



FACTOR / STYLE INVESTING

AQR Momentum Indices, Monthly

April 30, 2024

Momentum is an investment style that has been studied extensively by academics for many years. The evidence for momentum is pervasive and supported by almost two decades of academic and practitioner research. Studies have documented momentum in the U.S. as far back as the Victorian age. The evidence also shows that momentum works broadly across asset classes, including foreign stocks, bonds, commodities, currencies, index futures, and global country selection. AQR has developed methodologies for [U.S.](#) and [international](#) markets that capture momentum in an intuitive and transparent way. The methodology can be applied to any universe of stocks. At present, AQR has created momentum indices for three distinct markets:

- The AQR Momentum Index (Large-Cap and Mid-Cap U.S. Equities)
- The AQR Small Cap Momentum Index (Small-Cap U.S. Equities)
- The AQR International Momentum Index (Non-U.S. Equities)

Each of the indices is constructed using a simple and transparent methodology that captures the essence of the momentum effect:

- The investment universe is screened based on market capitalization, liquidity and other considerations.
- The stocks in the investment universe are ranked by their total return over the prior twelve months, excluding the last month.
- The top 33% of stocks with the highest rank are included, and weighted based on their market capitalization.
- The index is reconstituted quarterly.

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