

The Performance of Beta, And Other Risk-Based Trading Strategies in Major Asian Markets

Sarika Rakhyani¹, Sanjay Sehgal²

PhD Student, Department of Finance and Business Economics, University of Delhi, India
Senior Professor, Department of Finance and Business Economics, University of Delhi, India

Abstract

This study examines the performance of Betting against beta (BAB), its drivers (that is, betting against correlation and betting against volatility), and other risk-based anomalies namely Betting against Lottery, Betting against IVOL, Betting on Skewness and Betting against Tail risk for India, China, South Korea, Japan and Indonesia. The present study fills an important gap in the literature by being the first comprehensive work focusing on a range of risk-based anomalies for five major Asian markets. The present study contributes to the literature by covering the drivers of BAB as well, which were not covered by the prior studies. Thus, helping global fund managers to select the most profitable risk-based strategy while investing in major Asian Markets.

Keywords: Betting against beta, Betting against correlation, Betting against volatility, Institutional Holdings, Low-risk anomalies