FIN 938: Investments Seminar; Readings in Empirical Asset Pricing Research
Fall - 2015
Line #: 26082; Meets Tuesdays, 3:00 - 5:45pm, Summerfield 409

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My Office Hrs:	Tues. & Thurs, before class: 10:00 - 11:00am & 12:15 - 1:00pm or by appointment.
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Course Description: This course covers a wide range of topics that have been the focus of recent research in the field of investments. We'll focus on forthcoming and recently published work, and the background papers that developed and contributed to this work.

Course Objective: This course will help you become well-informed about the content and methodology behind current research in the field of investments. We will cover the broad array of methodological tools used in empirical asset pricing research, paying special attention to the econometric issues that arise. This is a hands-on course. You will be given data and asked to conduct your own empirical analyses. You will also develop your own research project.

Course Structure and Grading: This is a readings course. Four to six papers will be assigned each week on a specific topic that will be the focus of discussion at the next weekly session. All students will be expected to read all papers assigned for each weekly session. Each student will be primarily responsible for one of the papers assigned, and will lead a 15-minute discussion of that paper at the next weekly session. By noon on the day before each weekly session, all students will email me a **detailed summary** of the paper they are primarily responsible for that week (maximum 5 pages). At the same time, all students will also email me a **brief summary** of every other paper assigned that week (maximum 1 page, for each brief summary).
Each report should follow the format of the document entitled, "*Summary Report Outline*."

Each weekly session will consist of an in-depth discussion of all the papers assigned. Active participation is critical for the success of this class. Every week, all students must prepare properly to ensure lively and productive discussion on all papers. Your grade will be determined by the quality and rigor of your:

(i) written summaries provided on the day before each weekly session,
(ii) presentation of the paper you are primarily responsible for each week,
(iii) participation in the class discussion of all other papers each week,
(iv) written summaries of empirical analyses you are assigned,
(v) research project (see next page),
(vi) effort.

Course Materials: The reading list follows. Most papers on this list are available on the web. The last page of this syllabus provides a brief summary of useful electronic resources. I have also placed electronic copies of most of these papers at the web address listed above.

Research Component of the Course:

One major goal of this course is to get you excited about, and actively involved in, conducting your own research. Toward this end, I expect each of you to develop or improve upon a research project of your own this semester. Ideally, the final product of your effort would be a research paper suitable for submission to a journal. Realistically, I will expect substantive progress toward that ultimate goal over the course of the semester.

Each student will *meet with me early in the semester* to discuss your research efforts. If you already have a current project underway that you wish to pursue further, I need to see what you currently have developed. If I agree, then you may wish to work at making substantive progress on that project during the semester. If you don't have a current project underway, or wish to develop a new project, then I'll encourage you to consult with me and/or your advisor and/or any faculty member or student with whom you'd like to work, to develop a project. Either solo-authored or co-authored projects are suitable for this purpose. I will be happy to do what I can to help with your efforts on any research project. However, if the paper is not on a topic in empirical asset pricing, then you will need to rely on other faculty for help as well.

In any case, I will need to review and approve your project *early in the semester*, to help you satisfy this component of the course. Together, you and I will develop a list of items on your project that you plan to accomplish during the semester. At mid-semester we will meet again to discuss your progress on this list, and to perhaps revise this list based on what you have learned from your efforts during the first half of the semester.

Your grade on this component of the course will depend on the progress you make on this list during the semester. I intend to assign grades in December that encompass all requirements for this course, including whatever progress you have made on this research project by that time. I do not plan to give incomplete grades.

Students with disabilities:

Any student who has a disability that may prevent her/him from fully demonstrating his/her abilities should contact me personally as soon as possible so we can discuss accommodations necessary to ensure full participation and facilitate the educational opportunity.

<u>School of Business Honor System:</u>

The School of Business Honor System promotes academic integrity by its students and faculty through adherence to the following code:

> We, the faculty, instructors, and students of the School of Business pledge to fulfill our mutual responsibilities to each other and the academic community at large with honor and integrity in order to build and maintain a climate of respect and trust that will enhance our research, teaching, and learning. We will support the Honor System of the School and will not tolerate activities that undermine academic integrity.

As a student in a School of Business class, you will be protected by and expected to conduct yourself in accordance with this system. For a complete description of the system, see: http://www.business.ku.edu/honor-code . This is required reading for all students.

In accord with this policy, the following pledge must be signed by students at the end of exams:

> On my honor, I have neither given nor received any unauthorized aid on this exam.
> Nor am I aware of anyone giving or receiving any unauthorized aid on this exam.
>
> Signature__________________________________ Date:_____________

FIN 938: Readings List - Fall, 2014

I. Overview.

A. Writing Tips & Professional Etiquette.

1. Cochrane, "Writing Tips for Ph.D. Students," working paper, 2005.
2. Hamermesh, 1992, "The Young Economist's Guide to Professional Etiquette," *Journal of Economic Perspectives* (6), 169-179.
3. Hamermesh, 1993, "Professional Etiquette for the Mature Economist," AER (83), 34-39.
4. JFE_Stulz_Tips for Authors, by Rene Stulz, JFE Advisory Editor and former Editor of JF.
5. JFE_Information for Impatient Authors.
6. JFE_Turnaround Times & Rejection Rates.

B. Major Paradigms and Recent Developments in Empirical Asset Pricing Research.

1. Martin, Cox, and MacMinn, 1988, "Overview of Financial Theory," Chapter 1 from <u>The Theory of Finance</u>, New York: Dryden, 1988.
2. Cochrane, J., 2002, "New Facts in Finance," *Economic Perspectives*, Federal Reserve Bank of Chicago, 36-58.
3. Schwert, 2003, "Anomalies and Market Efficiency," *Handbook of the Economics of Finance*, Chapter 15, Ed., G. M. Constantinides, M. Harris, and R. Stulz, Elsevier Science B. V.
4. Fama & French, 2008, "Dissecting Anomalies," JF (63, No. 4), 1653-1678.
5. McLean & Pontiff, "Does Academic Research Destroy Stock Return Predictability?" JF, Feb 2016, 5-31.
6. Barber & Odean, 2011, "The Behavior of Individual Investors," Working Paper. (Overview of recent research regarding individual investors.)

II. Methodology in Empirical Asset Pricing Research.

A. Regression Approach.

1. Jensen's alpha, 1968, JF (23), 389-416.
2. Fama & Macbeth regressions, 1973, JPE (71), 607-636.
3. Fama & French's 3-factor & 5-factor models:
   1992, JF (47), 427-465; 1993, JFE (39), 3-56; 1996, JF (51), 55-84.
4. Petersen, M. A., 2009, "Estimating standard errors in finance panel data sets: Comparing approaches," RFS (22), 435 - 480.

B. Portfolio Approach. (examples:)

1. Bernard, Victor, 1987, "Cross-sectional dependence and problems in inference in market-based accounting research," JAR, 1987, v25, l-48.
2. Griffin, Harris, and Topaloglu, 2003, JF (58), 2285-2320. (See also under "Are Institutions Informed?")
3. Sias, 2007 "Reconcilable Differences: Momentum Trading by Institutions," *Financial Review* (42). (See also under "Momentum Strategies").

C. Event Study Approach.
    1. Brown & Warner, 1980, JFE (8), 205-258. Measuring Monthly AR's.
    2. Brown & Warner, 1985, JFE (13), 3-31. Measuring Daily AR's.
    3. Campbell, Lo, & MacKinlay, 1997, *The Econometrics of Financial Markets*, Chapter 4, "Event Study Analysis."
    4. Berkman & Truong, 2009, "… Event Day 0," JAR.

D. Problems Measuring Long Term Abnormal Performance.
    1. Barber & Lyon, 1997, JFE (43), 341-372.
    2. Kothari & Warner, 1997, JFE (43), 301-339.
    3. Fama, 1998, "Market efficiency, long-term returns, and behavioral finance," JFE (49), 283-306.
    4. Lyon, Barber, & Tsai, 1999, JF (54), 165-201.
    5. Mitchell & Stafford, 2000, "… Long-term stock price performance," JB (73), 287-329.

