

P E R S P E C T I V E



February 6, 2023 - [Cliff Asness](#)

Regular readers probably noticed I've been talking a lot about value lately. While I'm all for shining the spotlight onto the value dislocation, my colleagues also continue to produce a great breadth of research worth adding to your non-value-reading-list. I preview some of my recent favorites.

F A C T O R / S T Y L E I N V E S T I N G



January 12, 2023 - [Cliff Asness](#)

Recently, Dimensional Fund Advisors wrote critically on "liquid alts." They make some good points, but they also draw some odd conclusions that if applied more generally would not be to their or our liking. Besides discussing their piece, below I also review the general rationale behind holding uncorrelated assets – in particular, equity "factors" held in a long-short manner.

IlliquidityJanuary 6, 2023 - [Cliff Asness](#)

While not alone, I have become one of the chief gadflies of the private equity industry. But I'm a selective gadfly. The illiquidity and non-marking that comes with private investments used to be acknowledged as a bug. These days, however, this same bug is sold as a feature – and sometimes, as in a recent Institutional Investor op-ed, brazenly so. My response in *II* covers what I think are the increasingly harmful ramifications of taking as reality the unrealistically smoothed returns that private strategies are all-too-happy to report.

ValueJanuary 4, 2023 - [Cliff Asness](#)

This post updates our value spread with data through the end of 2022. The fourth quarter of 2022 saw value recover from the bout of temporary insanity that gripped some portion of the market over the summer, but the spread ends 2022 very much still in rarified territory – at the 94th percentile, to be precise. More excitingly for 2023, value's returns in 2022 were extremely strong, and the spread only moved from roughly the 100th percentile to the 94th, which makes us very optimistic about the prospects of continued normalization in 2023 and beyond.

ValueAugust 11, 2022 - [Cliff Asness](#)

It seems obvious to so many that interest rates drive the value trade. After all, growth stocks have much longer-dated cash flows than value stocks and thus should be a “longer duration” asset and move more with longer-term interest rates, right? This is taken as an axiomatic given in countless pundit and press observations. However, it's not nearly that simple, and mostly it's just not true.

ValueAugust 5, 2022 - [Cliff Asness](#)

This adds another three months of data to the May entry in our series of value spread updates. Over the past two months, some portion of the market went temporarily (I hope) insane, punishing value, as we measure it, to the point where the value spread has retraced most of its modest gains since the beginning of the year. The world doesn't steadily move a little bit towards what we think is rational each day – painfully for us, it's not a linear process. But this changes nothing about our belief in the outlook for value.

ValueMay 27, 2022 - [Cliff Asness](#)

It often seems like the world sees value investing as either implicitly or explicitly all about the technology sector vs. everything else. In reality, there are many different kinds of strategies and bets that are often labeled “value.” Our value bet is long and short extremely diversified portfolios of global stocks with a serious attempt not to bet on industries (like tech) – and we are very happy about that, both long-term strategically and tactically today.

F A C T O R / S T Y L E I N V E S T I N G



May 9, 2022 - [Cliff Asness](#)

Over these additional three months, value’s returns, as we measure them, have continued apace. Since February, the value spread has fallen slightly, though it remains near its tech bubble peak, at around a 95th percentile. Reminder — a massive valuation dislocation says very little about the timing of when it falls back to earth. But it’s nice to see it start and still leave the spread incredibly high.

A L T E R N A T I V E I N V E S T I N G



April 4, 2022 - [Cliff Asness](#)

My colleague and former classmate Antti Ilmanen is at it again with his second book, Investing Amid Low Expected Returns. Very rarely does a sequel stand up to the original (see Jaws II), but that’s certainly not the case here!

E S G I N V E S T I N G



February 23, 2022 - [Cliff Asness](#)

Man Group recently wrote an op-ed titled “Short-selling does not count as a carbon offset.” Of course we agree it doesn’t. But the headline is quite misleading if taken to mean shorting has no role in the fight to reduce carbon emissions. Shorting does exactly what it’s supposed to do – raise the cost of capital to the emitters, even more so than divestment.

