



**The Hong Kong Polytechnic University
Department of Applied Mathematics**

Colloquium

On

**Finding Investment Opportunities in an
Inefficient Financial Market**

by

**Professor Minggao Gu
The Chinese University of Hong Kong**

Minggao Gu is a Professor and the Graduate Division Head of Department of Statistics at The Chinese University of Hong Kong. He received his BSc from Fudan University and MA, MPhil and PhD from Columbia University. His research interests include Biostatistics, Resampling Methods, and Statistical Computing. He has published widely in leading statistics journals.

Abstract

This talk focuses on the central question whether a financial market can possibly be efficient and, if it is inefficient, how can statistics be used to capitalize on its inefficiency. We review the definitions of information efficient market hypothesis. We use horse racing betting market as an example to test this hypothesis. We conclude that the financial markets are usually inefficient. Kelly formula and constant rebalanced portfolio investment strategies are introduced. Real data were used to show how the strategies work in real investment. Discussions are given on how the similar strategies can be used in stock markets.

Date : March 1, 2012 (Thursday)
Time : 11:00 a.m. – 12:00 noon
Venue : HJ610, The Hong Kong Polytechnic University

***** ALL ARE WELCOME *****