

Today's Webinar Presentation

Are Today's Equity Markets Rational? – GameStop vs Wall Street

Presented by

University of Texas at Dallas

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Introductions

Today's webinar is worth 2 Continuing Professional Education (CPE) credits. Please be sure to enable your media player to hear audio.

To be eligible for CPE credit, you must:

- Answer **at least 6** of the 7 polling questions (during the webinar) and have a total viewing time of **at least 100** minutes.

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Welcome



Elizabeth Pospick
FEI Dallas: Special Events

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A background image showing hands working with business documents, charts, and a laptop, overlaid with a green tint.

Center for Finance Strategy Innovation

 THE UNIVERSITY OF TEXAS AT DALLAS
Naveen Jindal School of Management

jindal.utdallas.edu/cfsi

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- 1929 – “the buoyant stock market gave rise to many brokerage houses and investment trusts, which enabled the average person to buy stocks”.

[What Caused the Stock Market Crash of 1929? | The Motley Fool](#)

- The increase in internet trading also led to the crash of 2000. The internet served an easy access to trading for a lot of traders who lacked the required experience.

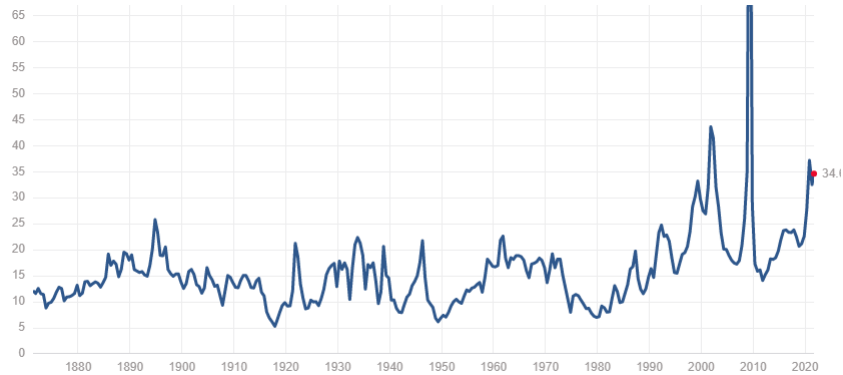
[The Dot Com Bubble Burst That Caused The 2000 Stock Market Crash | \(stockpickssystem.com\)](#)

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- Trading Apps (also used by teens): Robinhood, SoFi, Stash, Coinbase
- Fidelity is also allowing teens to trade in stocks
 - The popularity of stock trading app Robinhood — which requires investors to be 18 or older to use its services — has been criticized as helping to start bubbles in the so-called meme stocks such as GameStop, as well as cryptocurrencies.

[Fidelity Youth Accounts allow teenagers to buy and sell stocks \(cnbc.com\)](#)

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Source: Multipl.com

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- Individual investors create waves of demand for stocks, sometimes resulting in asset bubbles.
- What's different in 2021?
 - Social networks allows individual investors to coordinate!
 - Reddit, Twitter, Facebook, etc.

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“ A Swarm”



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Concluding Thoughts

- In David(s) versus Goliath, who is David and who is Goliath?
 - A hedge fund cannot trade with itself, but members of a “swarm” can.
 - 10,000 investors with \$100 each are more powerful than one investor with \$1MM.
- Can hedge funds disrupt communications/coordination?
- How often will independent investors coordinate?
- Is this legal?
- What happens when the price (inevitably) deviates from fundamentals?

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Questions

???



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Thank you for your
time and your
participation.

*David Springate
John Barden
Dory Wiley
Ron Nash
Gil Sadka
Elizabeth Jones
Elizabeth Pospick
Mark Brown*

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Poll #1

1. Is GameStop, the company, based in Texas?

Y or N

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Poll #2

2. Robinhood had about how many Monthly Active Users at the end of June this year?

5.3 million

21.3 million

75.4 million

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Poll #3

3. Do hedge fund managers expect to take losses some of the time if they sell corporate stocks short?

Yes
No
Unsure

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Poll #4

4. Is it important to have efficiency in financial markets as part of the capital allocation process?

Very important
Somewhat Important
Not Important

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Poll #5

5. Do hedge funds drive financial markets toward efficiency?

Yes

No

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Poll #6

6. Does this area of finance need more federal regulation?

Yes

No

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Poll #7

7. Would you ever consider investing your personal funds in a meme stock such as GameStop?

Yes

No