**Klassikkotutkimukset**

**Trading is hazarous to your Wealth (Barber & Odean 2000)**

Tutkivat 1991 - 1996 yli 60 000 yksityissijoittajan sijoituksia sijoituspalveluita välittävän firman kautta. Vuosituotto eniten kauppaa käyvillä sijoittajilla jäi 11.4 % kun markkina oli ajanjaksolla tuottanut 17.6 %. Keskimääräinen kotitalous sijoitti 16.4% tuotolla. Kotitaloudet sijoittivat korkean betan, pieniin, arvo-osakkeisiin ja myivät salkustaan keskimäärin 75 % osakkeista vuodessa. Tutkimuksen pääsanoma on että yksityissijoittajat luottavat liikaa itseensä ja tuhoavat varallisuuttaan liikaan kaupankäyntiin.

Kaksi teoriaa Grossman & Stiglitz 1980, sijoittajat käyvät kauppaa vain mikäli markinaalituotto on positiivinen (eli todennäköienn voitto on suurempi kuin tappio) VS. Gervais & Odean (1998) sijoittajat kärsivät yliluottamuksesta joka on heidän tuhoksi.

Gross performance on sama paljon ja vähän treidaavilla, mutta net performancessa on suuri ero 11,4% ja 18.5%

After account- ing for the fact that the average household tilts its common stock invest- ments toward small value stocks with high market risk, the underperformance averages 31 basis points per month (or 3.7 percent annually). The average household turns over approximately 75 percent of its common stock portfolio annually. The poor performance of the average household can be traced to the costs associated with this high level of trading

Mutual funds trade often and their trading hurts per- formance (Carhart (1997)). But trading by individual investors is even more deleterious to performance because individuals execute small trades and face higher proportional commission costs than mutual funds.

**All that glitters: the effect of attention and news on the buying behavior of individual and Institutional investors**

We test and confirm the hypothesis that individual investors are net buyers of attention- grabbing stocks, e.g., stocks in the news, stocks experiencing high abnormal trading volume, and stocks with extreme one-day returns. Attention-driven buying results from the difficulty that investors have searching the thousands of stocks they can potentially buy. Individual investors do not face the same search problem when selling because they tend to sell only stocks they already own. We hypothesize that many investors consider purchasing only stocks that have first caught their attention. Thus, preferences determine choices after attention has determined the choice set.

In this paper, we test the proposition that individual investors are more likely to buy rather than sell those stocks that catch their attention. We posit that this is so because attention affects buying - where investors search across thousands of stocks - more than selling - where investors generally choose only from the few stocks that they own. While each investor does not buy every single stock that grabs his attention, individual investors are more likely to buy attention-grabbing stocks than to sell them. We provide strong evidence that this is the case.

Useat tutkimukset pitävät ostoa ja myyntiä voin kolikon eri puolina. Barber ja Odean kuitenkin osoittavat että osto ja myyntipäätöksen taustalla on huomattavasti eri päätösprosessi.

Useilla sijoittajilla on vain muutama osake joita omistavat

Useat sijoittajat myyvät vain osakkeita jotka jo omistavat, ei lyhyeksi myyntiä. (voi tarkemmin osakketta kohden miettiä hyödyt ja haiat)

Ostossa katsotaan tulevaan myynnissä menneeseen kehitykseen.

We focus on three observable measures that are likely to be associated with attention-grabbing events: news, unusual trading volume, and extreme returns. While none of these measures is a perfect proxy for attention, all three are useful.

We examine the buying and selling behavior associated with attention for four samples of investors:

• investors with accounts at a large discount brokerage,

• investors at a smaller discount brokerage firm that advertises its trade execution quality,

• investors with accounts at a large retail brokerage,

• professional money managers

Our prediction is that individual investors will actively buy stocks on high- attention days. We are not predicting that they will actively trade on high- attention days - that would hardly be surprising when we use abnormal trading volume as a proxy for attention - rather, that they will be net buyers. For every buyer, there must be a seller. Therefore, on days when attention- driven investors are buying, some investors, whose purchases are less dependent on attention, must be selling. We anticipate therefore, that professional investors as a whole (inclusive of market-makers) will exhibit a lower tendency to buy, rather than sell, on high-attention days and a reverse tendency on low-attention days. (Exceptions will arise when the event driving attention coincides with the purchase criteria that a particular professional investor is pursuing.) As predicted, individual investors tend to be net buyers on high-attention days. For example, investors at the large discount brokerage make nearly twice as many purchases as sales of stocks experiencing unusually high trading volume (e.g., the highest 5%)5 and nearly twice as many purchases as sales of stocks with an extremely poor return (lowest 5%) the previous day. The buying behavior of the professionals is least influenced by attention

Optimal versus Naive Diversification