

Table 3

Abnormal Stock Returns Surrounding the Initial Schedule

This table shows cumulative abnormal returns (CAR) and buy-and-hold abnormal returns (BHAR) for the target. Cumulative abnormal returns are the aggregated abnormal returns corresponding to each event window and are estimated through the market model, using the value-weighted NYSE/AMEX/Nasdaq index from CRSP. Buy-and-hold abnormal returns are the difference between the target's buy-and-hold return and the value-weighted NYSE/AMEX/Nasdaq index from CRSP. Mean [median] abnormal returns are reported for the total sample of targets (column 1) and for targets subject to filings disclosed by strong and weak investors according to the WW-Index (column 2 and 3). Panel A (C,D) presents abnormal returns for the 10 (5, 1) days prior to the filing day of the Schedule 13(D) through the 3 trading days after the filing day. The abnormal returns in Panel C are for the 10 days prior to the filing day until 6 days prior to the filing day. All data are winsorized at the 1% and 99% levels.

| | Total Sample | Investor Constr. | Investor Unconstr. | t-Stat. [Z-stat] for Diff. Bet. Column (2) and (3) |
|--|---------------------------|-----------------------|----------------------------|--|
| | (1) | (2) | (3) | |
| Panel A – Abnormal Returns [Days -10,+3] | | | | |
| CAR | 13.36%*** [7.95%]*** | 6.01%*** [2.85%] | 16.81%*** [10.89%]*** | 3.9300*** [3.980]*** |
| BHAR | 13.97%*** [8.26%]*** | 6.93%*** [1.20%] | 17.58%*** [11.30%]*** | 3.8464*** [4.238]*** |
| Panel B – Abnormal Returns [Days -10,-6] | | | | |
| CAR | 8.03%*** [2.11%]*** | 4.00%** [0.42%] | 10.18%*** [3.00%]*** | 2.8772*** [3.608]*** |
| BHAR | 8.23%*** [1.89%]*** | 4.42%** [1.00%] | 10.34%*** [3.44%]*** | 2.7678*** [3.396]*** |
| Panel C – Abnormal Returns [Days -5,3] | | | | |
| CAR | 5.33%*** [1.08%]** | 2.00%* [0.71%] | 6.63%*** [0.87%]* | 2.6043*** [1.184] |
| BHAR | 5.78%*** [0.87%]** | 2.47%** [0.50%] | 7.20%*** [0.87%] | 2.6811*** [1.605]* |
| Panel D – Abnormal Returns [Days -1,3] | | | | |
| CAR | 1.77%*** [0.19%] | -0.48% [-0.73%] | 2.43%*** [0.09%] | 2.6174*** [2.503]** |
| BHAR | 1.90%*** [0.08%] | -0.09% [-0.31%] | 2.62%*** [0.25%] | 2.4891** [2.317]** |
| N | 561 | 126 | 307 | |