

References

- Allais, M. (1953), "Le Comportement de l'Homme Rationnel devant le Risque: Critique des Postulats et Axiomes de l'Ecole Americaine", *Econometrica*, 21, 503-546.
- Arditti, F.D., (1967), "Risk and the Required Return on Equity", *Journal of Finance* 22, 19-36.
- Arrow, K.J. (1953), "Le Role de Valeur Boursieres por la Repartition la Meilleure des Risques" *Econometrie*, 41-47; translated as "The Role of Securities in the Optimal Allocation of Risk-bearing", *Review of Economic Studies* (1964), 31, 91-96.
- Banz, R.W., (1981), "The relation between return and market value of common stocks", *Journal of Financial Economics*, 9, 3-18.
- Barrett, G.F. and S.G. Donald, (2003) ,"Consistent Tests for Stochastic Dominance", *Econometrica*, 71, 71-104.
- Basu, S., (1977), "Investment Performance of Common Stocks in Relation to their Price-Earnings Ratios: A Test of the Efficient Market Hypothesis", *Journal of Finance*, 32, 663-682.
- Bawa, V., (1975), "Optimal rules for ordering uncertain prospects", *Journal of Financial Economics*, 2, 95-121.
- Bawa, V., and E. Lindenberg, (1977), "Capital market equilibrium in a mean-lower partial moment framework", *Journal of Financial Economics* 5, 189-200.
- Bawa, V. S. and D. L. Goroff, (1982) "Admissible Efficient, and Best Choices under Uncertainty," University of Texas-Austin, Department of Finance working paper 81/82-2-8.
- Bawa, V.S., J.N. Bodurtha, M.R.Rao and H.L. Suri, (1985) "On Determination of Stochastic Dominance Optimal Sets" *Journal of Finance* 40, 417-431.
- Black, F., (1972a), "Capital Market Equilibrium with Restricted Borrowing", *Journal of Finance*, 27, 507-528.
- Black, F., M. C. Jensen, and M. Scholes, (1972b), "The capital asset pricing model: Some empirical tests", In *Studies in the Theory of Capital Markets*, Jensen, M. C., ed., NY: Praeger, 79-121.
- Blume, I. and M.E. Friend, (1975), "The Asset Structure of Individual Portfolios and Some Implications for Utility Functions", *Journal of Finance* 30, 585-603.

- Bodurtha, J.N, and Q. Shen, (2001) “Normally Distributed Admissible Choices are Optimal”, working paper, <http://faculty.msb.edu/bodurthj/research/csdpaper.pdf>
- Bowden, Roger J., (2005), “Ordered Mean Difference Benchmarking, Utility Generators, and Capital Market Equilibrium”, *Journal of Business*, 78, 441-67.
- Brennan, M.J., and A. Kraus, (1978), “Necessary Conditions for Aggregation in Securities Markets” *Journal of Financial and Quantitative Analysis*, 13, 407-418.
- Calvet, L., J.-M. Grandmont and I. Lemaire, (2001), “Aggregation of heterogenous beliefs and asset pricing in complete financial markets”, working paper, Harvard University and CREST (Paris).
- Cass, D. and J. E. Stiglitz, (1970), “The Structure of Investor Preferences and Asset Returns, and Separability in Portfolio Allocation: A Contribution to the Pure Theory of Mutual Funds”, *Journal of Economic Theory* 2, 122-160.
- Campbell, J. Y., (2000), “Asset Pricing at the Millenium”, *Journal of Finance*, 55, 1515-1567.
- Campbell, J. Y., and J. H. Cochrane, (2000), “Explaining the Poor Performance of Consumption-based Asset Pricing Models”, *Journal of Finance* 55, 2863-2878.
- Cochrane, J.H. (2005), “*Asset Pricing*”, Princeton, Princeton University Press; Revised edition.
- Cooley, P. L., (1977), “A Multidimensional Analysis of Institutional Investor Perception of Risk”, *Journal of Finance* 32, 67-78.
- Dardanoni, V. and A. Forcina, (1999), “Inference for the Lorenz curve orderings”, *Econometrics Journal*, 2, 49-75.
- Davidson, R. and J.-Y. Duclos, (2000), “Statistical Inference for Stochastic Dominance and for the Measurement of Poverty and Inequality”, *Econometrica*, 68, 1435-1464.
- De Bondt, W. F. M., and R. H. Thaler, (1985), “Does the stock market overreact?”, *Journal of Finance*, 40, 793–805.
- Debreu, G., (1959), *Theory of Value*, New Haven, Yale University Press.
- Detemple, J.B., and P. Gottardi, (1998), “Aggregation, efficiency and mutual fund separation in incomplete markets” *Economic Theory* 11, 443-455.
- Dittmar, R.F. (2002), “Nonlinear pricing kernels, kurtosis preference, and evidence from the cross section of equity returns”, *Journal of Finance*, 57, 369-403.
- Dybvig P.H. and J.E. Ingersoll (1982), “Mean-Variance Theory in Complete Markets”, *Journal of Business*, 55, 233-251.
- Dybvig P.H. and S.A. Ross (1982), “Portfolio Efficient Sets” *Econometrica* 50, 1525-1546.

- Fama, E. F. and J. Macbeth, (1973), "Risk, return and equilibrium: Empirical tests", *Journal of Political Economy*, 81, 607-636.
- Fama, E. F., and K. R. French, (1992), "The cross-section of expected stock returns", *Journal of Finance*, 47, 427-465.
- Fama, E. F., and K. R. French, (1993), "Common risk factors in the returns on stocks and bonds", *Journal of Financial Economics*, 33, 3-56.
- Ferson, W. E., and S. R. Foerster, (1994), "Finite Sample Properties of the Generalized Method of Moments in Tests of Conditional Asset Pricing Models", *Journal of Financial Economics*, 36, 29-55.
- Fishburn, P.C., (1964), *Decision and Value Theory*, Wiley, New York.
- Fishburn, P. C., (1974), "Convex stochastic dominance with continuous distribution Functions", *Journal of Economic Theory* 7, 143-158.
- Fishburn, P.C., and R.G. Vickson, (1978), "Theoretical Foundations of Stochastic Dominance", in *Stochastic Dominance, An Approach to Decision-Making Under Risk*, Whitmore, G.A. and M.C. Findlay (eds.), D.C. Heath, Lexington MA.
- French, K.R., (2006), "Data Library", website at http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html
- Friedman, M. and L.J. Savage, (1948), "The Utility Analysis of Choices Involving Risk" *Journal of Political Economy* 56, 279-304.
- Friend, I. and M. Blume, (1973) , "A New Look at the Capital Asset Pricing Model", *Journal of Finance*, 28, 19-33.
- Friend, I., and M. Blume, (1975), "The asset structure of individual portfolios and some implications for utility functions", *Journal of Finance* 30, 585-603
- Friend, I. and R. Westerfield, (1980), "Co-skewness and Capital Asset Pricing", *Journal of Finance*, 35, 897-913.
- Gibbons, M. R., S. A. Ross, and J. Shanken, (1989), "A test of the efficiency of a given portfolio", *Econometrica* 57, 1121-1152.
- John M. Griffin, J.M., X. Ji and J. S. Martin (2003), "Momentum Investing and Business Cycle Risk: Evidence from Pole to Pole" *Journal of Finance*, 58, 2515-2547.
- Hadar, J. and W.R. Russell, (1969) "Rules for ordering Uncertain Prospects", *American Economic Review* 59, 25-34.
- Hanoch, G. and H. Levy (1969), "The Efficiency Analysis of Choices involving Risk" *Review of Economic Studies*, 36, 335-346.

