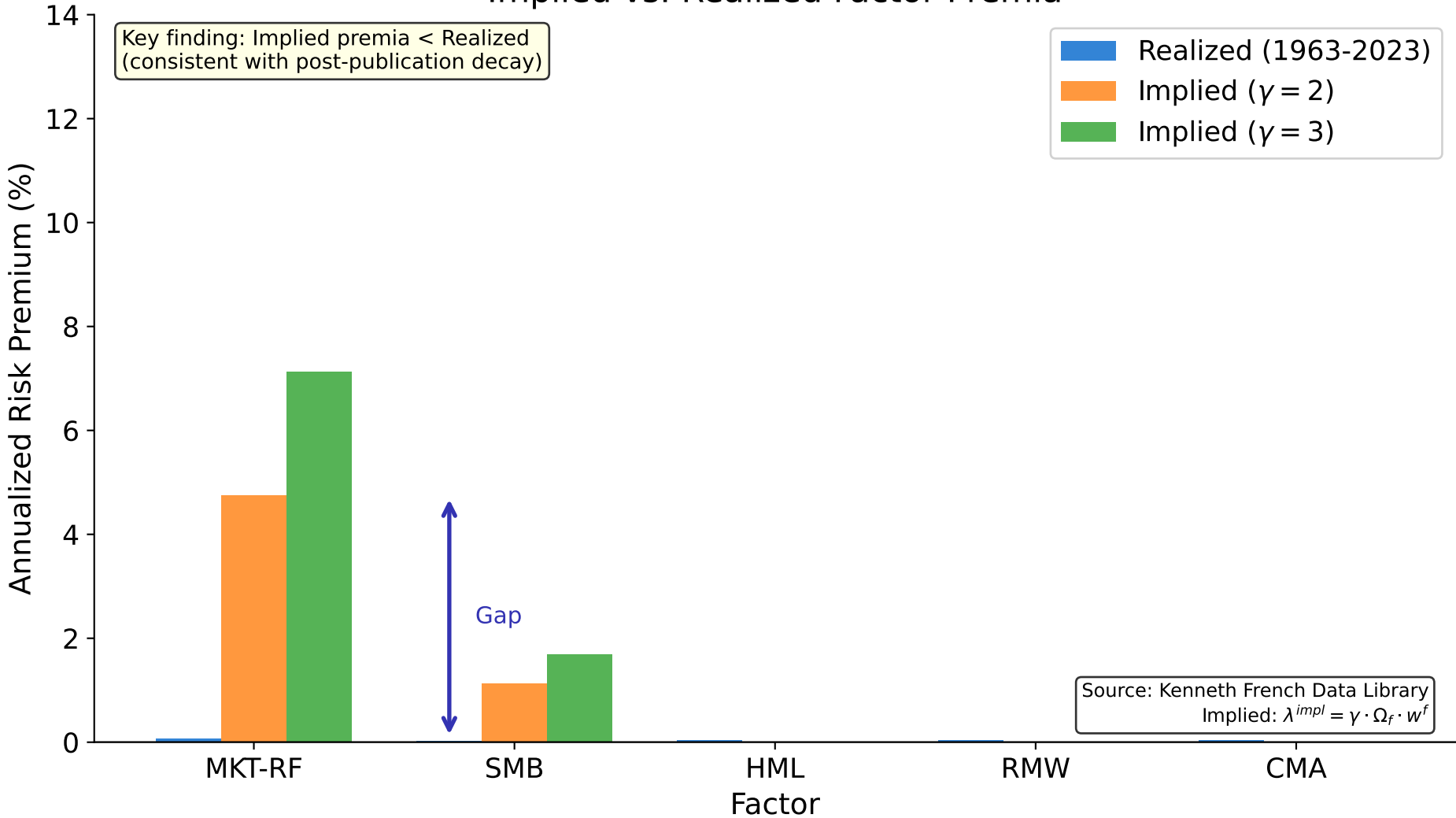


Implied vs. Realized Factor Premia

Key finding: Implied premia < Realized
(consistent with post-publication decay)

- Realized (1963-2023)
- Implied ($\gamma = 2$)
- Implied ($\gamma = 3$)



Source: Kenneth French Data Library
Implied: $\lambda^{impl} = \gamma \cdot \Omega_f \cdot w^f$