

4. Behavioral example: Skewness of returns

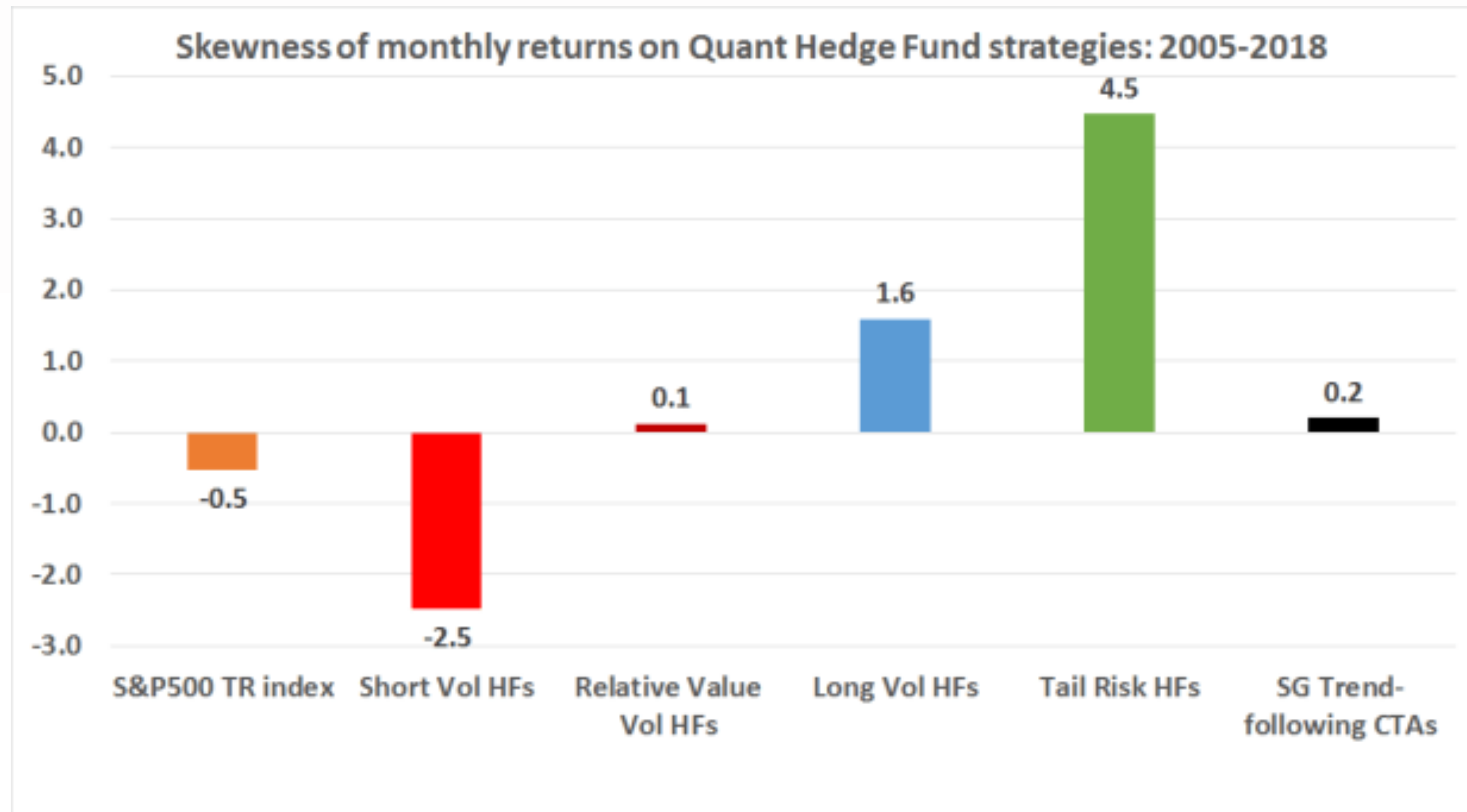
Skew is different for different asset classes:

- **bonds** have a **negative** skew (small returns most of the times, defaults some times)
- a **stock index** has **slightly negative** skew (volatility is higher in crises and bear markets)
- a set of **individual stocks** has **positive** skew



Source: FactSet, J.P. Morgan Asset Management.

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source: Artur Sepp, <https://artursepp.com/2018/04/24/trend-following-strategies-for-tail-risk-hedging-and-alpha-generation/>