- Hansen, L. P., (1982), “Large Sample Properties of Generalized Method of Moments Estimators”, *Econometrica*, 50, 1029-1054.
- Hansen, L. P., and R. Jagannathan, (1997), “Assessing specification errors in stochastic discount factor models”, *Journal of Finance* 52, 557-590.
- Hansen, L. P., J. Heaton, and A. Yaron, (1996), “Finite-Sample Properties of Some Alternative GMM Estimators”, *Journal of Business and Economic Statistics*, 14, 262-280.
- Harlow, W.V., and R. K. S. Rao, (1989), “Asset pricing in a generalized mean-lower partial moment framework: theory and evidence”, *Journal of Financial and Quantitative Analysis*, 24, 285-311.
- Hartley, R., and L. Farrell (2002) “Can Expected Utility Theory Explain Gambling?” *American Economic Review* 92, 613-624
- Harvey, C. R., and A. Siddique, (2000), “Conditional skewness in asset pricing tests”, *Journal of Finance*, 55, 1263-1295.
- Hicks, J.R. (1939), “*Value and Capital*”, New York, Oxford University Press.
- Jagannathan, R. and Z. Wang, (1996), “The Conditional CAPM and the Cross-Section of Expected Returns”, *Journal of Finance*, 51, 3-53.
- Jegadeesh, N., and S. Titman, (1993), “Returns to buying winners and selling losers: Implications for stock market efficiency”, *Journal of Finance*, 48, 65–91.
- Jegadeesh, N., and S. Titman, (2001), “Profitability of Momentum Strategies: an Evaluation of Alternative Explanations”, *Journal of Finance*, 56, 699–720.
- Kahneman D., and A. Tversky (1979) “Prospect Theory: An Analysis of Decision under Risk”, *Econometrica* 47, 262-292
- Kimball, M.S., (1990), “Precautionary Saving in the Small and Large”, *Econometrica*, 58, 53-73.
- Kraus, A. and R. H. Litzenberger, (1976), “Skewness Preference and the Valuation of Risk Assets”, *Journal of Finance*, 31, 1085-1100.
- Kroll, Y., H. Levy, and A. Rapoport, (1988), “Experimental tests of the separation theorem and the capital asset pricing model”, *American Economic Review* 78, 500–519.
- Kuosmanen, T., (2004), “Efficient Diversification According to Stochastic Dominance Criteria”, *Management Science*, 50, 1390-1406.
- Lakonishok, J., A. Shleifer, and R. W. Vishny, (1994), “Contrarian investment, extrapolation, and risk”, *Journal of Finance*, 49, 1541–1578.

- Lettau, M., and S. Ludvigson, (2001), "Resurrecting the (C)CAPM: A cross-sectional test when risk premia are time-varying", *Journal of Political Economy*, 109, 1238-1287.
- Levy, H. and H. Markowitz, (1979), "Approximating Expected Utility by a Function of Mean and Variance", *American Economic Review* 69, 308-317.
- Levy, H. (1992), "Stochastic Dominance and Expected Utility: Survey and Analysis" *Management Science*, 38, 555-593.
- Levy, H., (1998), *Stochastic Dominance*, Norwell, MA: Kluwer Academic Publishers.
- Lintner, J. (1965), "The Valuation of Risk Assets and the Selection of Risky Investments in Stock Portfolios and Capital Budgets" *Review of Economics and Statistics*, 47, 13-37.
- Linton, O., E. Maasoumi and Y.-J. Whang, (2005), "Consistent testing for stochastic dominance under general sampling schemes," *Review of Economic Studies*, 72, 735-765.
- Lo, Andrew W., and A. Craig MacKinlay, (1990), "Data-snooping biases in tests of financial asset pricing models", *Review of Financial Studies*, 3, 431-467.
- Loughran, Tim, (1997), "Book-to-market across firm size, exchange, and seasonality", *Journal of Financial and Quantitative Analysis*, 32, 249-268.
- MacKinlay, A. C., and M. P. Richardson, (1991), "Using generalized method of moments to test mean-variance efficiency", *Journal of Finance*, 46, 511-527.
- Markowitz, H., (1952), "Portfolio Selection", *Journal of Finance*, 7, 77-91.
- Mas-Colell, A., M.D. Whinston and J.R. Green (1995), "*Microeconomic Theory*" Oxford University Press.
- Merton, R.C., (1973), "An intertemporal capital asset pricing model", *Econometrica*, 41, 867-887.
- Mossin, J. (1966), "Equilibrium in a Capital Asset Market", *Econometrica*, 34, 768-783.
- Post, G.T, (2003), "Empirical tests for stochastic dominance efficiency", *Journal of Finance* 58, 1905-1932.
- Post, G.T. and H. Levy, (2005), "Does Risk Seeking Drive Stock Prices? A Stochastic Dominance Analysis of Aggregate Investor Preferences and Beliefs", *Review of Financial Studies*, 18, 925-953.
- Post, G.T. and P. Versijp, (2004), "GMM Tests for the SD Efficiency of a Given Portfolio", ERIM working paper, <http://ssrn.com/abstract=558725>.
- Post, G.T. and P. Versijp, (2005), "An Empirical Test for Two-Fund Separation", working paper, Erasmus University Rotterdam.

