

DECOMPOSITION OF CORPORATE GROWTH ANOMALY

*Wikrom Prombutr, College of Business Administration, California State University, Long Beach, 1250
Bellflower Boulevard, Long Beach, CA 90840, 562-985-4567, wikrom.prombutr@csulb.edu*
*Chanwit Phengpis, College of Business Administration, California State University, Long Beach, 1250
Bellflower Boulevard, Long Beach, CA 90840, 562-985-1581, chanwit.phengpis@csulb.edu*

ABSRRACT

This paper investigates corporate growth anomaly in asset pricing from behavioral perspectives. Cross-sectional results indicate that a long-term 3-year investment growth based on firms' capital expenditures is statistically significant in explaining subsequent stock returns. However, the first 1-year growth that is most recent to portfolio formation is priced by investors the most, followed by the second and third ones that are farther and farthest away from the formation, monotonically.