.

Kontz emphasized that benchmark-linked investing includes more than passive funds such as those offered by Vanguard or BlackRock. "This paper is broadly motivated by this large increase in passive investing, or more specifically, by benchmark-linked investing," Kontz said. "It's not just the passive funds. It is also the active funds that are benchmarking themselves. They have a mandate to beat the S&P 500, but they also try to minimize the tracking error. If they deviate too much from the benchmark, they might get fired if the benchmark outperforms their portfolio. So, they effectively hug the benchmark."

To quantify this shift, Kontz relies on a measure known as benchmarking intensity, which captures how much of a firm's market capitalization is held by investors tied to a specific index. (For more on benchmarking intensity, see the Appendix.) For the average stock, benchmark-linked ownership has more than quadrupled since the late 1990s, reflecting the rapid expansion of index-linked strategies across the asset management industry. Because these investors buy stocks primarily due to index membership rather than company-specific fundamentals, the demand they create is relatively inelastic.

As benchmark-driven capital continues to grow, its market impact becomes increasingly pronounced. Kontz noted that the scale and synchronization of these flows have fundamentally altered trading dynamics across equities. "These flows have become very large, and the problem is they're very correlated," he said. "This creates a feedback loop where capital flows, rather than business news, dictate short-term price movements."

The "Closet Indexing" Multiplier: How Active Managers Amplify Passive Flows

A critical distinction drawn during the roundtable was the difference between "passive funds" (like ETFs) and "benchmark-linked capital." Schmidt asked Kontz to clarify why his research focuses on the latter. The answer revealed that active managers are unintentionally acting as leverage for passive flows.

The research paper quantifies a multiplier effect. While explicit passive ownership is around 15-20% of the market, the total "benchmark-linked" ownership is significantly higher. When a stock enters the index, passive funds must buy it. But "closet indexers" also buy it to ensure they don't fall behind the benchmark's performance. Other researchers have shown that the total passive share is likely more than 30% of the market, accounting for institutions with internally managed index portfolios and closet-indexing active managers.[1]

This amplifies the "flow noise." and "[…]creates a massive block of capital that moves in unison," Kontz said. "When the index sneezes, even active managers catch a cold, not because they want to, but because their career risk depends on it."

What CAPM Beta Measures Today

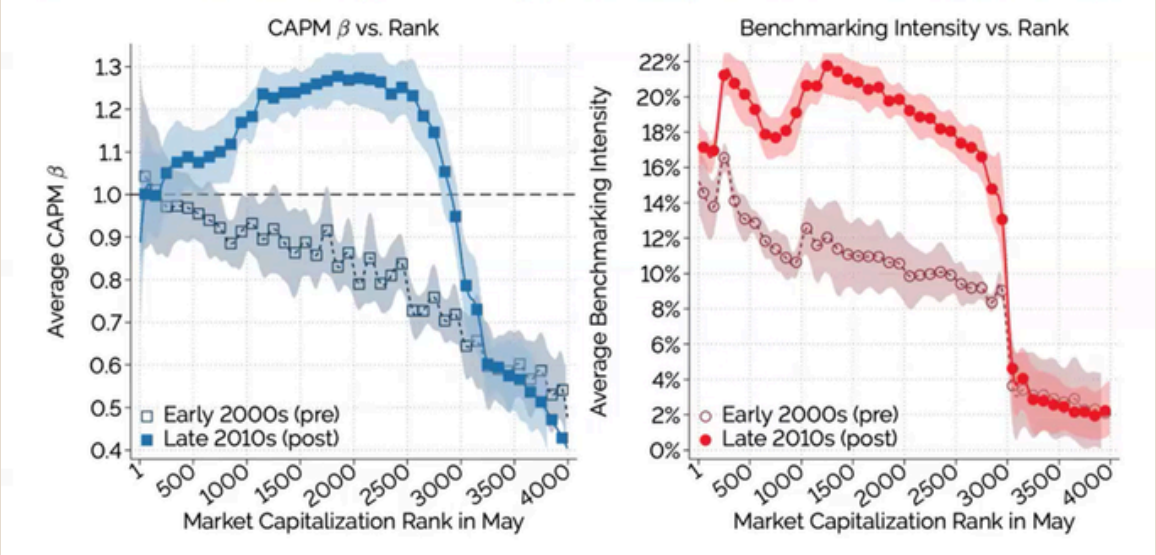
A central focus of the research is CAPM Beta, traditionally interpreted as a measure of a firm's exposure to systematic economic risk. In the mid- to late-1980s, academic researchers first noted beta reflected how a company's cash flows covaried with the broader economy.

Our discussion emphasized that this interpretation has become increasingly strained in a flow-dominated world. Kontz presented data showing that while Cash Flow Beta (fundamental risk) has remained flat over the last 20 years, Market Beta (return covariance) has increased for many firms. From 1998 to 2018, the equal-weighted average CAPM Beta has increased by around 0.3; equivalent to a 180 basis point increase in the cost of equity for the average stock, assuming a 6% equity risk premium.

Figure 1 illustrates how benchmarking intensity and CAPM Beta move together across the market-cap distribution, a relationship Kontz described directly as he walked through the chart: "What I plot for you here is, on the left-hand side, CAPM Betas, and on the right-hand side, benchmarking intensity," both plotted against market capitalization rank, with each dot representing roughly 100 stocks. In the early 2000s, which he treated as the pre-passive benchmark period, the left-hand panel shows "a negative sloping relationship" in Betas, while the right-hand panel shows benchmarking intensity falling off as firm size declines, especially at the Russell 3000 cutoff, because "not many funds are benchmarked to, or are index trackers that track, the smallest stocks." (In each chart, the early 2000s dynamic is shown with the "hollow" plot points.)

By the late 2010s, however, that pattern changed sharply (shown with the "solid" square plot points). Kontz noted that "we've seen a very large increase in benchmarking intensity, especially for small and mid-cap stocks, where we've basically doubled the amount of passive ownership,"

Figure 1: Correlation Between Benchmarking Intensity (BMI) and CAPM Beta



Source: Kontz and Hanson (2025), The Real Cost of Benchmarking

and that "the Betas have increased, especially for these stocks." He also pointed to visible "breaks" in the data that "line up very nicely with the Russell 2000 and Russell 3000 cut-offs for inclusion," reinforcing the paper's argument that index membership causally increases market co-movement. (Note how the chart patterns change at the 1000 and 3000 market cap ranks.)

At the same time, Kontz cautioned that the figure can be misread. Because the value-weighted Market Beta must still equal one, the increase is concentrated below the top of the market, while the very largest firms now have Betas "somewhat below 1, on average." As he put it, "Apple alone can offset the increase in Betas for the thousands of smaller stocks in the Russell 2000." The broader interpretation, then, is not simply that smaller firms have become more fundamentally risky, but that benchmark-linked flows have mechanically raised measured Beta for many mid- and small-cap stocks. That is why Kontz emphasized elsewhere in the discussion that these Betas should be interpreted carefully. What looks like higher risk may, in part, reflect stocks moving together because benchmark capital has become "very large" and "very correlated," rather than because the underlying businesses have become more exposed to correlated economic risk.

Figure 1 strengthens this interpretation by showing that stocks with the largest increases in benchmarking intensity also exhibit the largest increases in CAPM Beta, consistent with a flow-driven rise in price co-movement. "CAPM Betas have increased, and they've increased by quite a bit for most firms, about 0.3 on average," Kontz said. "That is a massive shift in financial terms."

To separate correlation from causation, Kontz and Hanson used the Russell 1000/2000 index cutoff as a quasi-natural experiment. Firms ranked just above and just below the

cutoff are similar in size and fundamentals, but they receive sharply different index assignments. Stocks just inside the Russell 2000 receive mechanically larger passive index demand relative to their market capitalization than comparable stocks just inside the Russell 1000. By comparing firms on either side of this cutoff, the study isolates the effect of index inclusion from underlying business characteristics. The finding is that beta rises after assignment to the small-cap index, consistent with index membership and passive flows causing the increase rather than changes in the firms themselves.

