

[Home](#) > [Review of Quantitative Finance and Accounting](#) > [Article](#)

Risk, Mispricing, and Value Investing

Published: December 2004

Volume 23, pages 353–376, (2004) [Cite this article](#)



[Review of Quantitative Finance and Accounting](#)

[Aims and scope](#) →

[Submit manuscript](#) →

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 [partners](#), also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our [privacy policy](#) for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:



- > **Store and/or access information on a device**
- > **Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

primarily by small (unsophisticated) investors and followed less closely by market participants (stock price <\$10). Finally, and most importantly, financial analysts are overly optimistic (pessimistic) about earnings of glamour (value) stock, and for a subset of firms identified as overvalued by our strategy, the earnings announcement *raw* return, as well as abnormal return, is negative. These last results are particularly important because it is hard to envision a model consistent with rational investors holding risky stocks with predictable negative *raw* returns for a long period of time rather than holding *fT*-bills and with financial analysts systematically overestimating the earnings of these stocks while underestimating earnings of stocks that outperform the stock market.

 This is a preview of subscription content, [log in via an institution](#)  to check access.

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **[privacy policy](#)** for more information on the use of your personal data. Your consent choices apply to [springer.com](#) and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

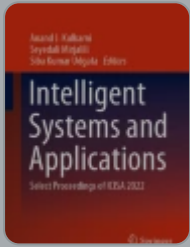
Personalised advertising and content, advertising and content measurement, audience research and services development

[Accept all cookies](#)

[Reject optional cookies](#)

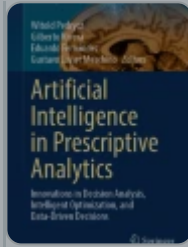
[Manage preferences](#)

Similar content being viewed by others



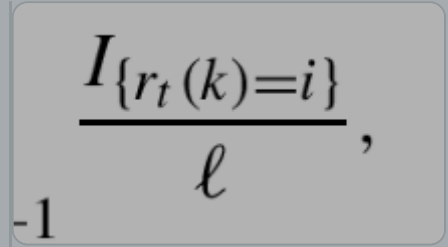
An Ontological Framework for Risk Mitigation in Stock Market

Chapter | © 2023



A New Methodology Based on Multicriteria Ordinal Classification for the Management of Financial...

Chapter | © 2024



Market-to-book ratio in stochastic portfolio theory.

Article | 27 March 2023

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

Beaver, W., “The Information Content of Annual Earnings Announcements.” *Journal of Accounting Research* 6, 67–92 (1968).

[Google Scholar](#)

Brown, L. D. and M. S. Rozeff. “The Superiority of Analyst Forecasts as Measures of Expectations: Evidence from Earnings.” *The Journal of Finance* 33, 1–16 (1978).

[Google Scholar](#)

Brown, L. D., P. A. Griffin, R. L. Hagerman and M. E. Zmijewski. “Security Analyst Superiority Relative to Univariate Time Series Models in Forecasting Quarterly Earnings.” *Journal of Accounting and Economics* 9, 61–88 (1987).

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to [springer.com](#) and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

- Store and/or access information on a device**
- Personalised advertising and content, advertising and content measurement, audience research and services development**

Accept all cookies

Reject optional cookies

Manage preferences

Griffin, J. and M. Lemmon. "Book-to-Market Equity, Distress Risk, and Stock Returns." *The Journal of Finance* 57, 2317–2336 (2002).

[Google Scholar](#)

La Porta, R., J. Lakonishok, A. Shleifer and R. Vishny. "Good News for Value Stocks: Further Evidence on Market Efficiency." *The Journal of Finance* 52, 859–874 (1997).

[Google Scholar](#)

Lakonishok, J., A. Shleifer and R. Vishny, "Contrarian Investment, Extrapolation, and Risk," *The Journal of Finance* 49, 1541–1572 (1994).

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

Rosenberg, B., K. Reid and L. Ronald, "Persuasive Evidence of Market Inefficiency." *Journal of Portfolio Management* 11, 9-17 (1985).

[Google Scholar](#)

Shumway, T., "The Delisting Return Bias in CRSP Data." *The Journal of Finance* 52, 327-340 (1997).

[Google Scholar](#)

Sloan, R. G. "Do Stock Prices Fully Reflect Information in Accruals and Cash Flows About Future Earnings?" *The Accounting Review* 71, 289-316 (1996).

[Google Scholar](#)

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

Rights and permissions

[Reprints and permissions](#)

About this article

Cite this article

Bartov, E., Kim, M. Risk, Mispricing, and Value Investing. *Review of Quantitative Finance and Accounting* **23**, 353–376 (2004). <https://doi.org/10.1023/B:REQU.0000049321.34133.95>

Issue Date

December 2004

DOI

<https://doi.org/10.1023/B:REQU.0000049321.34133.95>

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **[partners](#)**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **[privacy policy](#)** for more information on the use of your personal data. Your consent choices apply to [springer.com](https://www.springer.com) and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 [partners](#), also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our [privacy policy](#) for more information on the use of your personal data. Your consent choices apply to [springer.com](#) and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)