



MARKET RISK AND EFFICIENCY

Still Not Cheap: Portfolio Protection in Calm Markets (Supplement)

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Put options are often seen by investors as a means of buying protection against dramatic stock market moves that may take place in the future. However, portfolio insurance is expensive, on average. In calm markets, when option prices tend to be lower, they are often touted as an inexpensive way to obtain portfolio insurance, while also providing long volatility exposure at a time when volatility may be expected to increase.

But are put options really economical in calm markets? Will they meet expectations in the future? Roni Israelov and Lars Nielsen of AQR Capital Management discuss these questions in [Still Not Cheap: Portfolio Protection in Calm Markets](#), from the Summer 2015 issue of *The Journal of Portfolio Management*.

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