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An empirical examination of the effectiveness of dollar-cost averaging using downside risk performance measures

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Abstract

Some studies find the dollar-cost averaging investment strategy to be sub-optimal using a traditional Sharpe ratio performance ranking metric. Using both the Sortino ratio and the Upside Potential ratio, we empirically test four investment strategies for alternative asset investments. We find the relative ranking of dollar-cost averaging remains inferior to alternative investment strategies. (JEL G1, G11, N2)

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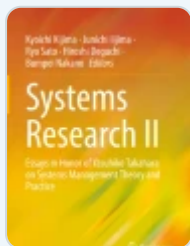
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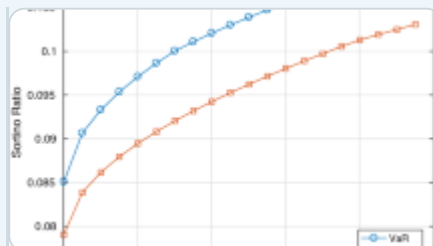
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