
CORE PORTFOLIOS AND CAPITAL EFFICIENCY

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On Behind the Markets, a podcast brought to you by Jeremy Schwartz, WisdomTree Global Head of Research, we talk to market strategists, business executives and financial advisors about important trends underpinning the financial markets.

In this episode, Jeremy talks to Corey Hoffstein, Co-Founder and Chief Investment Officer at Newfound Research.

Listeners will hear about:

- How expected returns have shifted over the past 30 years, what that means for finding portfolio diversifiers, and the risk levels inherent to achieving different investment objectives.
- How Corey's investment strategies shifted after his research concluded that the dominating market force is a pro-[cyclical liquidity](#) cascade that reinforces sharp market moves in both positive and negative directions.
- Trends underpinning [passive](#) investing and what that means for [momentum](#) strategies.
- Why he considers capital efficient investment strategies an important element of portfolio construction, and what type of strategies make natural complements to a capital efficient core.
 - Spoiler Alert: In Corey's view, gold and managed futures strategies focused on commodities are perfect examples of what complements an efficient core, particularly in today's macro environment.
- What type of strategies can help manage [volatility](#).
- We also talked about how liquidity cascades propagate in the [cryptocurrency](#) markets, and how crypto assets are particularly vulnerable to liquidation cascades given the decentralized nature of their trading and exchanges.

You can listen to our full conversation with Corey Hoffstein below.

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DEFINITIONS

Cyclical sectors : Consumer Discretionary, Energy, Industrials, Materials, Financials and Information Technology sectors.

Liquidity : The degree to which an asset or security can be bought or sold in the market without affecting the asset's price. Liquidity is characterized by a high level of trading activity. Assets that can be easily bought or sold are known as liquid asset.

Passive : Indexes that take a rules-based approach with regular rebalancing schedules that are not changed due to market conditions.

Momentum : Characterized by assets with recent price increase trends over time. This term is also associated with the Momentum Factor which associates these stock characteristics with excess return vs the market over time.

Volatility : A measure of the dispersion of actual returns around a particular average level. nbsp;.

Cryptocurrency : a digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend.