Comparative Analysis of the Performance of Fundamentalist, Technical and Hybrid Strategies by a Set of Simulated Scenarios

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Abstract

The objective of this study is to compare the performance of three strategies for decision making on investments: A Fundamentalist one, based on the Book-to-Market indicator; a technical one, that uses Moving Averages - arithmetic and exponential, and a hybrid one that combines the criteria established for the first two. To achieve this goal, a computer simulation was performed with data from BM & FBOVESPA from January 2010 to December 2014. The shares were classified into groups by similarity so that two shares of the same group could not make up the portfolio at the same time. The results of the three strategies were compared and Fundamentalist strategy showed significantly better performance in all simulated scenarios (at 0.05). However, only one type of the hybrid strategy was tested.

Keywords
Technical analysis, Fundamental analysis, Hybrid analysis, Scenario simulation.

Biographies

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