

Statistics Seminar
Department of Mathematics and Statistics

DATE:	Thursday, September 12, 2024
TIME:	1:15pm - 2:15pm
LOCATION:	WH 100E
SPEAKER:	Bahareh Baharinezhad, Binghamton University
TITLE:	Revenge of the stock pickers

Abstract

When an exchange-traded fund(ETF) trades heavily around a theme, correlations among its constituents increase significantly. Even some securities with little or negative exposure to the theme begin to trade in lock-step with other ETF constituents. In other words, because ETF investors are agnostic to security-level information, they often “throw the baby out with the bathwater.” As the prices of individual stocks get dragged up or down with ETFs, these mispricings can become significant, and the profits realized by taking advantage of them may present an opportunity for stockpickers. This talk is about a paper with the same name as the title, written by Hailey Lynch, Sébastien Page, CFA, Robert A. Panariello, CFA, James A. Tzitzouris, Jr., and David Giroux, CFA, and published in Financial Analysts Journal. We tried to code the paper for more recent days from 2019 to 2024 to see whether their strategy works.

Also, I will spend 15 minutes talking about the summer school I attended this year.

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