

Chapter Assignments:

Required: See *Who Has "Beaten the Market?"* assignment below (10 points)

Due: Tue/Thu Apr 10th; Online: Apr 12th

Chapter Sections:

Introduction to Market Efficiency
What Does "Best the Market" Mean?
Foundations of Market Efficiency
Forms of Market Efficiency
Why Would a Market Be Efficient?
Some Implications of Market Efficiency
Informed Traders and Insider Trading
How Efficient are Markets?
Market Efficiency and the Performance of Money Managers
Anomalies
Bubbles and Crashes
All Stars of Investing

Chapter Terms:

efficient markets (a.k.a. rational markets)
random walk
weak efficiency
semi-strong efficiency
strong efficiency
material nonpublic information
insider trading
index funds revisited
bubbles (a.k.a. manias)
crashes
anomalies, silly theories, and oddities
All Stars of Investing
 Peter Lynch
 Warren Buffet
 Benjamin Graham
 John Templeton
 Bill Miller
 Charles Steadman (?)
famous myths and silly sayings

Required Assignment: *Who Has "Beaten the Market?"*

The 10-year annual average rate of return of the Standard and Poor's 500 Composite was 7.40% from December 31, 2003 to December 31, 2013. The 20-year average rate of return was 9.22% from December 31, 1993 to December 31, 2013. Can you find at least 10 domestic stock mutual funds that have beaten the S&P 500 over 10 years and at least 5 domestic stock mutual funds that have beaten it over 20 years? The 30-year average rate of return was 11.09% from December 31, 1983 to December 31, 2013. Can you find any domestic stock mutual funds that have been in existence for 30 years and that have beaten the S&P 500 index over 30 years?

Optional On Your Own: Research the MSCI World index and global stock mutual funds for 10, 20, & 30 years.