

Quantitative Investment Management Firm Versor Releases New White Paper on Value Investing

NEW YORK, May 12, 2021 – Versor Investments, a quantitative investment management firm focused on alternative investment strategies, announced today the release of a newly published white paper titled "[Value Returns in 2021: Mirage or Oasis](#)." The paper is co-authored by Versor Founding Partners Deepak Gurnani and Ludger Hentschel who have over 40 years of combined experience in quantitative investing and research.

The new paper looks at historical valuation spreads between value stocks and growth stocks, finding that the last time the spread was so extreme was at the end of the technology boom in 2000. Although value investment styles have severely underperformed for the past several years, early 2021 has seen positive value returns. Furthermore, these positive returns have done little to shrink these extreme value spreads, which the authors conclude, gives runway for further gains in value investing. The paper's title references this shift in value performance, which may be the first signs of the beginning of a recovery in value.

Among the paper's key findings are:

- Nearly all value styles suffered large losses in 2020. As a result, valuation spreads have widened to extreme levels.
- The behavior of value spreads during 2020 was as unusual as during the peak of the technology boom.
- Even though higher interest rates may lead to lower equity returns, environments with moderate or low equity market returns tend to be better for value investments.

"It may finally be the beginning of a value recovery. Covid relief programs have produced a range of government support efforts. In early 2021, however, there were signs that the rapid increase in government debt required to fund these programs may finally stop interest rates from falling ever lower," said Mr. Gurnani. "Should interest rates inch

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higher, they may disappoint investors who priced stocks based on extremely low discount rates. A repricing of stocks based on higher interest rates favor value investments."

Versor Investments is well known for quantitative research, having published over 30 white papers available to investors via the newly launched [Athenaeum](#) library section of its website. Topics range from tactical asset allocation to enhancing hedge fund portfolio returns. The Value investing paper is available [here](#).

About Versor

Versor Investments is a quantitative investment boutique focused on delivering uncorrelated alternative strategies to institutional investors. Headquartered in New York, Versor's leadership experience in quantitative investing extends over 20 years. Using a scientific, research-driven framework to deliver superior risk-adjusted returns, Versor has two business lines: Hedge Funds and Risk Premia. For more information on Versor, see <https://versorinvest.com/>.

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