E. Logistic Propensity Scoring to Generate a Matched Pairs Test Design.
    1. Kothari, S., A. Leone, and C. Wasley, 2005, "Performance matched discretionary accrual measures," JAE (39, No. 1), 163-197.
    2. Tucker, J., 2010, "Selection bias and econometric remedies in accounting and finance research," JAL 29, 31-57. (*Does not belong in E., but discuss here*.)
    3. King, G., R. Nielsen, C. Coberly, and J. Pope, 2011, "Comparative effectiveness of matching methods for causal inference," Harvard Univ. WP.
    4. Lennox, C., J. Francis, and Z. Wang, 2012, "Selection models in accounting research," TAR (87: No. 2), 589-616.
    5. DeFond, Erkens, and Zhang, "… Matching Methods," Working Paper, 2014.

F. Volatility issues.
    1. Shiller, 1981, AER (71), 421-436.
    2. Schwert, 1989, JF (44), 1115-1153.
    3. French, Schwert, & Stambaugh, 1987, JFE (19), 3-30.
    4. Bekaert & Wu, 2000, RFS (13), 1-41.

G. The ARCH/GARCH effect.
    1. Engle, 1982, *Econometrica* (50), 987-1008.
    2. Bollerslev, 1986, *Journal of Econometrics* (31), 307-327.
    3. Bollerslev, 1987, REStat (69), 542-547.
    4. Akgiray, 1989, JB (62), 55-80.
    5. Bollerslev, Chou & Kroner, 1990, *Journal of Econometrics* (52), 5-59.
    6. Enders, *Applied Econometric Time Series*, 1995, New York: John Wiley & Sons, Chapter 3 (sections 1-3, 6, & 7).
    7. Campbell, Lo, & MacKinlay, 1997, *The Econometrics of Financial Markets*, Chapter 12 (just sections 12.1 & 12.2).

H. Data Snooping.
   1. Yule, 1926, *Journal of the Royal Statistical Society* (89), 1-64.
   2. Lo & MacKinlay, 1990, RFS (3), 431-467.
   3. Foster, Smith, & Whaley, 1997, JF (52), 591-607.
   4. Bossaerts & Hillion, 1999, RFS (12), 405-428.
   5. Neuhierl and Schlusche, 2009, "Data Snooping and Market-Timing Rule Performance," working paper.
   6. Harvey, Liu, and Zhu, 2014, " **…** and the Cross-Section of Expected Returns," Working Paper, Duke University.

I. Spurious Regression.
   1. Granger & Newbold, 1974, *Journal of Econometrics*, (4), 111-120.
   2. Enders, 1995, *Applied Econometric Time Series*, pp. 166-169, and 211-221.
   3. Phillips, 1998, Econometrica (66), 1299-1326.
   4. Lanne, 2002, REStat (84), 407-415.
   5. Ferson, Sarkissian, & Simin, 2008, "Asset Pricing Models with Conditional Betas and Alphas: The Effects of Data Snooping and Spurious Regression," JFQA, (43), 331-354.

J. Unit Roots & Cointegration.
   1. Enders, 1995, *Applied Econometric Time Series*, pp. 221-227, and 355-377.

   (Cover I. & J. the same week.)

K. Factor Analysis.
   1. Ross, 1976, JET (13), 341-360.
   2. Roll & Ross, 1980, JF (35), 1073-1103.
   3. Chen, 1983, JF (38), 1393-1414.
   4. Dhrymes, Friend, & Gultekin, 1984, "A Critical Re-Examination of the Empirical Evidence on the APT," JF (39), 323-346.
   5. Roll & Ross, 1984, "A Critical Re-Examination of the Empirical Evidence on the APT: A Reply," JF (39), 347-350.
   6. Dhrymes, 1984, "Empirical Relevance of APT," JPM, 34-44.
   7. Ross, 1984, "Reply to Dhrymes: APT <u>is</u> Empirically Relevant," JPM, 54-56.
   8. Campbell, Lo, & MacKinlay, 1997, *The Econometrics of Financial Markets*, Chapter 6, "Multifactor Pricing Models."

