**EFFECTIVE FINANCIAL MANAGEMENT**

**Learning Outcome 4: ACTIVITY 2**

**The efficient market hypothesis**

The efﬁcient markets hypothesis (EMH) reflects the idea that financial markets, whilst not being perfect, are at least efficient.

#### Individually, and then in pairs

Identify a business with which you are familiar. This could be a multinational company from which you have purchased goods/services, a business that owns your favourite brand or the business for which you work (or wish to work in the future).

Note that the business that you select must have raised finance from an equity or debt market.

From your research:

1. Define an efficient market.
2. Identify and explain the differences between different forms of market efficiency.
3. Consider the equity and/or debt market from your chosen business raised finance. Identify the form of market efficiency that seems to apply in that market. Explain your reasoning.
4. Prepare a short presentation on your findings.