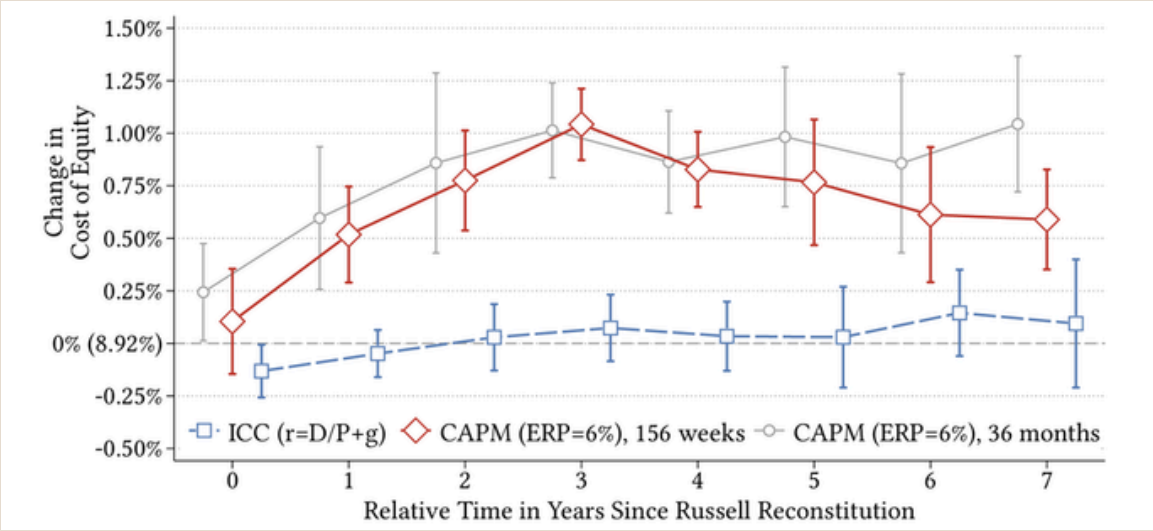
Kontz stressed a crucial nuance: this Beta "inflation" is not uniform. The "Magnificent Seven" mega-cap firms (Apple, Microsoft, etc.) are so large that they are, in effect, the index. Their flows dampen their own volatility. The distortion described above falls heavily on small and mid-sized firms, which get whipsawed by the flows. The largest jump happens at index reconstitution, when a stock is added to an index and passive funds must buy it immediately to match the benchmark. That one-time rebalancing creates a surge of coordinated trading and an immediate increase in the stock's measured beta. After that, ongoing inflows into index funds continue to reinforce the effect.

The Signal Mismatch: Prices vs. Risk

One of the most discussed themes in the roundtable was what Kontz described as a "signal mismatch." The concept helps explain why corporations appear unusually cautious even when equity markets are strong. When a company is added to a major index, two financial signals emerge at the same time—but they point in opposite directions.

First, there is the price signal. Benchmark-linked funds must buy the stock to match the index, often pushing the share price higher.

Figure 1.1: BMI Shocks and Their Lingering Effects on Cost of Equity



Source: Kontz and Hanson (2025), The Real Cost of Benchmarking

In traditional valuation frameworks, a rising stock price implies that a company's cost of capital has fallen and that investment should become more attractive. At the same time, however, the stock begins trading more closely with the index itself. This synchronized trading raises its covariance with the broader market and therefore increases its measured CAPM Beta. Under the CAPM framework, a higher beta signals greater risk and a higher cost of equity.
Figure 1.1 shows how BMI shocks affect the cost of equity over time (in red and gray) vs. an implied cost of capital (shown in blue).

Kontz explained the contradiction in simple terms. "If the price is now higher but the cash flows haven't changed, that means your cost of capital has decreased. But if the beta goes up, the CAPM says your cost of capital has increased."

Schmidt highlighted the irony of the situation: "So the market is giving the CFO a higher stock price, saying 'Go invest,' but the risk model is giving the CFO a higher beta, saying 'Stop, it's too risky.'"

Kontz agreed. "If the beta goes up, you should see the stock price tank, not increase. The fact that price goes up while beta goes up creates a direct contradiction."

Kontz's research suggests the contradiction is not temporary. The price effects of index inclusion tend to fade within months as the initial buying pressure dissipates. The increase in beta, however, can persist for years because the stock continues to trade in lockstep with the index as benchmark-linked funds receive new inflows. This leaves corporate managers facing a lasting "high risk" signal even when the firm's underlying fundamentals have not changed. As Kontz summarized, "There's a mismatch between what managers perceive and how the market actually prices assets."

How Managers and Regulators May Respond

The discussion emphasized that these outcomes are not the result of irrational decision-making by corporate managers. Rather, they reflect rational responses to the financial models and frameworks many managers have been trained and incentivized to use.

Schmidt asked whether executives might simply be misinterpreting the data. Kontz argued the opposite: managers are behaving exactly as their training instructs. Business schools, corporate boards, and financial analysts continue to rely heavily on the Capital Asset Pricing Model (CAPM) to estimate the cost of equity. When a firm's beta rises, the model mechanically produces a higher required return—even if that change in beta is driven by index flows rather than business fundamentals. "We teach people in business school that they should use the capital asset pricing model," Kontz said. "They are responding rationally to the framework they were taught. They plug the new, higher beta into the spreadsheet, it spits out a cost of equity of 12% instead of 10%, and suddenly the new factory project looks unprofitable."

