

The Efficiency of the Market Portfolio.

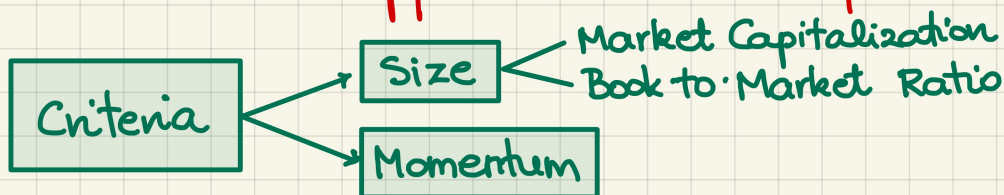
Q: Can sophisticated institutional investors consistently profit @ the expense of individual investors?

Conditions:

- 1st The behavior of individual investors pushes the stock prices so that a **non-zero alpha** investment strategy appears.
- 2nd There happens to be **limited competition** for the investment above.

Trading Strategies.

which appear to create a positive **(alpha)**.



Efficient Market Hypothesis.

Weak-form efficiency. One cannot make **consistent** gains by trading using the information is **past prices**.

Semi-strong-form efficiency. One cannot make **consistent** gains by trading using **publicly available information**.

Strong-form efficiency. One cannot make **consistent** gains by trading using **privately available information**.