Alternative Investing

Trend Following

January 8, 2015

Here is a selected list of books, journal articles and working papers that we found helpful in developing our research around Trend Following strategies.

Asness, Cliff, 1997, "The Interaction of Value and Momentum Strategies," *Financial Analysts Journal,* 53(2), 29–36

Asness, Cliff, 1994, "Variables That Explain Stock Returns," Ph.D. dissertation, University of Chicago

Asness, Cliff, 1995, "The Power of Past Stock Returns to Explain Future Stock Returns," working paper, AQR Capital Management

Asness, Cliff, John M. Liew and Ross L . Stevens, 1997, "Parallels Between the Cross-Sectional Predictability of Stock and Country Returns," *The Journal of Portfolio Management,* 23(3), 79–87

Asness, Cliff, Tobias J. Moskowitz and Lasse H. Pedersen, 2013, "Value and Momentum Everywhere," *The Journal of Finance,* 68(3), 929–985

Chabot, Benjamin, Eric Ghysels and Ravi Jagannathan, 2009, "Momentum Cycles and Limits to Arbitrage: Evidence From Victorian England and Post-Depression U.S. Stock Markets," working paper, Yale University

Cutler, David M., James M. Poterba and Lawrence H. Summers, 1991, "Speculative Dynamics," *The Review of Economic Studies* 58(3), 529–546

Erb, Claude B., and Campbell R. Harvey, 2006, "The Tactical and Strategic Value of Commodity Futures," *Financial Analysts Journal* 62(2), 69–97

Frazzini, Andrea, 2004, "The Disposition Effect and the Underreaction to News," *The Journal of Finance,* 61(4), 2017–2046

Fung, William, and David A. Hsieh, 2001, "The Risk in Hedge Fund Strategies: Theory and Evidence From Trend Followers," *Review of Financial Studies* 14(2), 313–341

Gârleanu, Nicolae, and Lasse H. Pedersen, 2009, "Dynamic Trading With Predictable Returns and Transactions Costs," *The Journal of Finance,* 68(6), 2309–2340

Gorton, Gary B., Funio Hayashi and K. Geert Rouwenhorst, 2008, "The Fundamentals of Commodity Futures Returns," working paper, Yale ICF

Grant, James, 1838, *The Great Metropolis, vol. II* (Philadelphia: E.L. Carey & A. Hart)

Hurst, Brian K., Yao Hua Ooi and Lasse H. Pedersen, 2012, "A Century of Evidence on Trend-Following Investing," AQR White Paper

Hurst, Brian K., Yao Hua Ooi and Lasse H. Pedersen, 2010, "Understanding Managed Futures," AQR White Paper

Hurst, Brian K., Yao Hua Ooi and Lasse H. Pedersen, 2013, "Demystifying Managed Futures," *Journal of Investment Management,* 11(3), 42–58

Jegadeesh, Narasimhan, and Sheridan Titman, 1993, "Returns to Buying Winners and Selling Losers: Implications for Stock Market Efficiency," *The Journal of Finance* 48(1), 65–91

Jones, Charles M., 2002, "A Century of Stock Market Liquidity and Trading Costs," working paper, Columbia Business School

Mitchell, Mark L., Lasse H. Pedersen and Todd C. Pulvino, 2007, "Slow Moving Capital," *American Econometric Review,* 97(2), 215–220

Moskowitz, Tobias J., Yao Hua Ooi and Lasse H. Pedersen, 2014, "Time Series Momentum," *Journal of Financial Economics,* 104(2), 228–250

Rouwenhorst, K. Geert, 1998, "International Momentum Strategies," *The Journal of Finance* 53(1), 267–284

Shleifer, Andrei, and Lawrence H. Summers, 1990, "The Noise Trader Approach to Finance," *Journal of Economic Perspectives* 4(2), 19–33

This document is not intended to, and does not relate specifically to any investment strategy or product that AQR offers. It is being provided merely to provide a framework to assist in the implementation of an investor's own analysis and an investor's own view on the topic discussed herein.

This document has been provided to you solely for information purposes and does not constitute an offer or solicitation of an offer or any advice or recommendation to purchase any securities or other financial instruments and may not be construed as such. The factual information set forth herein has been obtained or derived from sources believed by the author and AQR Capital Management, LLC ("AQR") to be reliable but it is not necessarily all-inclusive and is not guaranteed as to its accuracy and is not to be regarded as a representation or warranty, express or implied, as to the information's accuracy or completeness, nor should the attached information serve as the basis of any investment decision. This document is not to be reproduced or redistributed to any other person. The information set forth herein has been provided to you as secondary information and should not be the primary source for any investment or allocation decision. Past performance is not a guarantee of future performance. Diversification does not eliminate the risk of experiencing investment losses.

This material is not research and should not be treated as research. This paper does not represent valuation judgments with respect to any financial instrument, issuer, security or sector that may be described or referenced herein and does not represent a formal or official view of AQR. The views expressed reflect the current views as of the date hereof and neither the author nor AQR undertakes to advise you of any changes in the views expressed herein.

The information contained herein is only as current as of the date indicated, and may be superseded by subsequent market events or for other reasons. Charts and graphs provided herein are for illustrative purposes only. The information in this presentation has been developed internally and/or obtained from sources believed to be reliable; however, neither AQR nor the author guarantees the accuracy, adequacy or completeness of such information. Nothing contained herein constitutes investment, legal, tax or other advice nor is it to be relied on in making an investment or other decision. There can be no assurance that an investment strategy will be successful. Historic market trends are not reliable indicators of actual future market behavior or future performance of any particular investment which may differ materially, and should not be relied upon as such. Diversification does not eliminate the risk of experiencing investment losses.

The information in this paper may contain projections or other forward-looking statements regarding future events, targets, forecasts or expectations regarding the strategies described herein, and is only current as of the date indicated. There is no assurance that such events or targets will be achieved, and may be significantly different from that shown here. The information in this document, including statements concerning financial market trends, is based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons.