# [Elm’s strategy in The Journal of Portfolio Management](https://elmfunds.com/2016/05/elms-strategy-in-the-journal-of-portfolio-management/" \o "Elm’s strategy in The Journal of Portfolio Management)

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While past performance is not necessarily indicative of future returns, we draw comfort from knowing that the way we invest has done well over the past nearly one hundred years1. This is the main conclusion of our research paper, [*A Case Study for Using Value and Momentum at the Asset Class Level*](http://www.iinews.com/site/pdfs/JPM_Spring_2016_Elm.pdf)*2*, which was just published in The Journal of Portfolio Management. We believe that our simple rules-based approach to dynamic asset allocation has the added benefit that it helps investors avoid feeling they need to make ad hoc changes to their portfolios based on current events, which tends to result in subpar long-term returns.

If you’d like to read the paper (it’s only 10 pages) we’ve arranged with the JPM for the paper to be available on this link for the next few months for download.

Here are a few highlights, which you can find in the Exhibits 6, 8 and 9 in the paper:

* In every decade since 1926, a dynamic asset allocation approach based on value and momentum applied to asset classes outperformed a static balanced equity/bond Baseline.
* 2.5% per year was the increase in return delivered by value and momentum since 1975. It also reduced the risk of large losses. The increase in returns in the 1926-1975 period was similar.
* Bear markets were the periods when value and momentum did best, resulting in significantly less negative returns than the static Baseline.
* Value and momentum worked well together. In the 1975-2013 period, the biggest loss of a portfolio that relied on value combined with momentum was significantly lower than the worst loss suffered by portfolios that relied on value or momentum applied individually.