



Cyprus University of Technology
Department of Commerce, Finance and Shipping

Seminar Talk
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**HOW VALUE–GLAMOUR INVESTORS USE FINANCIAL INFORMATION:
UK EVIDENCE OF INVESTOR’S CONFIRMATION BIAS**

by

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Abstract

The paper investigates how investors in value and glamour stocks use financial information. The empirical evidence presented is in line with a model of investor’s asymmetric reaction to good and bad news due to confirmation bias. Pessimistic value investors typically under-react to good financial information, while they process bad information rationally or over-confidently. On the contrary, glamour investors are often too optimistic to timely update prices following bad financial information, while they are likely to fairly price or even over-react when receiving good information.

*** Joint work with Chau Duong and Daniel Santamaria.**