



Factor/Style Investing

Implementing Momentum: What Have We Learned?

December 26, 2017

Working Paper

An abundance of academic evidence and theory exists on the efficacy and intuition behind momentum investing, yet a limited number of studies discuss the feasibility of running momentum portfolios in practice. And no study to date has directly analyzed implementation costs for a live momentum portfolio.

As a result, many are still quick to dismiss momentum as difficult or costly to implement because of its high turnover. In this paper, we use seven years of live data to evaluate the implementability of momentum investing. We show that momentum portfolios have been capable of capturing the momentum premium, even after accounting for expenses, estimated trading costs, taxes, and other frictions associated with real-life portfolios.

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