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Replication of the Size Effect

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Abstract

This thesis consists of an empirical examination on the well-established "size effect" which quantifies the influence of a firm's size expressed in its market equity value on the corresponding firm's stock return. Following a summary of current and past academic research on the size effect, it then will be tested on the Swiss equity market using the so-called Banz' method. The results of this thesis state a negative relation of size and return in the Swiss market, but the effect is small, very instable, and not significant across the whole sample.