Analysis Report on Consensus effect on Stock Price/Return (Beat Up Cases)

Dingming

1. Overall Summary

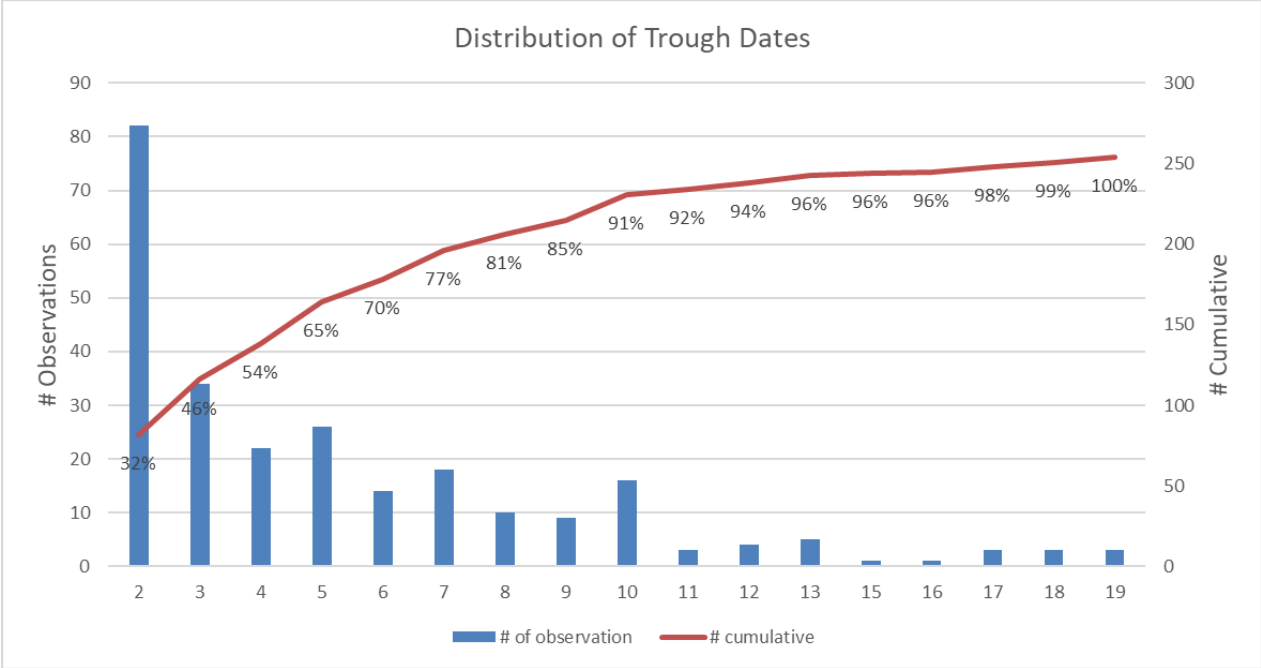
The analysis is conducted using data from the semiconductor sector, covering 67 equities: 20 from the U.S., 13 from the EU, 20 from developed Asia Pacific markets, and 14 from emerging Asia Pacific markets.

There are 755 beat cases and 254 situation 1 cases. The observation window is set to 20 days after the earnings announcement, and only cases where the earnings beat exceeds 10% are included in the analysis.

	situations	Definition of the situations	# Observation	# Total	% within Beat situations	% within Beat Up situations
Beat up on day 1	situation 1	Beat -> up day1 -> decline below day1 -> rebound over day 1	**254**	**430**	**33.6%**	**59.1%**
	situation 2	Beat -> up day1 -> stay decline below day1	91		12.1%	21.2%
	situation 3	Beat -> up day1 ->stay up day 1	85		11.3%	19.8%
Beat down on day 1	situation 4	Beat -> down day1	325	325	43.0%	-
total	-	-	755	-	100.0%	-

Situation 1 takes up 1/3 within beat situations and 2/3 within beat up situations.

2. Distribution of Trough Dates



	Trough on Day X								
	Day2	Day3	Day4	Day5	Day6	Day7	Day8	Day9	Day10
% within Beat Up situations	32.3%	13.4%	8.7%	10.2%	5.5%	7.1%	3.9%	3.5%	6.3%
% cumulative	32.3%	45.7%	54.3%	64.6%	70.1%	77.2%	81.1%	84.6%	90.9%

Troughs most frequently occur on day 2, with the majority distributed between days 2 and 5. Notably, 90.94% of the troughs occur between days 2 and 10.

3. Average Cumulative Return by Day1/ Trough/ day20

		Average Cumulative Return		
	Average Return On Day 1	Day 2 to Trough	(Trough+1) to Day 20	Day2 to 20
trough date 2-5	**6.4%**	-2.6%	5.0%	**2.6%**
trough date2-10	6.3%	**-2.7%**	**5.3%**	2.5%

This result indicates that most of the cumulative return from day 1 to day 20 is driven by the return on day 1, which averages around 6.5%. In contrast, the average cumulative return between day 2 and 20 is approximately 2.5%.

4. Average Cumulative Return from Day X to Day 20

Start Date	Average Cumulative Return **From Day x to Day 20**
1	7.43%
2	2.46%
3	2.82%
4	2.45%
5	2.33%
6	2.07%
7	2.03%
8	2.07%
9	1.87%
10	1.61%
11	1.31%
12	0.68%
13	0.43%
14	0.27%
15	0.38%
16	0.48%
17	0.49%
18	0.39%
19	0.18%
20	0.12%

This table shows the average cumulative return from day x to day 20. The average cumulative return declines as the start date increases.

Since we cannot accurately predict whether a "beat-up" situation will occur on day 1, our discussion of cumulative returns focuses on the period from day 2 to day 20. According to

the table, holding the stock from day 3 yields the highest average cumulative return of 2.8%. This is because approximately one-third of beat-up cases experience a trough on day 2, meaning that starting to hold the stock from day 3 allows investors to benefit from the post-trough rebound more effectively than starting on other days.

Given that troughs most frequently occur on day 2, primarily distributed between days 2 and 5, and 80% of all troughs fall between day 2 and 10, I further calculate average cumulative returns for the holding periods from day 3 to x, day 6 to x, and day 11 to x.

The results show that the period from day 3 to day 20 has the highest average cumulative return. In contrast, the lower cumulative returns for day 6 to x and day 11 to x can be attributed to the fact that, in many cases, stock prices have already risen following the trough on day 2.

Start Date	Average Cumulative Return **From Day 3 to Day x**
3	0.40%
4	0.54%
5	0.84%
6	0.88%
7	0.84%
8	1.02%
9	1.25%
10	1.55%
11	2.18%
12	2.42%
13	2.59%
14	2.46%
15	2.35%
16	2.37%
17	2.44%
18	2.66%
19	2.70%
20	2.82%

Start Date	Average Cumulative Return **From Day 6 to Day x**
6	0.06%
7	0.03%
8	0.22%
9	0.46%
10	0.77%
11	1.39%
12	1.63%
13	1.80%
14	1.67%
15	1.56%
16	1.59%
17	1.67%
18	1.89%
19	1.96%
20	2.07%

Date	Average Cumulative Return **From Day 11 to Day x**
11	0.64%
12	0.89%
13	1.06%
14	0.94%
15	0.83%
16	0.86%
17	0.94%
18	1.14%
19	1.21%
20	1.31%