

## 4. Behavioral example: Skewness of returns

**Skew is time dependent**, as financial data is not stationary.

**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)
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**Any given investor might exhibit a preference for a skew profile** different than the market he invests in.

That gives rise to possibilities of exchange between players, and therefore, return on risk.