Quiz 19 for Nov 2

Started: Oct 28 at 3:53am

Quiz Instructions

Complete this quiz by 11:00 a.m. on Wednesday November 2.

Question 1	1 pts

Trading strategies that appear to generate positive risk-adjusted returns based on tests using past data may not persist due to

- ☑ investors becoming aware of the strategy and implementing it.

- ☐ predictability in returns.

- ☐ data snooping.

- ☐ increasing risk.

Question 2	1 pts

Trading profits based on private information about a firm's stock are likely to be higher when the firm is

- ○ a growth firm.

○ a value firm.

○ a large cap firm.

◉ small cap firm.

Question 3

1 pts

A finding of significantly positive cumulative abnormal returns during the days prior to a merger announcement is consistent with

○ a violation of strong form market efficiency.

○ news of the merger being leaked to some traders.

○ a violation of weak form market efficiency.

◉ a violation of semi-strong form market efficiency.

Question 4

1 pts

The momentum effect is consistent with

◉ investors under-reacting to past good news and under-reacting to past bad news.

○ investors over-reacting to past good news and over-reacting to past bad news.

○ investors under-reacting to past good news and over-reacting to past bad news.

○ investors over-reacting to past good news and under-reacting to past bad news.

Question 5

1 pts

Ask one or more questions or make one or more comments regarding the material for this class.

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