III. Stock Price Anomalies in Empirical Asset Pricing Research.

A. Return Predictability.
   1. Hong, Torous, and Valkanov, 2007, "Do Industries Lead Stock Markets?" JFE (83), 367-396.
   2. Pick a paper from the RFS *Special Issue on Return Predictability*, 2008, No.2, RFS Link: http://rfs.oxfordjournals.org/content/vol21/issue4/index.dtl.
      a. Welch & Goyal, 2008, "… Empirical Performance of Equity Premium Prediction," RFS.

b. Cochrane, 2008, "The Dog that Did Not Bark …," RFS.
c. Boudoukh, Richardson, & Whitelaw, 2008, "The Myth of Long Run Return Predictability," RFS.

3. Henkl, Martin, and Nardari, 2011, "Time-Varying Short Horizon Predictability," JFE (99), 560-580.
4. Rapach, Strauss, and Zhou, 2011, "International Stock Return Predictability. What is the Role of U.S.?" Working Paper, http://ssrn.com/abstract=1508484.
5. Jacobsen, Marshall, and Visaltanachoti, 2012, "State-Switching Return Predictability," Working Paper.
6. Dangl and Halling, 2013, "Predictive Regressions with Time-Varying Coefficients," JFE.
7. Han, Zhou, & Zhu, 2014, "Technical Trading: A Trend Factor," Working Paper, Washington University.

B. Size Effect (small firms outperform large firms).
1. Relevant work summarized in Fama and French, 1992, JF (47), 427-465.
2. Done already above; reproduced size effect in Cochrane, 2002.

C. Book-to-Market Effect (value firms outperform growth or glamour firms).
1. Summarized in Fama and French, 1992, JF (47), 427-465. (See also in Regr.)
2. Damodaran, 2012, "Value Investing: Investing for Grown Ups?" Stern School Working Paper.
3. Piotroski & So, 2013, "Identifying Expectation Errors in Value/Glamour Strategies: A Fundamental Analysis Approach," RFS, 25 (No. 9), 2841-2875.

D. Short Term Return Reversals (Overreaction).
1. Lehmann, B. N., 1990, QJE (105), 1-28.
2. Jegadeesh, N., 1990, JF (45), 881-898.
3. Jegadeesh & Titman, 1995, *Journal of Financial Intermediation* (4), 116-132.
4. Avramov, Chordia, and Goyal, "Liquidity and Autocorrelations in Individual Stock Returns," 2006, JF (61), 2365-2394.
5. Barber, Odean, & Zhu, "Do Noise Traders Move Markets?" Working Paper, UC-Davis, 2006.
6. Andrade, Chang, & Seasholes, 2008, "Trading Imbalances, Predictable Reversals, and Cross-Stock Price Pressure," JFE (88), 406-423.
7. Hvidkjaer, S., 2008, "Small Trades and the Cross-Section of Stock Returns," RFS, (v21: 1123-1151).
8. Da, Liu, & Schaumburg, 2012, "Short-Term Return Reversal: The Long and the Short of It," Working Paper.
9. Cheng, Hameed, Subrahmanyam, & Titman, 2014, "Short-Term Reversals and the Efficacy of Liquidity Provision," University of Texas Working Paper.
10. So & Wang, 2014, "News-driven return reversals: Liquidity provision ahead of earnings announcements," forthcoming, JFE.

E. Medium Term Price Momentum, Positive Feedback Trading (Underreaction).
1. Jegadeesh & Titman, 1993, JF (48), 65-91 (see also in "Disposition Effect.")

2. Grinblatt, Titman, & Wermers, 1995, AER (85), 1088-1105.
3. Jegadeesh & Titman, 2001, JF (56), 699-720.
4. Jegadeesh & Titman, 2005, "Momentum," in *Advances in Behavioral Finance II*, Richard Thaler, ed.: Princeton University Press. (survey article)
5. Asness, Moskowitz, and Pederson, 2009, "Value and Momentum Everywhere," University of Chicago Working Paper.
6. Fama & French, 2011, "Size, Value, and Momentum in International Stock Returns," University of Chicago WP.
7. Daniel, Jagannathan, and Kim, 2012, "Tail Risk in Momentum Strategy Returns," Columbia University Working Paper.
8. Clare, Seaton, Smith, & Thomas, 2014, "The Trend is Our Friend: Risk Parity, Momentum, and Trend Following in Global Asset Allocation," WP.

