



Georgios Gkinis

**Multifactor residual based active strategies for the
Greek stock market**

Supervisor: Dr. N. Tessaromatis

November 28th 2005

Msc in Finance September 2004

Table of Contents

PART I:

1. Introduction.....p.3
2. Market efficiency and the connection with the momentum effects.....p.4
3. The momentum effect: A brief literature review.....p.6

PART II:

4. Residual momentum strategies.....p.9
5. Descriptive statistics and diagnostic tests.....p.12
 - 5.1. The Fama and French three factor model.....p.12
 - 5.2. Serial correlation tests.....p.19
6. Residual momentum strategies' results.....p.21
 - 6.1. The simple residual momentum strategy.....p.21
 - 6.2. The standardized residual momentum strategy.....p.28
7. Comparative analysis of the two residual based momentum strategies.....p.33
8. Conclusion: The effectiveness of the residual based momentum strategies.....p.38