Summary of Zeroing In on the Expected Returns of Anomalies
(Zheng Zhou ; Dec 14, 2025)

1) The research question: Whether anomalies' expected returns are much lower than the mean returns found in the literature?

2) Motivation: To revise our understanding of the elevated expected returns generated by the anomalies identified in the literature.

3)The marginal contributions to the literature: To zero in on the expected returns of anomalies in the literature by introducing 1)total trading costs (including cost mitigation), 2)post-publication effects, and 3) the restriction that the sample should only use the modern era of trading technology (post-2005)

4)Hypotheses: 1)To adjust for trading costs, they track portfolio weights, and each time a position is entered or exited, they assume the effective half spread is paid. 2)LF average outperforms any individual LF proxy in terms of its ability to match HF data

5) Sample: Data from Chen and Zimmermann's (2022) "open source" asset pricing project aiming to provide comprehensive coverage of published anomalies

6) Dependent variables: Expected return of the portfolio

   Independent variables: predictors(anomalies)

7) Portfolio Implementations: i) the implementation in the original paper, ii) a constrained cost optimization that allows for equalweighting, and iii) a constrained cost optimization that enforces value-weighting

Data-Mining Adjustments Method: Use "empirical Bayes" estimator

8) Publishable and feasible extension of this research: 1)Extend the range of research into unpublished anomaly predictors 2) Improve the method of the measurement of trading cost, post-publication effect, and data-mining effect.

Summary of Anomaly Time
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1) The research question: To examine the timing of returns around the publication of anomaly trading signals

2) Motivation: To profit from asset-pricing anomalies at more opportune moments

3)The marginal contributions to the literature: They are the first to examine and confirm a link between the timing of information releases and anomaly returns for a large number of anomalies at once, meaning that they show how time patterns in the release of information affect the dynamics of mispricing.

4)Hypotheses: 1)Investors must (i) monitor for the release of new anomaly-relevant information (awareness), (ii) expend effort to acquire and extract information from the release (acquisition), and (iii) use the acquired information in modeling (integration). In each of these steps—awareness, acquisition, and integration of information—significant costs can arise that inhibit trading on the release of anomaly-relevant information which are refered to collectively as **information processing costs**. 2)**costs in acquiring information** 3)**cognitive frictions** can inhibit information acquisition 4)traders may face significant costs when **integrating new information** into existing models of expected returns.

5) Sample: rely on Compustat Snapshot ("Snapshot"), a database that shows when accounting information about a firm was first publicly available

6) Dependent variables: Returns

   Independent variables: timing of the release of anomaly-relevant information

   Measurement: Their tests condition on information release dates to see when anomaly returns occur.

7) PREDICTION 1: Return predictability should be strongest in the period immediately following the release of key information and should decay thereafter.

PREDICTION 2: Reductions in information processing costs should correspond to reductions in return predictability and more rapid trading activity after information releases.

8)Difficulties: using stale data or introducing look-ahead bias

8) Publishable and feasible extension of this research: 1)improve the method of measurement of timing of the release of anomaly-relevant information 2)use a more comprehensive date base