F. Earnings Momentum or Post-Earnings Announcement Drift (PEAD, Underreaction).
1. Ball and Brown, 1968, "An Empirical Evaluation of Accounting Income Numbers," JAR 6, 159-178.
2. Bernard and Thomas, 1989, "Post-Earnings Announcement Drift: Delayed Price Response or Risk Premium?" JAR-Supplement (27), 1-48.
3. Chan, Jegadeesh, and Lakonishok, 1996, "Momentum Strategies," JF (51), 1681-1713.
4. Ng, Rusticus, & Verdi, 2007, "Implications of Transaction Costs for the PEAD," MIT Working Paper.
5. Ayers, Li, & Yeung, 2011, "Investor Trading and the PEAD," TAR.
6. Kochitchki, Lou, Sadka, & Sadka, 2013, "Expected Earnings and the PEAD," Working Paper, 2013.
7. Ali, Chen, Yao, & Yu, 2014, "Mutual Fund Competition and Profiting from the PEAD," Working Paper.

G. Accruals (high accruals stocks underperform low accruals stocks).
1. Sloan, 1996, "Do Stock aPrices Fully Reflect Information in Accruals and Cash Flows about Future Earnings?" TAR (71), 289-316.
2. Desai, Rajgopal, & Venkatachalam, 2002, "Value-Glamour and Accruals Mispricing: One Anomaly or Two?" Working Paper.
3. Richardson, Sloan, Soliman, & Tuna, 2005, "Accrual Reliability, Earnings Persistence and Stock Prices," JAE, 39 (No. 3, September).
4. Doyle, Ge, & McVay, 2007, "Accruals Quality and Internal Control Over Financial Reporting," TAR, 82 (October), 1141-1170.
5. Dechow, Hutton, Kim, & Sloan, 2011, "Detecting Earnings Management: A New Approach," Cal – Berkeley WP.
6. Dechow, Ge, Larson, & Sloan, 2011, "Predicting Material Accounting Misstatements," CAR.

H. Capital Investments (high investment stocks underperform low investment stocks).
1. Cooper, Gulen, and Schill, 2008, "Asset Growth and the Cross-Section of Stock Returns," JF (63), 1609-1651.

I. Disagreement (high disagreement stocks underperform; more in VI.C. Miller Hypoth)
   1. Diether, Malloy, and Scherbina, 2002, "Differences of Opinion and the Cross-Section of Stock Returns," JF (57), 2113-2141.
   2. Sadka & Scherbina, 2006, "Analyst Disagreement, Mispricing, and Liquidity," JF.
   3. Hong & Stein, 2007, "Disagreement and the Stock Market," Harvard University Working Paper.
   4. Garfinkel, 2009, "Measuring Investors' Opinion Divergence," JAR.
   5. Banerjee, 2010, "Learning from Prices and the Dispersion in Beliefs," Kellogg School of Management Working Paper.

J. Idiosyncratic Volatility (high IVOL stocks underperform low IVOL stocks).
   1. Ang, Hodrick, Xing, and Zhang, 2006, "The Cross-Section of Volatility and Expected Returns," JF (61), 259-299.
   2. __________, 2010, "High Idiosyncratic Volatility and Low Returns: International and further U.S. Evidence," JFE (91), 1-23.
   3. Guo and Savickas, 2008, "Average Idiosyncratic Volatility in G7 Countries," RFS (21), 1259-1296.
   4. Fu, 2009, "Idiosyncratic Risk and the Cross-Section of Expected Stock Returns," JFE (91), 24-37.
   5. Chen, Chollete, and Ray, 2010, Financial Distress and Idiosyncratic Volatility: An Empirical Investigation," *Journal of Financial Markets* (13), 249-267.
   6. Huang, Chen, and Jha, 2012, "Idiosyncratic Return Volatility and the Information Quality Underlying Managerial Discretion," forthcoming JFQA.
   7. Gao, Yu, and Yuan, 2012, "Investor Sentiment and Idiosyncratic Volatility Puzzle," Working Paper.
   8. Huang, Liu, Rhee, and Zhang, 2012, "Return Reversals, Idiosyncratic Risk, and Expected Returns," forthcoming, RFS.
   9. Herskovic, Kelly, & Lustig, 2014, "The Common Factor in Idosyncratic Volatility: Quantitative Asset Pricing Implications," Chicago Working Paper.

