Style Analysis

The main purpose of style analysis is to provide added insights into the characteristics of a particular portfolio (or group of portfolios), e.g. whether it is biased towards 'growth' rather than 'value' securities or to 'large cap' rather than 'small cap' securities.

Style analysis can be carried out by reference to the portfolio's current holdings. It is then in effect a subset of (and catered for by) Nematrian's risk measurement algorithms.

Alternatively it can involve analysing the behaviour of the portfolio's past returns and how these returns correlate with returns that characterise the style factor(s) being considered (using regression techniques).