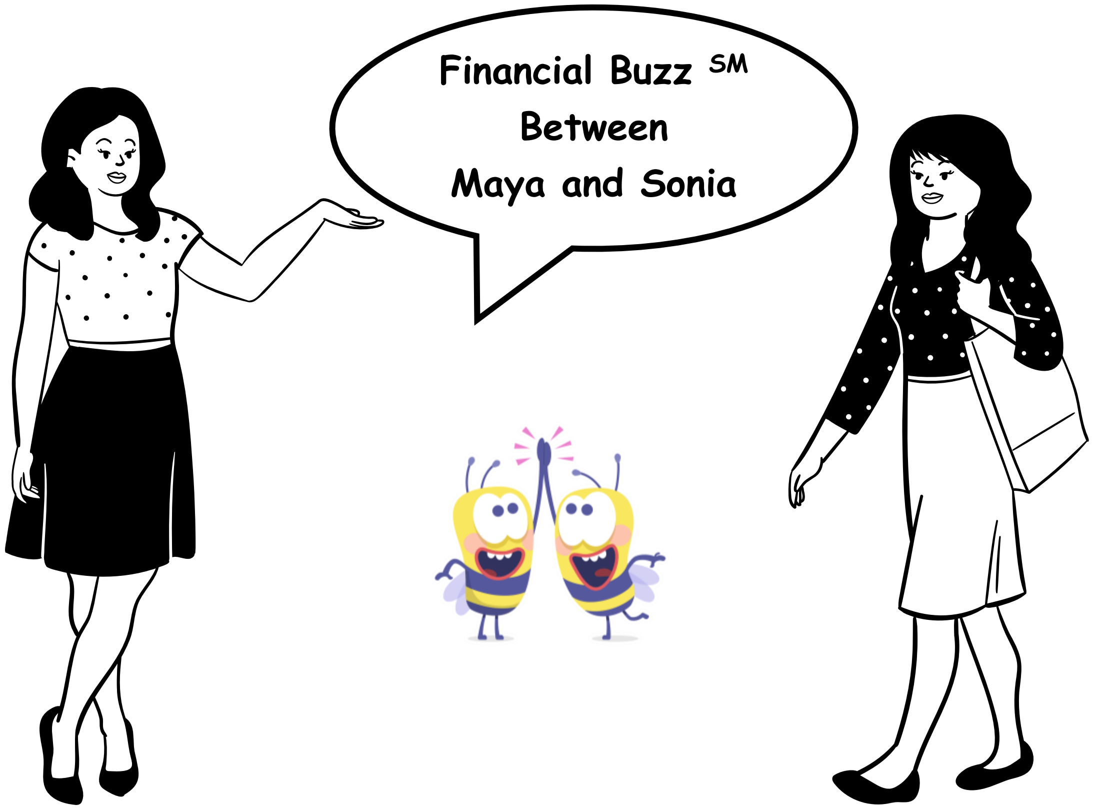
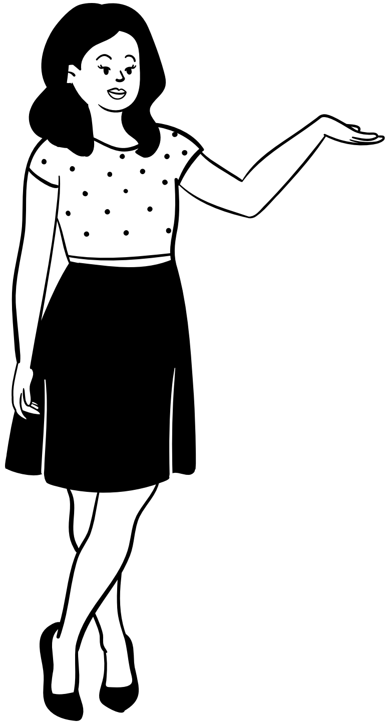
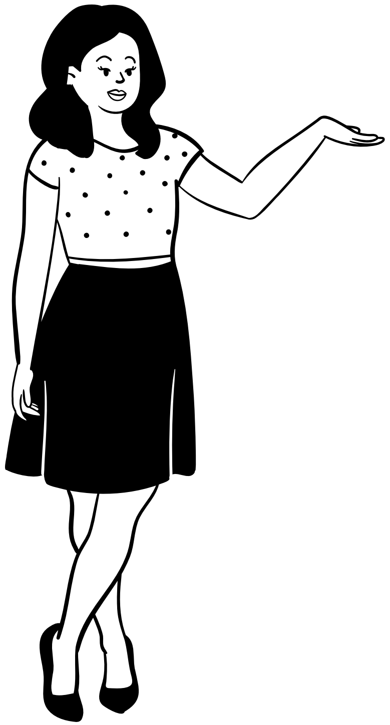


What is Factor Investing?



