Size, Value and Momentum in Stock Returns: an Empirical Analysis, 2010-2014

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The Impact of Size and Value on Stock Returns: An Empirical Analysis 2010-2015

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Study Purpose:
Determine the returns to portfolios of (1) value and growth stocks and (2) large and small cap stocks.

Research Design:
Sort S&P 500 stocks by price to book (P/B) and by market cap (MC).
Value=P/B 1-2
Growth=P/B 6-7
Large Cap=MC 100B+
Small Cap=MC 1B-2B

Investment Strategies:
(1) Buy and Hold
(2) Rebalance

Hypotheses:
(1) Value outperforms Growth
(2) Small Cap outperforms Large Cap

Period of Analysis: 2010-2015

Data Analysis Table 1:
Results mixed period on a buy/hold basis value outperforms growth. When rebalanced, growth outperforms value.

Data Analysis Table 2:
Small cap outperforms large cap for both buy/hold and rebalance strategies.

Conclusion:
Highest alpha generated with small cap buy/hold strategy. Second highest alpha with rebalanced growth strategy.