In practice, the research shows this change in perceived risk may alter corporate behavior in several ways. In addition to declining capital expenditures, companies could rely more heavily on financial payouts.

"We see that they have reduced their capital expenditure and increased payouts," Kontz said. "They accumulate cash, but they don't invest it in physical plants or R&D. They use it for share buybacks."

The implications extend beyond corporate boardrooms. Kontz pointed out that the same CAPM-based frameworks are widely used by stock analysts and even regulators. In regulated industries such as utilities, government agencies rely on CAPM to determine the allowed return on equity for companies providing essential services. As Schmidt asked, "So this hits the consumer directly?"

Kontz confirmed that it can. If a utility becomes part of a benchmark index and its beta rises, regulators may approve a higher allowed return on equity—costs that ultimately pass through to consumers. "You are essentially paying a tax for the liquidity of the ETF market," Kontz said.

Kontz's empirical research finds that a one-standard-deviation increase in benchmarking intensity is associated with roughly a 10% decline in total capital investment over the following six years. The effect is particularly pronounced among what he calls "investment elastic" firms—companies that depend heavily on equity capital to finance expansion and therefore are especially sensitive to changes in their perceived cost of equity.

"This is not just noise," Kontz said. "It is a tangible reduction in the productive capacity of the American economy." Some may question whether company executives actually use CAPM beta in their cost of equity assessments, but Kontz's work reflects reviews of earnings call transcripts that show numerous instances of executives specifically citing CAPM and its influence on cost of capital estimates. (For more details, see the Appendix of the paper.)

Why the Effects Do Not Cancel Out

A natural question raised during the discussion was whether the effect of beta distortions on corporate investment decisions should cancel out at the market level. After all, by definition, the value-weighted market beta must equal one. If some companies experience rising betas and reduce investment, shouldn't others see their betas decline by an offsetting amount and increase investment?

Kontz acknowledged the mathematical logic but emphasized that the real economy does not behave so neatly. "It almost looks like all betas have increased, which obviously can't be the case mathematically," he said. The key to understanding the outcome lies in what he calls investment elasticity—the degree to which firms adjust investment when their cost of capital changes.

The distribution of beta changes creates a clear set of winners and losers. On one side are the largest companies, including many of the dominant technology firms. These firms tend to experience stable or even declining betas as passive flows anchor the index around them. Kontz describes this as a kind of "subsidy" in the form of a lower CAPM-implied cost of capital. Yet these firms are largely investment inelastic. They already generate enormous internal cash flows and typically invest as much as they want regardless of modest changes in financing

conditions. (For example, according to a CNBC article, Alphabet, Microsoft, Meta and Amazon "are expected to spend nearly $700 billion combined this year to fuel their AI build-outs."[i])

On the other side are smaller and mid-sized firms, where betas tend to rise the most. (Again, see Figure 1.) For these companies, the higher beta functions like a tax on investment because it raises their perceived cost of equity. As their cost of capital increases, they scale back expansion plans, reduce capital expenditures, and become more cautious about issuing equity.

The result is an asymmetric outcome. The investment cuts among many capital-hungry firms are not offset by additional spending from a handful of already well-funded giants. Instead, the net effect is weaker aggregate investment across the economy. As Kontz summarized in his paper, "Benchmark-induced changes in the cross-section of CAPM betas do not cancel out… This mechanism can account for a large part of the 'missing investment' puzzle."

Implications for Investors

For investors, the findings challenge the traditional interpretation of beta as a measure of fundamental business risk. Schmidt asked what this means for investors; are they now holding riskier portfolios without realizing it? Kontz suggested the answer may be yes—but not in the way classical finance models would predict. "These stocks are measurably more risky in terms of systematic volatility, but you're not getting compensated for that risk with higher fundamental returns," he said.

The discussion raised the possibility that benchmark-driven distortions could create opportunities for active managers. If some companies exhibit artificially high betas due to index flows rather than underlying business risk, disciplined investors might be able to identify and exploit those mispricings. Schmidt framed the question directly: "So, is this a golden age for value stock pickers?"

Kontz acknowledged that opportunities may exist but cautioned that exploiting them can be difficult. "There are opportunities, but the problem is timing," he said. "Flows can dominate fundamentals for long periods. Don't get in the way of the flows."

Kontz also noted that several large hedge funds have attempted to arbitrage these index-driven dynamics with mixed success. The scale of passive inflows has created what participants described as a "wall of money" that can overwhelm traditional valuation signals for extended periods. The irony, as several members of the group observed, is that passive investors seek to benefit from the efficiency created by active markets—but their growing dominance may now be reshaping the very pricing mechanisms upon which they rely.

The "Coordination Problem" of CAPM

While the research paper focuses primarily on empirical evidence, the roundtable discussion surfaced a broader question about the persistence of the CAPM framework itself. If the model no longer accurately reflects how risk is generated in modern markets, why do so many institutions—from asset managers to regulators—continue to rely on it?

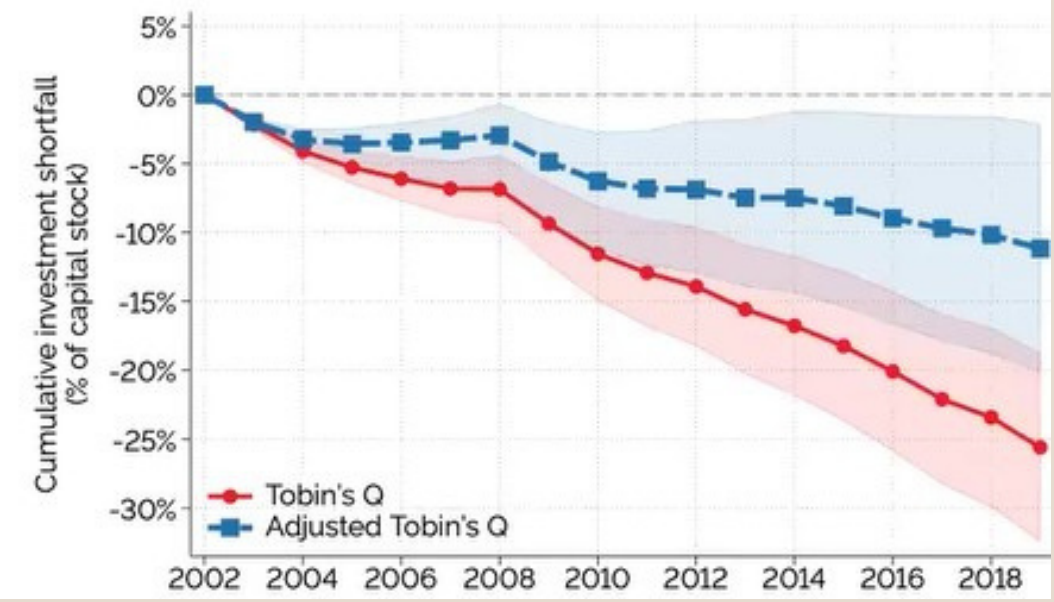
Kontz suggested the answer lies less in economics and more in institutional coordination. The model remains widely used not necessarily because it is correct, but because it functions as a common language across the financial system. “There is a reason we still use CAPM,” he said. “If I am a utility regulator and I want to set a rate, I need a model that is defensible in court. CAPM is defensible because it is the standard. If I try to use a fancy new ‘flow-adjusted’ model, the utility company might sue me. The same applies to managers defending their budgets to the board. You can't just invent your own risk model; you have to use the one everyone accepts.”

Corporate boards use it to estimate risk-adjusted returns and evaluate executive compensation plans. Investment banks rely on it when pricing IPOs and M&A transactions. Regulators use it to determine allowable returns for utilities and other regulated industries. The model’s continued dominance reflects the difficulty of replacing a framework that has become deeply institutionalized.

Figure 1.2 turns to what Kontz described as the “missing investment” puzzle, a phenomenon where “investment in real assets has been relatively low relative to valuations,” despite the traditional intuition that when “market value over book value is high, you should invest more as a manager.”

Historically, this Tobin’s Q relationship held up well, but as he notes, “this kind of breaks down in the 2000s,” with firms maintaining high valuations while failing to increase real investment accordingly. Figure 1.2 shows this divergence clearly. Using standard Tobin’s Q, the cumulative investment shortfall reaches roughly 25 percent of capital stock by 2019. When the authors adjust Q to account for changes in firms’ CAPM-implied cost of

Figure 1.2: Benchmarking-Driven Cost of Capital Distortions & the Investment Puzzle



Source: Kontz and Hanson (2025), The Real Cost of Benchmarking

capital driven by rising betas, the shortfall shrinks to about 11 percent.

