# Factor/Style Investing

## Measuring Portfolio Factor Exposures: A Practical Guide

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Regression analysis can help investors better understand the risk factors present in their portfolios, which has multiple benefits. It can help investors evaluate fees, by estimating what portion of returns can be attributed to systematic factor exposures versus idiosyncratic sources of return which should command a premium. It can also lead to improved portfolio construction and diversification, by identifying the sources of return that are missing from, and most likely additive to, their existing portfolios.

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