

Dimensions Point to Differences in Expected Returns

Academic research has identified these dimensions, which are well documented in markets around the world and across different time periods.



Diversification does not eliminate the risk of market loss. 1. Relative price as measured by the price-to-book ratio; value stocks are those with lower price-to-book ratios. 2. Profitability is a measure of current profitability, based on information from individual companies' income statements.