Davide Accomazzo, MBA, and Rosario Rivadeneyra

Appendix B: Table of Results

		STUDY 1			STUDY 2			STUDY 3		
		Period: May 2003 - April 2008			Period: June 2006 - May 2008			Period: October 2006 - May2008		
		Sample: 18 ETFs			Sample: 30 ETFs			Sample: 36 ETFs		
		Portfolio: 4 ETFs			Portfolio: 7 ETFs			Portfolio: 9 ETFs		
		Weight per ETF: 25%			Weight per ETF: 14.29%			Weight per ETF: 11.11%		
		Sectors: 4			Sectors: 7			Sectors: 5-9		
Period		**Momentum**	**Contrarian**	**SPY**	**Momentum**	**Contrarian**	**SPY**	**Momentum**	**Contrarian**	**SPY**
1 month	**Annualized Returns**	8.50%	12.24%	9.33%	17.54%	3.94%	7.02%	17.17%	3.91%	3.13%
	Period Average Returns	0.71%	1.02%	0.78%	1.46%	0.33%	0.59%	1.43%	0.33%	0.26%
	Period Maximum Loss	-8.97%	-7.54%	-6.05%	-6.54%	-5.07%	-6.05%	-5.03%	-6.13%	-6.05%
	Daily Maximum Loss	-3.79%	-2.80%	-2.60%	-3.04%	-2.07%	-2.60%	-3.20%	-2.44%	-2.60%
	Standard Deviation	0.0373	0.0383	0.0247	0.0345	0.0355	0.028	0.0336	0.0359	0.0295
	Sharpe Ratio	0.122	0.1997	0.212	0.3495	0.021	0.118	0.3496	0.02	0.0025
3 months	**Annualized Returns**	20.59%	12.29%	9.21%	16.29%	7.49%	6.47%	15.56%	-5.87%	-3.19%
	Period Average Returns	5.15%	3.07%	2.30%	4.07%	1.87%	1.62%	3.89%	-1.47%	-0.80%
	Period Maximum Loss	-12.35%	-11.53%	-10.71%	-5.85%	-7.69%	-9.51%	-3.93%	-10.84%	-9.29%
	Daily Maximum Loss	-3.09%	-2.64%	-2.74%	-3.09%	-2.69%	-2.74%	-4.38%	-1.89%	-2.68%
	Standard Deviation	0.0764	0.0673	0.0489	0.0543	0.0755	0.0662	0.0661	0.0624	0.0595
	Sharpe Ratio	0.5728	0.3422	0.3134	0.6077	0.1464	0.1286	0.4724	-0.3576	-0.2628
12 months	**Annualized Returns**	13.03%	17.62%	7.81%	7.21%	-7.74%	-6.68%			
	Period Average Returns	13.03%	17.62%	7.81%	7.21%	-7.74%	-6.68%			
	Period Maximum Loss	-4.65%	-	-4.95%	-	-7.74%	-6.68%			
	Daily Maximum Loss	-3.83%	-	-2.96%	-	-3.27%	-2.96%			
	Standard Deviation	0.1507	0.0594	0.0943						
	Sharpe Ratio	0.6347	2.3822	0.4611						

For the full article, visit http://gbr.pepperdine.edu/091/activealpha.html

Comments

- Daily maximum loss is largest daily loss during worst draw-down period
- Period maximum loss is worst draw-down period during back-testing

Sources

Nicholas Barberis and Andrei Schleifer, "Style Investing," discussion paper, *Harvard Institute of Economic Research*, 1908, (December 2000).

E. Dimson, P. Marsh, and M. Staunton, "The Worldwide Equity Premium: A Smaller Puzzle," paper, *EFA 2006 Zurich Meetings*, (April 7, 2006).

H. Hong and J. Stein, "A Unified Theory of Underreaction, Momentum Trading, and Overreaction in Asset Markets," *The Journal of Finance*, LIV, no. 6, (December 1999).

Bob Litterman, "Active Alpha Investing," open letter to investors, *Goldman Sachs Asset Management*, (2005).

H. Markowitz, "Portfolio Selection," *Journal of Finance*, 7, no. 1, (March 1952): 77–91.

K. Geert Rouwenhorst, "International Momentum Strategies," working paper, *Yale School of Management*, (February 1997).

R. Schiller, "From Efficient Markets Theory to Behavioral Finance," *Journal of Economic Perspectives*, 17 (Winter 2003).

Yahoo! Finance, *Yahoo!*, http://finance.yahoo.com/.