

# Joshua Thornton

Assistant Professor of Finance | Hankamer School of Business | Baylor University  
[Joshua.Thornton@Baylor.edu](mailto:Joshua.Thornton@Baylor.edu) | <https://sites.google.com/view/joshua-thornton/>

## Academic Appointments

---

**Assistant Professor of Finance** 2022-Present  
Hankamer School of Business, Baylor University

## Education

---

**Ph.D. in Finance** 2017-2022  
The Paul Merage School of Business, University of California, Irvine  
Dissertation: Individual Investor Decision-Making  
Committee: David Hirshleifer (Chair), Lu Zheng, Christopher Schwarz, Zheng Sun

**B.S. in Mathematics** 2010-2014  
Pepperdine University, *summa cum laude*

## Research Interests

---

Empirical asset pricing, behavioral finance, social finance, social networks, investor decision-making, household finance

## Working Papers

---

- “Peer Effects in Financial Expectations,” *July 2021, Job Market Paper*
  - Presented at Lonestar Finance Conference, September 2022
  - Presented at AFA Student Poster Session, January 2022
  - Presented at SFA Annual Meeting, November 2021
  - Ray Watson Doctoral Fellowship, Honorable Mention
- “Does Sunshine Cloud Investor Judgment?” *July 2021*
  - Presented at SWFA Annual Meeting, March 2022
  - Presented at Research Fest, University of California, Irvine
  - Presented at UC Irvine Brownbag
- “Disposition Effect: Growth Versus Value,” *January 2021*
  - Presented at UC Irvine Brownbag

## **Works in Progress**

---

- “The Salience Effect: Differing Peer Effects in Savings and Consumption”
- “The Effect of Mood on Financial Expectations”

## **Teaching Interests**

---

- Finance Core Courses
- Investments
- Research Methods
- Data Analysis
- Risk Management
- International Finance

## **Awards and Honors**

---

Wayne Bian Research Achievement Fellowship	2022
Ray Watson Doctoral Fellowship, UC Irvine	2021
Outstanding Undergraduate Teaching Assistant, UC Irvine	2019-2020
Doctoral Student Fellowship, UC Irvine	2017-2022
MathFest Award for Outstanding Presentation	2013
Dean’s List, Pepperdine University	2012-2014
Seaver Scholar, Pepperdine University	2010-2014
Washington State Scholar	2010

## **References**

---

### **David Hirshleifer**

Professor, Finance  
Marshall School of Business  
University of Southern California  
Email: [hirshlei@marshall.usc.edu](mailto:hirshlei@marshall.usc.edu)

### **Lu Zheng**

Professor, Finance  
The Paul Merage School of Business  
University of California, Irvine  
Email: [luzheng@uci.edu](mailto:luzheng@uci.edu)

### **Zheng Sun**

Associate Professor, Finance  
The Paul Merage School of Business  
University of California, Irvine  
Email: [zhengs@uci.edu](mailto:zhengs@uci.edu)

### **Christopher Schwarz**

Associate Professor, Finance  
The Paul Merage School of Business  
University of California, Irvine  
Email: [cschwarz@uci.edu](mailto:cschwarz@uci.edu)

## Abstracts

---

### **“Peer Effects in Financial Expectations”** – *Job Market Paper*

I provide causal evidence that neighborhood financial expectations affect individual financial expectations. I instrument for neighborhood financial expectations with average financial expectations of neighbors' nonlocal family members. Consistent with social interaction driving this effect, I show that social individuals are more influenced by neighborhood financial expectations. Additionally, I provide evidence that individuals who expect their financial situation to improve are less likely to save. This suggests that surveyed expectations reflect actual expectations and that individuals act in accordance with their expectations. Finally, I show that individuals who take neighborhood expectations into account form more accurate expectations.

### **“Does Sunshine Cloud Investor Judgment?”** – *Working Paper*

Evidence from psychology literature confirms the long-held intuition that mood affects judgment. Specifically, individuals who are in a negative mood are more likely to think critically and avoid heuristic processing. This paper uses two proxies for mood, weather and media pessimism, to show that investors make better selling decisions when they are feeling sad. A one-unit increase in cloudiness leads to 1.4% 3-factor alpha improvement at a 12-month horizon. The disposition effect, which decreases in magnitude when investors are in a negative mood, provides an explanation for these results.

### **“Disposition Effect: Growth Versus Value”** – *Working Paper*

This paper explores the relationship between growth stocks, defined as stocks with low book-to-market ratios, and the disposition effect. Using a Cox proportional hazard model, I find that the disposition effect is significantly larger for stocks with low book-to-market ratios than for stocks with high book-to-market ratios. This difference in magnitude is driven by stock-level, as opposed to investor-level, characteristics. Taken together, the evidence suggests that investors make more mistakes with growth stocks because they are more difficult to value.