

Table 3

Abnormal Stock Returns Surrounding the Initial Schedule 13(D) Filing

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 the market return. 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 Whited–Wu 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 of the Schedule 13(D). The abnormal returns in Panel C are for the 10 days prior to the filing day of the Schedule 13(D) until 6 days prior to the filing day of the Schedule 13(D). All data are winsorized at the 1% and 99% levels.

	Total Sample (1)	Investor Financially Constrained (2)	Investor Financially Unconstrained (3)	t-Stat. [Z-stat] for Diff. Between column (2) and (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	