

**\_\_\_\_\_Risk and return analysis of stock splits: A need assessment study\_\_\_\_\_**

**By**

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A thesis presented to Bahria University, Islamabad in partial fulfillment of the requirements for the degree of MS-Finance.

**January 2017**

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## **ACKNOWLEDGEMENTS**

I would like to acknowledge my supervisor who guided me and showed me the right path for completing the research proficiency paper.

(Farhan Ahmad Salam)

## **Dedication**

This research paper is dedicated to my beloved parents, grandparents and my siblings who stood with me at every moment of my life.



## **ABSTRACT**

The purpose of this study is to check whether stocks splits optimize the stock returns and the risk associated with it. Using risk adjusted event study methodology, this study got conducted on listed stocks of NYSE and BSE India in 5 windows created at different intervals but within 15 days pre and post-split time. These windows are separately checked on both the stock markets. For both the markets, it is observed that stock splits are much frequent and those firms who are maintaining trust of its investors are even able to transform its losses into profits while those who are not maintaining trust of its investors continue to suffer losses but intensity of losses get reduced in majority of cases due to trading range impact. Under that impact, more investors jump to stocks of the company when stock prices move to acceptable range of the investors.

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