

# The correlation structure of anomaly strategies

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We investigate the correlation structure of anomaly strategy returns. As a first step we reduce an initial 224 anomaly strategies to 95 strategies by merging strategies that are highly correlated (correlation coefficient above 0.75). We find that the remaining anomaly strategies exhibit higher correlation between each other in NBER recessions than in NBER expansions. Average correlations between anomaly strategies appear to remain relatively stable over time with no clear trend decade to decade. The existence of 95 anomaly strategies that are not highly correlated echoes other findings in the literature that the return generating process for realised returns appears to be of a high dimension.