

VIDEO - How To Fake A Stock



We have been writing for several quarters about company-specific risk (CSR) and replicability – two concepts we use to assess how much of a stock's returns can be explained by macro factors, and how many stocks trade highly correlated to each other over the last year. In addition to using these concepts to guide CIOs on resource allocation, there can also be very immediate and practical implications for replication or hedging. For instance, investors could have a large position in an individual stock, and they may want to hedge out as much “macro” exposure as they can to isolate the expected alpha from their high conviction holding. [With that in mind, we studied four different approaches to replication...](#)

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