October 13, 2025
2:00pm-3:00pm
KAP 414

Harin de Silva
(AJO Vista)

All Betas Are Not the Same

Abstract: This study revisits the beta anomaly by decomposing beta into two components: industry-related and stock-specific. Both components reduce portfolio volatility when used to lower beta exposure; however, only the stock-specific (residual) component is associated with a meaningful return premium. In contrast, the industry component, while effective for risk reduction, offers little or no compensation in terms of excess return. This distinction refines our understanding of beta as a risk factor and offers practical implications for asset pricing and portfolio construction. The results highlight the value of disentangling systematic risk into its underlying sources to more effectively interpret and exploit the low beta anomaly.

Zoom Link: USC Math Finance Colloquium

Join Zoom Meeting
https://usc.zoom.us/j/94973619069?pwd=VnU5bVlMc1pzVTlEYUVaZUYyNSt6UT09

Meeting ID: 949 7361 9069
Passcode: 925028