

# Cross-Section of Returns in Frontier Markets: Evidence from the GCC Markets

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December 7, 2018

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- CAPM & FF-3 are tested in the GCC markets
- The results are in-line with prior research (developed, emerging, and frontier)

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- "Out-of-sample" factor tests

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- The setting has potential
- The novelty of the emerging or frontier GCC probably not enough
- The results are not too surprising

## Comment

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- (none) Results for GCC and Kuwait (FF-3)
- "Out-of-sample": only yields meaningful results if the validation set has the same data generating process (same factors)
- The asset pricing model tests don't add much without and evaluation on the impact of prior work

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  - Compare / contrast - US 1970s; Russia; South America w/ GCC and Kuwait
- Alternatively, institutional penetration or type

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- The data may provide the distinctions needed