Factor Investing is an investment approach to invest and create portfolio based on certain quantifiable factors.

It is for the purpose of to enhance
diversification,
generate above-market returns,
manage risk.

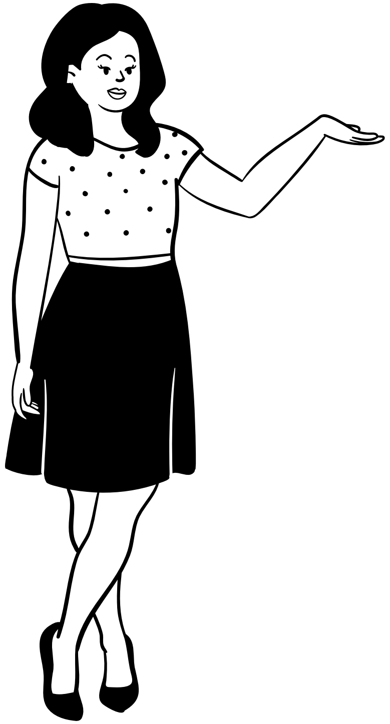


There are main two types of factors

1. **Macro Economic factors**
2. **Style Factors**

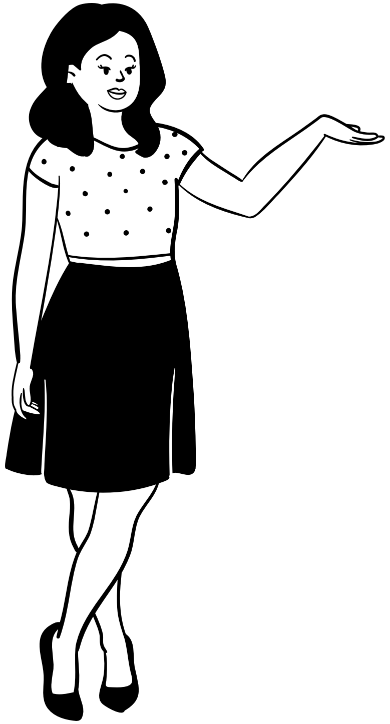
Macro economic factors captures broad risks across asset classes.

Style factors aims to explain returns and risks within asset classes.



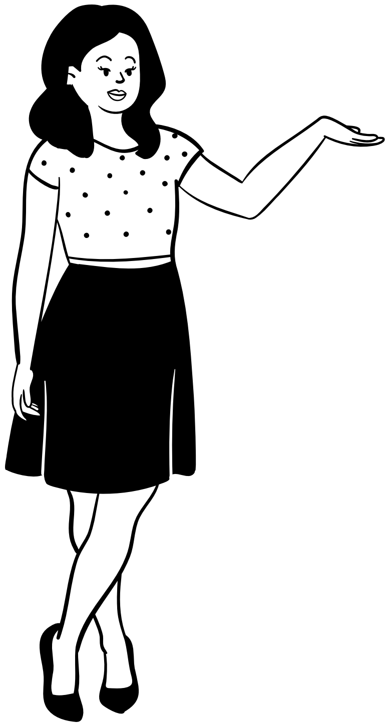
Macro Economic factors

1. Economic Growth
2. Interest Rates
3. Inflation
4. Credit
5. Emerging Markets
6. Liquidity



Style Factors

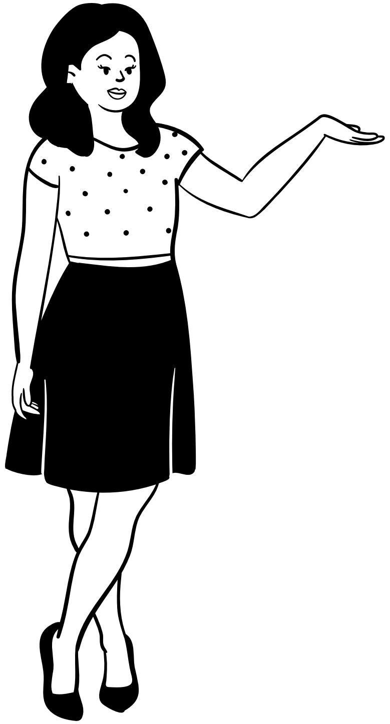
1. Value
2. Minimum Volatility - Stable, lower-risk stocks
3. Momentum - Stocks with upward price trends
4. Quality - Financially healthy companies
5. Size - Smaller, high-growth companies
6. Carry - Income incentive to hold riskier securities



Factor Investing involves data-backed decisions to invest in which factors and keep out of which other factors, to generate long-term investment returns over and above their benchmarks, keeping in mind the risks.

This approach is **quantitative** and based on observable data related to factors under consideration.

It is also called as **Smart-Beta Investing**



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