"The change in the average firm's weighted average cost of capital that's caused by the beta increases can close this gap… by roughly 50%," Kontz said, corresponding to the headline result that benchmarking explains about 57 percent of "missing" investment. He noted other explanations, such as reduced competition and the rise of intangible investment, help narrow the gap but still leave "roughly 20–25% of investment… missing," which his framework helps explain.

The mechanism builds directly on the earlier beta results and operates through what Kontz described as a discount rate mismatch. If "managers think the discount rate is different from what the market actually prices," they may apply a higher hurdle rate in capital budgeting than what market valuations imply. In his example, managers may require returns closer to 10 percent even when the market effectively prices projects closer to 5 percent, leading them to reject investments that would otherwise be value-creating. In that case, "you will also see that the manager… under-invests," even though valuations remain elevated.

The conversation suggested that the "real cost of benchmarking" may therefore extend beyond market distortions. The industry may be locked into a model that no longer reflects how modern markets operate, simply because changing it would require a collective shift across regulators, investors, and corporations. As Schmidt observed, "We are using a 1960s map to navigate a 2025 terrain, simply because it's the only map we all have in our glovebox." Kontz agreed: "It is a coordination problem. No single actor can switch to a better model until everyone switches. Until then, we are collectively making decisions based on a distorted ruler."

Concluding Perspective

Both the research paper and the roundtable discussion emphasized that benchmark-driven investing is unlikely to be a temporary market anomaly. Instead, participants suggested it reflects a structural shift in how modern capital markets function. Schmidt asked whether these dynamics might eventually revert to historical norms.

Kontz expressed skepticism. "This is not going to go away for a while," he said. "Benchmark-linked capital flows have become a factor in their own right. They drive market co-movement, shape betas, and influence capital allocation. We're in a new equilibrium—and it's not going away soon."

The broader takeaway from the discussion was that financial markets have evolved, but the tools used to interpret risk have not kept pace. Models developed decades ago—particularly the CAPM framework—remain deeply embedded in corporate finance, regulation, and investment practice even as the underlying drivers of market behavior have shifted.

Until managers, regulators, and investors adapt how they interpret risk in a benchmark-dominated market—whether by adjusting beta estimates or developing alternative frameworks—the distortions identified in the research are likely to persist. As participants noted, the real cost of benchmarking is not

measured in expense ratios or trading fees. It appears instead in the form of forgone investment, fewer productive projects, and potentially slower long-term economic growth.

Appendix

The Benchmarking Intensity measure (BMI) "captures the amount of capital that is invested in a firm's stock inelastically (i.e. without regard to a risk-return trade-off) due to the stock's inclusion in benchmark indices." (11) . This measure was introduced by Pavlova and Sikorskaya in their 2023 research paper, "Benchmarking Intensity," published in The Review of Financial Studies.
"They define the BMI for stock i in month t is defined as:

$$\text{BMI}_{i,t} = \sum_{j=1}^{J} \frac{\text{AUM benchmarked to index } j_{j,t} \times \text{weight of stock } i \text{ in index } j_{i,j,t}}{\text{Market capitalization of stock } i_{i,t}}$$

where AUM are assets under management of mutual funds and ETFs benchmarked to index j." The research duo constructed the BMI measure "from 34 indices that account for about 90% of mutual fund and ETF assets. The nine Russell indices are a primary driver of this measure, contributing about 73% of the average stock's BMI, followed by S&P (11%) and CRSP (8%) indices." (11)
The Q Ratio or Tobin's Q "measures whether a firm's market value aligns with the replacement cost of its assets. It is calculated by dividing the market value of a company by its assets' replacement cost. Thus, equilibrium is when market value equals replacement cost. A Q ratio greater than 1 indicates a firm or market may be overvalued, while a ratio less than 1 suggests undervaluation," according to Investopedia.com. (https://www.investopedia.com/terms/q/qratio.asp)

About the Participants

Christian Kontz is a Ph.D. candidate at Stanford University Graduate School of Business. His research focuses on asset pricing, financial intermediation, and the real effects of financial markets. His paper, "The Real Cost of Benchmarking," co-authored with Sebastian Hanson, has received attention for its empirical rigor in linking market microstructure to corporate investment decisions. In the fall of 2026, Christian will join the University of Notre Dame's Mendoza College of Business as an Assistant Professor of Finance.

Bob Schmidt is the Executive Director of The Brandes Center at the Rady School of Management, UC San Diego. The Brandes Center is dedicated to the study of value investing and behavioral finance, bridging the gap between academic research and practitioner application.

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