

Seminário de sistemas dinâmicos e estocásticos

IMECC - UNICAMP

Título: Semivolatility-managed portfolios.

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Resumo:

There is ample evidence that volatility management helps improve the risk-adjusted performance of momentum portfolios. However, it is less clear that it works for other factors and anomaly portfolios. We show that controlling by the upside and downside components of volatility yields more robust risk-adjusted performances across a broad set of factors and anomaly portfolios, as well as exchange-traded funds. In particular, we propose semivolatility-managed portfolios that, apart from deleveraging if downside volatility is high, also exploits the higher expected returns in times of good volatility. We find that our semivolatility-managed portfolios that control for both skewness and downside volatility perform better than unmanaged portfolios and the extant (semi)volatility management proposals.