TO-DO

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1 Literature

- Kothari, S. P., and J. B. Warner. 2007. Econometrics of Event Studies. In B. E. Eckbo (ed.), Handbooks of Corporate Finance: Empirical Corporate Finance, Chapter 1. Amsterdam: Elsevier/North-Holland.

- Journal of Financial and Quantitative Analysis (JFQA)

- Fama, E. F., and K. R. French. 2006. Profitability, Investment and Average Returns. Journal of Financial Economics 82: 491-518. (page 496)

- Mohr, J-H.M., 2012. Utility of Piotroski F-score for predicting growth stock returns. Working paper, MFIE Capital.

- signs for takeover?

2 Data

2.1 Sample Criteria

- Filtered by 10-K filings

- financial information is definitely available - is it readable? (Loughran, MacDonald)

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3 Summary statistics

4 Compustat

1. Screening Variables

    (a) What consolidation level? - Consolidated

(b) What industry? No financial services (FS)

   (c) What data format? - Standardized

   (d) Population source? - Domestic

   (e) Currency? - USD

   (f) Company Status? - Active & Inactive

2. Variables

   (a) Identifying Information
      - Company name
      - CIK number

   (b) Identifying Information cont.
      - GIC variables - GIC sectors etc.
      - NAICS - in addition to GIC?
      - SIC - in addition to GIC?

   (c) Company Descriptor
      - Acquisition method? - ACQMETH filter by takeover?
      -

   (d) Balance Sheet Items
      - Current Assets total (ACT)
      - Total Assets (AT)
      - Account receivables total (ARTFS)
      - Cash (CH)
      - Liabilities total (LT)
      - Long term debt total (DLTT)

3. asdasd

5 Financial Strength

- Control variables - implementation?

- Measurements (variables) for the financial condition

   - industry multiples
   - Balance sheet ratios
   - ROE, ROA, accruals
   - Fundamental analysis
   - Working capital adequacy

- – Asset performance
- – Capitalization structure

- Evaluation of the financial strength

  - – Interpretation of the variables
  - – Group investors based on the properties
  - – Pitroskis'f-score as a proxy for financial strength
  - – Average return over the last xx years

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6 Information used by investors

- 10-K Filings?

- Data availability

- Why would they use the data?

- Because information is incorporated in a given manner, we can use several variables as proxies for financial strength (they know what we know)