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Volume 14, Issue 2 A simple test of the Fama and French mod

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A simple test of the Fama and French model using daily data: Australian evidence

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interest in the issue of data snooping. More recently, Lo and MacKinlay (<u>1990</u>) have forced finance researchers to take this issue more seriously than they have in the past.

²This represents the small-sample adjusted version following MacKinlay and Richardson (<u>1991</u>). GMM is (asymptotically) distributed as a chi-square statistic with N degrees of freedom.

³The estimation technique employs heteroscedasticity and autocorrelation consistent covariance matrices and following Ferson and Foerster (<u>1994</u>) uses an iterated procedure.

⁴A good discussion and description of these indexes can be found on the Frank Russell Company website at: http://www.russell.com/indexes/australia/definition/icadefn.htm and the discussion which follows in the text borrows from the information provided there.

⁵See, for example, Gompers and Metrick (<u>1998</u>); Dimson and Marsh (<u>1999</u>); Gustafson and Miller (<u>1999</u>) and Horowitz et al. (<u>2000</u>).

⁶In unreported results it is also found that the correlation between the proxy SMB and HML factors is very close to zero. This is outcome is consistent with the mimicking portfolios of Fama and French (<u>1993</u>).



Source: Financial Analysts Journal **Multifactor Explanations of Asset Pricing Anomalies** Source: The Journal of Finance Reports of beta's death are premature: Evidence from the UK Source: Journal of Banking & Finance The relation between the return interval and betas Source: Journal of Financial Economics Another Look at the Cross-section of Expected Stock Returns Source: The Journal of Finance Data-Snooping Biases in Tests of Financial Asset Pricing Models Source: Review of Financial Studies Common risk factors in the returns on stocks and bonds Source: Journal of Financial Economics The Delisting Bias in CRSP's Nasdaq Data and Its Implications for the Size Effect Source: The Journal of Finance Finite sample properties of the generalized method of moments in tests of conditional asset pricing models Source: Journal of Financial Economics The Role of Beta and Size in the Cross-Section of European Stock Returns Source: European Financial Management Book-to-market, firm size, and the turn-of-the-year effect: Evidence from Pacific-Basin emerging markets Sourc X Cross Sourc

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