Factor/Style Investing

Long-Only Style Investing: Don't Just Mix, Integrate

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We contrast two common approaches to long-only style investing: the “portfolio mix” and the “integrated portfolio.” Portfolio mix combines separate single style portfolios, each based on just one style ranking, while the integrated portfolio first aggregates style rankings into an overall score for each asset and then builds a portfolio based on this overall score. Our results suggest that long-only smart beta investors should consider integrating styles in portfolio construction.

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