



For Immediate Release

VELOCITYSHARES PUBLISHES GROUNDBREAKING REPORT TO HELP INVESTORS BETTER UNDERSTAND ALTERNATIVE WEIGHTING STRATEGIES

New Paper Examines Risk Efficiency of Popular Low Volatility Weighting Schemes

DARIEN, CT (July 23, 2013) – In response to the growing interest in low volatility investing, [VelocityShares](#), a leader in designing exchange-traded products and sophisticated tail-risk strategies for institutional investors, published “Alternative Index Weighting and the Impact on Portfolio Risk” to help investors assess the benefits and pitfalls of alternative weighting strategies. The paper reveals that investors who are trying to overweight low volatility stocks face large variation in the embedded risk among popular approaches.

“Many investors do not realize that so called ‘low volatility’ weighting only leads to a low volatility portfolio under an unrealistic set of assumptions,” said Scott Weiner, Head of Quantitative Strategy at [VelocityShares](#). “Many alternative equity weighting schemes intend to capture the low volatility anomaly, but not all approaches deliver the desired results.”

It is well known that market capitalization weighted portfolios are not themselves mean-variance efficient, and there has been a growing interest in trying to capture the low volatility anomaly. [VelocityShares](#)’ new paper finds that popular alternatives, such as equal and low volatility weighted approaches, have high idiosyncratic risk and are themselves only mean-variance efficient under unreasonable assumptions.

The paper concludes that equal risk weighted and minimum variance approaches produce lower volatility portfolios. The equal risk weighted approach does so with less idiosyncratic risk. Additionally, the paper reviews the assumptions behind the many lower volatility approaches that have become popular in the market.

The paper is available at the following link:

[Alternative Index Weighting and the Impact on Portfolio Risk](#)

VelocityShares Index & Calculation Services, a division of VelocityShares LLC, is dedicated to providing the market with sophisticated, transparent, and replicable indices. For more information please visit www.VelocityIndices.com

VelocityShares[™] is a leader in designing exchange-traded products and volatility-based strategies for institutional investors. We are focused on developing innovative products that provide sophisticated investors with long-term investment strategies and short-term risk management instruments. Our success results from delivering innovative, efficient, and insightful products for a wide range of investors. We have significant experience across asset classes on both the buy- and sell-sides of the financial markets. Employing that combined knowledge and insight enables the development and delivery of groundbreaking products.



The VelocityShares Group includes VLS Securities LLC, a US-registered broker-dealer and wholly owned subsidiary of VelocityShares LLC. www.VelocityShares.com

General Disclaimer

Exposure to an asset class is available through investable instruments based on an index. It is not possible to invest directly in an index. There is no assurance that investment products based on the index will accurately track index performance or provide positive investment returns.

This document does not constitute an offer of services in jurisdictions where VelocityShares or its affiliates do not have the necessary licenses. VelocityShares receives compensation in connection with licensing its indices to third parties.

All information provided by VelocityShares is impersonal and not tailored to the needs of any person, entity or group of persons. VelocityShares is not an investment advisor, and VelocityShares make no representation regarding the advisability of investing in any such investment fund or other vehicle. A decision to invest in any such investment fund or other vehicle should not be made in reliance on any of the statements set forth in this document. Prospective investors are advised to make an investment in any such fund or other vehicle only after carefully considering the risks associated with investing in such funds, as detailed in an offering memorandum or similar document that is prepared by or on behalf of the issuer of the investment fund or other vehicle. Inclusion of a security within an index is not a recommendation by VelocityShares to buy, sell, or hold such security, nor is it considered to be investment advice.

VelocityShares is not a tax advisor. A tax advisor should be consulted to evaluate the tax consequences of making any particular investment decision.

VelocityShares does not guarantee the accuracy and/or completeness of any VelocityShares index, any data included therein, or any data from which it is based, and VelocityShares shall have no liability for any errors, omissions, or interruptions therein. VelocityShares makes no warranties, express or implied, as to results to be obtained from use of information provided by VelocityShares and used in this service, and VelocityShares expressly disclaims all warranties of suitability with respect thereto. While VelocityShares has obtained information believed to be reliable, VelocityShares shall not be liable for any claims or losses of any nature in connection with information contained in this document, including but not limited to, lost profits or punitive or consequential damages, even if it is advised of the possibility of same. These materials have been prepared solely for informational purposes based upon information generally available to the public from sources believed to be reliable. VelocityShares makes no representation with respect to the accuracy or completeness of these materials, the content of which may change without notice. The methodology involves rebalancing and maintenance of the indices that are made periodically during each year and may not, therefore, reflect real-time information.

VelocityShares and its affiliates provide a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.



“VelocityShares” and the VelocityShares logo are trademarks of VelocityShares Index & Calculation Services, a division of VelocityShares, LLC.

Contact:

Vanessa A. Friedman

Tel: 917-405-1897

vanessa@vdotconsulting.com