K. Credit Risk (stocks with high credit risk underperform stocks with low credit risk).
   1. Dichev, 1998, "Is the Risk of Bankruptcy a Systematic Risk?" JF (53), 1131-1147.
   2. Dichev and Piotroski, 2001, "The Long-Run Stock Returns following Bond Ratings Changes," JF (56), 173-203.
   3. Campbell, Hilscher, and Szilagyi, 2008, "In Search of Distress Risk," JF (63), 2899-2939.
   4. Avramov, Chordia, Jostova, and Philipov, 2009a, "Credit Ratings and the Cross-Section of Stock Returns," JFM (12), 469-499.
   5. __________, 2009b, "Dispersion in Analysts' Earnings Forecasts and Credit Ratings," JFE (91), 83-101.
   6. __________, 2013, "Anomalies and Financial Distress," JFE.

L. Profitability (stocks with high profitability outperform stocks with low profitability).

1. Cohen, Randolph B., Paul A. Gompers, and Tuomo Vuolteenaho, 2002, "Who underreacts to cash-flow news? Evidence from trading between individuals and institutions," JFE (66), Issues 2–3, Nov-Dec, 409-462.
2. Fama, E. F., and K. R. French, 2006, "Profitability, investment and average returns," JFE (82), 491–518.
3. Novy-Marx, Robert, 2013, "The other side of value: The gross profitability premium," JFE (108), issue 1, p. 1-28.
4. Fama, Eugene F. and K. R. French, 2013, "A Five-Factor Asset Pricing Model," Working Paper, University of Chicago.
5. Ball, Ray, J. Gerakos, J. Linnainma, and V. Nikolaev, 2014, "Deflating Profitability," University of Chicago Working Paper.

IV. Behavioral Finance Topics.
** Much of the above literature in "Stock Price Anomalies" also falls under this topic.

Overview: McFadden, "The New Science of Pleasure," NBER Working Paper, Jan., 2013.

A. Under- & Over-Reactions.
   a. DeBondt & Thaler, 1984, JF (40), 793-805.
   b. De Long, Shleifer, Summers, and Waldman, 1990, JF (45), 379-395.
   c. Kyle & Wang, 1997, JF (52), 2073-2090.
   d. Daniel, Hirschliefer, & Subrahmanyam, 1998, JF (53), 1839-1886.
   e. Hong & Stein, "A Unified Theory of Under-Reaction, Momentum Trading, and Over-Reaction in Financial Markets," JF 1999 (54), 2143-2184.
   f. Cohen, Gompers, & Vuolteenaho, 2002, JFE (66), 409-462.
   g. Akbas, Kocatulum, and Sorescu, 2008, "Mispricing Following Public News: Overreaction for Losers, Under-Reaction for Winners," Working Paper.
   h. Louis and Sun, 2008. "Reconciling the Market's Under-Reaction to Earnings Changes and Overreaction to (Abnormal) Accruals: An Earnings Management Explanation," Penn State University Working Paper.

B. Contrarian Strategies, Negative Feedback Trading.
   a. Lakonishok, Schleifer, & Vishny, 1994, JF (49), 1541-1578.
   b. Conrad, Gultekin, & Kaul, 1997, JBES (15), 279-386.
   c. Goetzmann & Massa, 2002, JFQA (37), 375-390.
   d. Kaniel, Saar, & Titman, 2008, "Individual Investor Trading & Stock Returns," JF (63), 273-310. (See also under "Are Individuals informed?").
   e. Bali, Demirtas, & Hovakimian, 2009, "Corporate Finance Activities and Contrarian Investment," working paper.
   f. Park & Sabourian, 2009, "Herding and Contrarian Behavior in Financial Markets," Working Paper. (See also under "Herding.")