- Post, G.T. and P. Versijp, (2007), “Multivariate tests for SD efficiency of a given portfolio”, forthcoming *Journal of Financial and Quantitative Analysis*, June 2007.
- Pratt, J.W., (1964), “Risk Aversion in the small and the large”, *Econometrica*, 32, 122-136.
- Price, K., B. Price, and T. J. Nantell, (1982), “Variance and lower partial moment measures of systematic risk: some analytical and empirical results”, *Journal of Finance*, 37, 843-855.
- Quirk, J.P. and R. Saposnik, (1962), “Admissibility and Measurable Utility Functions”, *Review of Economic Studies*, 29, 140-146.
- Reinganum, M. R., (1981), “A new empirical perspective on the CAPM”, *Journal of Financial and Quantitative Analysis*, 16, 439-462.
- Roll, R. (1977), “A critique of the asset pricing theory’s tests: Part I”, *Journal of Financial Economics*, 4, 129-176.
- Ross, S.A., (1978), “Mutual Fund Separation in Financial Theory – The Separating Distributions”, *Journal of Economic Theory*, 17, 254-286.
- Rothschild, M. and J.E. Stiglitz (1970), “Increasing Risk. I. A Definition”, *Journal of Economic Theory*, 2, 225-243.
- Rubinstein, M. (1974), “An Aggregation Theorem for Securities Markets”, *Journal of Financial Economics*, 1, 225-244.
- Russell, W.R. and T.K. Seo, (1989), “Representative sets for stochastic dominance rules”, in: *Studies in the economics of uncertainty: In honor of Josef Hadar*, T.B. Fomby and T.K. Seo, eds., NY: Springer Verlag, 59-76.
- Sharpe, W.F. (1964), “Capital Asset Prices: A theory of market equilibrium under conditions of risk”, *Journal of Finance*, 19, 425-442.
- Tobin, J., (1958), “Liquidity Preference as Behavior Towards Risk”, *Review of Economic Studies* 25, 65-86.
- Varian, H.R., (1985), “Nonparametric analysis of optimising behaviour with measurement error”, *Journal of Econometrics*, 30, 445-458.
- Vickson, R.G., (1975), “ Stochastic Dominance Tests for Decreasing Absolute Risk Aversion. I. Discrete Random Variables”, *Management Science*, 21, 1438-1446
- Vliet, W. van (2004), “*Downside Risk and Empirical Asset Pricing*”, Rotterdam, ERIM PhD series in Management 49.
- Von Neumann, J., and O. Morgenstern, (1944), *Theory of Games and Economic Behavior*, Princeton, Princeton University Press.
- White, H. (2000), “A reality check for data snooping”, *Econometrica*, 68, 1097-1126.

Whitmore, G.A., (1970), "Third-Degree Stochastic Dominance", *American Economic Review*, 60, 457-459.

Wilson, R. (1968), "The Theory of Syndicates", *Econometrica*, 36, 119-132.

The Tinbergen Institute is the Institute for Economic Research, which was founded in 1987 by the Faculties of Economics and Econometrics of the Erasmus Universiteit Rotterdam, Universiteit van Amsterdam and Vrije Universiteit Amsterdam. The Institute is named after the late Professor Jan Tinbergen, Dutch Nobel Prize laureate in economics in 1969. The Tinbergen Institute is located in Amsterdam and Rotterdam. The following books recently appeared in the Tinbergen Institute Research Series:

- 357. Y. HU, *Essays on labour economics: Empirical studies on wage differentials across categories of working hours, employment contracts, gender and cohorts.*
- 358. S. LONGHI, *Open regional labour markets and socio-economic developments: Studies on adjustment and spatial interaction.*
- 359. K.J. BENIERS, *The quality of political decision making: Information and motivation.*
- 360. R.J.A. LAEVEN, *Essays on risk measures and stochastic dependence: With applications to insurance and finance.*
- 361. N. VAN HOREN, *Economic effects of financial integration for developing countries.*
- 362. J.J.A. KAMPHORST, *Networks and learning.*
- 363. E. PORRAS MUSALEM, *Inventory theory in practice: Joint replenishments and spare parts control.*
- 364. M. ABREU, *Spatial determinants of economic growth and technology diffusion.*
- 365. S.M. BAJDECHI-RAITA, *The risk of investment in human capital.*
- 366. A.P.C. VAN DER PLOEG, *Stochastic volatility and the pricing of financial derivatives.*
- 367. R. VAN DER KRUK, *Hedonic valuation of Dutch Wetlands.*
- 368. P. WRASAI, *Agency problems in political decision making.*
- 369. B.K. BIERUT, *Essays on the making and implementation of monetary policy decisions.*
- 370. E. REUBEN, *Fairness in the lab: The effects of norm enforcement in economic decisions.*
- 371. G.J.M. LINDERS, *Intangible barriers to trade: The impact of institutions, culture, and distance on patterns of trade.*
- 372. A. HOPFENSITZ, *The role of affect in reciprocity and risk taking: Experimental studies of economic behavior.*
- 373. R.A. SPARROW, *Health, education and economic crisis: Protecting the poor in Indonesia.*
- 374. M.J. KOETSE, *Determinants of investment behaviour: Methods and applications of meta-analysis.*
- 375. G. MÜLLER, *On the role of personality traits and social skills in adult economic attainment.*
- 376. E.H.B. FEIJEN, *The influence of powerful firms on financial markets.*

377. J.W. GROSSER, *Voting in the laboratory.*
378. M.R.E. BRONS, *Meta-analytical studies in transport economics: Methodology and applications.*
379. L.F. HOOGERHEIDE, *Essays on neural network sampling methods and instrumental variables.*
380. M. DE GRAAF-ZIJL, *Economic and social consequences of temporary employment.*
381. O.A.C. VAN HEMERT, *Dynamic investor decisions.*
382. Z. ŠAŠOVOVÁ, *Liking and disliking: The dynamic effects of social networks during a large-scale information system implementation.*
383. P. RODENBURG, *The construction of instruments for measuring unemployment.*
384. M.J. VAN DER LEIJ, *The economics of networks: Theory and empirics.*
385. R. VAN DER NOLL, *Essays on internet and information economics.*
386. V. PANCHENKO; *Nonparametric methods in economics and finance: dependence, causality and prediction.*
387. C.A.S.P. SÁ, *Higher education choice in The Netherlands: The economics of where to go.*
388. J. DELFGAAUW, *Wonderful and woeful work: Incentives, selection, turnover, and workers' motivation.*
389. G. DEBREZION, *Railway impacts on real estate prices.*
390. A.V. HARDIYANTO, *Time series studies on Indonesian rupiah/USD rate 1995 – 2005.*
391. M.I.S.H. MUNANDAR, *Essays on economic integration.*
392. K.G. BERDEN, *On technology, uncertainty and economic growth.*
393. G. VAN DE KUILEN, *The economic measurement of psychological risk attitudes.*
394. E.A. MOOI, *Inter-organizational cooperation, conflict, and change.*
395. A. LLENA NOZAL, *On the dynamics of health, work and socioeconomic status.*
396. P.D.E. DINDO, *Bounded rationality and heterogeneity in economic dynamic models.*
397. D.F. SCHRAGER, *Essays on asset liability modeling.*
398. R. HUANG, *Three essays on the effects of banking regulations.*
399. C.M. VAN MOURIK, *Globalisation and the role of financial accounting information in Japan.*
400. S.M.S.N. MAXIMIANO, *Essays in organizational economics.*
401. W. JANSSENS, *Social capital and cooperation: An impact evaluation of a women's empowerment programme in rural India.*
402. J. VAN DER SLUIS, *Successful entrepreneurship and human capital.*
403. S. DOMINGUEZ MARTINEZ, *Decision making with asymmetric information.*
404. H. SUNARTO, *Understanding the role of bank relationships, relationship*

marketing, and organizational learning in the performance of people's credit bank.

405. M.Â. DOS REIS PORTELA, *Four essays on education, growth and labour economics.*
406. S.S. FICCO, *Essays on imperfect information processing in economics.*