



# ALTERNATIVE THINKING

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## Was That Intentional? Ways to Improve Your Active Risk

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Investors try to outperform their strategic asset allocation benchmarks by taking active risks. Some of these are intentional, such as active management or tactical asset allocations; but others are low-conviction or even unintentional, such as implementation lags or rebalancing decisions.

Unintentional risks can be a large part of a portfolio's total active risk. Even if these risks don't detract from performance, they still make an investor's odds of outperformance lower than they otherwise could be. When it comes to beating a strategic asset allocation benchmark, reducing these unintentional active risks may be among an investor's clearest sources of "low hanging fruit."

### About the Portfolio Solutions Group

The Portfolio Solutions Group (PSG) provides thought leadership to the broader investment community and custom analyses to help AQR clients achieve better portfolio outcomes.

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