C. The Disposition Effect (selling winners too soon & holding losers too long).

a. Jegadeesh & Titman, 1993, "Returns to Buying Winners and Losers: Implications for Stock Market Efficiency," JF, (48), 65-92. (See also in "Momentum Trading.")
b. Odean, 1998, "Are Investors Reluctant to Realize Losses?" JF (53), 1775-1798.
c. Frazzini, 2006, "The Disposition Effect and Under-Reaction to News," JF.
d. Chen, Kim, Nofsinger, & Rui, 2007, "Trading Performance, Disposition Effect, Overconfidence, Representative Bias, and Experience of Emerging Market Investors," working paper.
e. Barberis & Xiong, 2009, "What Drives the Disposition Effect? An Analysis of a Long-Standing Preference-Based Explanation," JF.
f. Kaustia, 2009, "Prospect Theory and the Disposition Effect," JFQA.
g. Dar & Zhu, 2009, "Up Close and Personal: An Individual Level Analysis of the Disposition Effect," 2009, working paper, Yale School of Mgt.
h. Seru, Shumway, & Stoffman, 2011, "Learning By Trading," RFS.
i. Summers & Duxbury, 2012, "Unraveling the Disposition Effect: The Role of Prospect Theory and Emotions," Working Paper.
j. Ben-David & Hirshleifer, 2013, "Are Investors Really Reluctant to Realize their Losses? Trading Responses to Past Returns and the Disposition Effect," RFS.
k. Cronqvist & Siegel, 2013, "The Genetics of Investment Biases," Working Paper.
l. Campbell, Ramadorai, & Ranish, 2014, "Getting Better or Feeling Better? How Equity Investors Respond to Investment Experience," Working Paper.

D. Herding.
a. Nofsinger & Sias, 1999, JF (54), 2263-2295.
b. Wermers, 1999, "Mutual Fund Herding and the Impact of Stock Prices," JF, (54), 581-622.
c. Welch, 2000, JFE (58), 369-396.
d. Chan, Hwang, and Mian, 2005, "Mutual Fund Herding and Dispersion of Analysts' Earnings Forecasts," Working Paper.
e. Choi & Sias, 2008, "Institutional industry herding," Working Paper.
f. Park & Sabourian, 2009, "Herding and Contrarian Behavior in Financial Markets," working paper. (See also under "Contrarian Strategies...")

E. Market Sentiment.
a. Baker and Wurgler, 2006, "Investor Sentiment and the Cross-section of Stock Returns." JF (4), 1645–1680.
b. __________, 2007, "Investor Sentiment in the Stock Market." *Journal of Economic Perspectives* (21), 129–152.
c. Edmans, Garcia, & Norli, 2007, "Sports Sentiment and Stocks Returns," JF, 62 (No. 4), 1967-1998.
d. Doukas, Antoniou, & Subrahmanyam, 2011, "Sentiment and Momentum," Working Paper.

e. Gao, Yu, and Yuan, 2011, "Investor Sentiment and the Idiosyncratic Risk Puzzle," JFE, 100, 367-381.
f. Any article from the JFE Special Issue on Investor Sentiment, May 2012, JFE (104, Issue 2), 227-420. (Not Jeff Wurgler's introduction article.)
g. Heston & Sinha, 2014, "News versus Sentiment: Comparing Textual Processing Approaches for Predicting Stock Returns," Working Paper.

V. Information, Trading, and Stock Price Behavior.
** Much of this literature also falls under the topic of "Behavioral Finance."

A. Are Individuals Informed?
a. Grinblatt & Keloharju, 2000, "The Investment Behavior and Performance of Various Investor Types: A Study of Finland's Unique Data Set," JFE (55), 43-67.
b. Barber & Odean, 2000, "Trading is Hazardous to Your Wealth," JF (55), 773-806.
c. Barber & Odean, 2001, "Boys Will Be Boys: Gender, Overconfidence, and Common Stock Investment," QJE (116), 261-292.
d. Kaniel, Saar, & Titman, 2004, "Individual Investor Trading and Stock Returns," 2008, JF (63), 273-310.
e. Barber & Odean, 2008, "All That Glitters: The Effect of Attention and News on the Buying Behavior of Individual and Institutional Investors," RFS, (21), 785-818.
f. Cohen, Frazzini, and Malloy, 2008, "The Small World of Investing: Board Connections and Mutual Fund Returns," JPE (116), 951-979.
g. Barber, Lee, Liu, & Odean, 2009, "Just How Much Do Individuals Lose by Trading?" RFS.
h. Barber, Odean, & Zhu, 2010, "Do Retail Trades Move Markets?" RFS.
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