

12-3-2012

Low Volatility ETFs

Steven D. Dolvin
sdolvin@butler.edu

Follow this and additional works at: <http://digitalcommons.butler.edu/jmdallchapters>



Part of the [Finance and Financial Management Commons](#)

Recommended Citation

Dolvin, Steven D., "Low Volatility ETFs" (2012). *All Chapters*. 50.
<http://digitalcommons.butler.edu/jmdallchapters/50>

This Blog Post is brought to you for free and open access by the JMD Investments Supplement at Digital Commons @ Butler University. It has been accepted for inclusion in All Chapters by an authorized administrator of Digital Commons @ Butler University. For more information, please contact omacisaa@butler.edu.

JMDinvestments

Monday, December 3, 2012

Low Volatility ETFs

A recent trend is the development of low volatility funds, including both ETFs and mutual. These funds invest in a subset of a specified index, selecting only those stocks with low price volatility (which may be identified by a low beta). There is not sufficient history to gauge the performance of such funds, but two issues are worth noting. First, given the impact of volatility on compounded returns (i.e., geometric averages are lower than arithmetic averages), low volatility funds should have an advantage, particularly in otherwise volatile markets. Second, value funds may outperform over long periods (albeit not every period), and since value stocks are more likely to be low volatility, this may play a role in the performance. ([See article here, Schwab.](#))

Related Chapters: Chapter 01, Chapter 04, Chapter 12