



# PORTFOLIO CONSTRUCTION

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## Cliff's Perspective

September 10, 2014

I have some firm opinions, but I don't really know exactly what this running commentary will become. Like most new things of this nature, it will evolve. There are some things I do strongly expect. It will be about investing, with a non-shocking emphasis on quantitative investing. It may entail some macroeconomics, but little to no politics, unless it bears directly on the ability to create returns for clients (e.g., a hypothetical new law restricting some type of strategy). It's also a place I might simply point to new papers or other news related to us, or the topics I care about. It might entail short observations on issues of recent interest in quantitative finance, perhaps referencing outside pieces with which I either agree or disagree. An open question is how often I'll be making entries. I simply can't forecast that! It will clearly depend on how many interesting topics come along, and what else is going on at AQR, my life, and the world.

My colleagues at AQR and I already publish in academic journals, in journals that help bridge the gap between academics and practitioners, and in white papers where we focus more directly on what we do at AQR. Some, or even many, of the future entries in this forum can perhaps best be described as "mini quant papers." These would be on topics that on their own are either too small an issue (sometimes something really needs to be cleared up but doesn't quite warrant a standalone paper) and where our ideas are perhaps early in the development process. Or where we have some comments on other results in the news but not a paper of our own (yet). Some of these ideas may develop into full-fledged papers and investment stances, while others may turn out to be blind alleys — our tolerance for blind alleys will be much greater in this forum than in print! I also anticipate these posts will be more colloquial (e.g., far fewer references, including to our own papers, and far fewer "robustness checks," which are a big part of published papers). Unlike published papers, these posts are not trying to carefully delineate original work and contributions; they are just my attempts to make a point and start a dialogue.

All the standard disclaimers that come with published research — don't try this at home, I might be wrong, I hope examining the past helps but it isn't close to a guarantee, etc. — apply here in even greater strength given the more preliminary and conversational nature I intend.

Again, many of the above are still guesses. The content, tone, and coverage may evolve over time (and I might flame out and produce very little!). But, even with, or perhaps buoyed by, this uncertainty, I'm very excited to be introducing this new method of interacting with our clients (and the general public — well, the very tiny part of the general public that's interested in these things!). I hope you will sign up to our RSS or Twitter feeds to learn about new posts and will share your feedback with me or your AQR contact person. Thanks in advance!

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