



Macroeconomics

Exploring Macroeconomic Sensitivities (Supplement)

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An increasing number of investors are attempting to gauge how their allocations to various assets are impacted by macroeconomic risk factors such as growth, inflation, real yields, volatility and illiquidity. Because macroeconomic factors or exposures are not directly investable, this approach creates a challenge.

[Exploring Macroeconomic Sensitivities: How Investments Respond to Different Economic Environments](#), published in the Spring 2014 issue of *The Journal of Portfolio Management*, shows how various asset classes and styles respond to different macroeconomic environments. In other words, it maps investable risk factors onto underlying risk exposures. “We’re trying to bridge the gap between investable asset classes and strategies and underlying macroeconomic risk factors,” explains Thomas Maloney, Vice President of AQR Capital Management in London, in this supplement to the paper.

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