

Date of the event:

On Thursday 12th May 2011
From 01:00 PM to 2:00 PM

Location:

Luxembourg School of Finance
University of Luxembourg
4 Rue Albert Borschette
2nd Floor
Modigliani Miller Auditorium (E02-003)
L-1246 Luxembourg

Registrations:

- Free seminar (with lunch included)
- Registrations by email before May 9th, 2011
- At the following address : lsf-events@uni.lu

Information:

Ms Caroline Herfroy
Tel : +352 46 66 44 6335

<http://www.lsf.lu/eng/Research/Seminars-and-Workshops>



The LSF is pleased to invite you to the following
lunch seminar:

***Do Investors Put Their Money Where
Their Mouth Is? Stock Market
Expectations and Trading Behavior***

*By Professor Martin Weber
University of Mannheim, Germany*

**Thursday, 12th May 2011
From 01:00 PM to 2:00 PM**

Do Investors Put Their Money Where Their Mouth Is? Stock Market Expectations and Trading Behavior

By Martin Weber

The **Luxembourg School of Finance**

Is pleased to invite you to the

LSF Seminar

People acting on their beliefs are a primitive to economic theory that has seldom been challenged. Portfolio theory assumes that investors form expectations about return and risk of securities and trade accordingly. We test this theory using a panel survey of self-directed online investors. The survey asks for return and risk expectation of these investors in three-month intervals between 2008 and 2010. We combine the survey data with investors' actual trading data and portfolio holdings. We find that investor beliefs have little predictive power for immediate trading behavior. However, portfolio risk levels and changes are systematically related to return and risk expectations. In line with financial theory, risk taking increases with return expectations and decreases with risk expectations.

