The Centre for Accounting & Accountability Research, Hull University Business School is pleased to announce the following research seminar:

**Calculating and Comparing Security Returns is harder than you think: A Comparison between Logarithmic and Simple Returns.**

Professor Robert Hudson  
University of Newcastle

**Wednesday, February 13, 2013**

**Abstract**

We show that there are some troubling differences between mean returns calculated using logarithmic returns and those calculated using simple returns. The mean of a set of returns calculated using logarithmic returns is less than the mean calculated using simple returns by an amount related to the variance of the set of returns. This implies that there is not a one-to-one relationship between mean logarithmic and mean simple returns. In addition, when logarithmic returns are used, ceteris paribus, higher variance will automatically reduce expected returns. We illustrate when these effects are important drawing on examples from the extant literature.

**Biography**

Robert Hudson is the author of a book on stock market investment, over forty refereed articles in leading international journals and a range of other publications and has presented at many universities and international conferences. He has also directed and chaired an international actuarial conference and is a Fellow of the Institute of Actuaries and a Chartered Mathematician.

He has extensive business experience in financial services. Before entering the academic world he provided actuarial consulting services to a large number of companies of all sizes and has subsequently directed research projects for a number of ‘Blue Chip’ commercial sponsors.

His main research interests are financial markets, the financial services industry, particularly pensions and insurance, and the financial behavior of individuals.

**Venue:** SR3 Derwent  
**Date:** Wednesday, February 13, 2013 2:00 PM

The seminar is open to all HUBS staff and postgraduate students.

Refreshments will be provided, in order to reserve your place please reply to this email no later than 12/02/2013.