

**Chapter Assignments:**

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

**Due: TueThur Apr 16<sup>th</sup>; Online Apr 18<sup>th</sup>**

**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 7.67% from December 31, 2004 to December 31, 2014. The 20-year average rate of return was 9.84% from December 31, 1994 to December 31, 2014. 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 11.33% from December 31, 1984 to December 31, 2014. 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 or more? (Hint: You will have to go to the mutual fund company's own web site to find their lifetime return.)

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