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# Benchmarks as Limits to Arbitrage: Understanding the Low-Volatility Anomaly

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In this article, we review in more detail the long-term performance of low-risk portfolios, present our behavioral explanation and some associated evidence, and discuss the practical implications for investors and investment managers. Perhaps the most important practical implication is that unless individual investors' preference for volatile stocks and the use of benchmarks are somehow reversed, the low-risk anomaly is likely to persist.



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