

Market Anomalies	Techniques or strategies that appear to be contrary to an efficient market
Data Mining	The search for apparent patterns in stock returns by intensively analyzing data
Weak form market efficiency	All past-price information is fully reflected in stock prices. Implies that technical analysis is not useful.
Semi-strong form market efficiency	All public information is fully reflected in stock prices. Implies that fundamental analysis is not useful.
Strong form market efficiency	All information is reflected in stock prices. Implies that insider trading should not be profitable.
Abnormal returns	The difference between the average actual return and the expected return.
Bubble	An increase in the price of an asset above its fundamental value due to expectations of future increases and "irrational exuberance"
Momentum	Stock price behavior reflecting positive serial correlation
Mean Revision	Stock price behavior reflecting negative serial correlation
Random Walk	Stock price behavior reflecting no serial correlation. The efficient market hypothesis implies that stock prices follow a random walk.
In-Sample vs. Out-of-Sample	In-sample refers to the data used to determine the trading rule. Out-of-sample refers to the data used to test the trading rule after it has been determined.
Back-testing	Evaluating a trading rule by seeing how it performed when applied to historical data.

In Modern Portfolio Theory, the risk of a portfolio is	The standard deviation of the portfolio returns.
In Modern Portfolio Theory, the risk of a single asset is	The additional risk it adds to the portfolio.
Criticisms of Modern Portfolio Theory	<ol style="list-style-type: none"> <li>1) Markets are not necessarily efficient</li> <li>2) Risk is not measured correctly</li> <li>3) Overly technical</li> <li>4) Beta explains little of expected stock returns</li> </ol>
Fat tails	Probability distributions with more probabilities in the "tails" than predicted by the normal distribution. A higher probability of getting an especially good or bad result.
Risk	Variation where we mostly know how often outcomes will occur.
Uncertainty	Variation where we don't know how often outcomes will occur.
Black Swan Risk	The chance of something occurring that we didn't include in our possible events.