

Empirical study on conservative and representative  
heuristics of Hong Kong small investors adopting  
momentum and contrarian trading strategies

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Abstract

Recently, a new Bayesian approach has been developed to explain some market anomalies. In this paper, we conduct a questionnaire survey to examine whether the theory holds empirically by studying the conservative and representative heuristics by Hong Kong small investors who adopt momentum and/or contrarian trading strategies. In addition, our study provides evidence for the small investors on their time horizon and risk tolerance when facing uncertainty in their investments. Our findings are useful to small investors in their investment decision making and useful to financial advisors in providing service to small investors.

This article was published in International Journal of Revenue Management, Vol. 10, No. 2, 2018, pp.146-167.

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