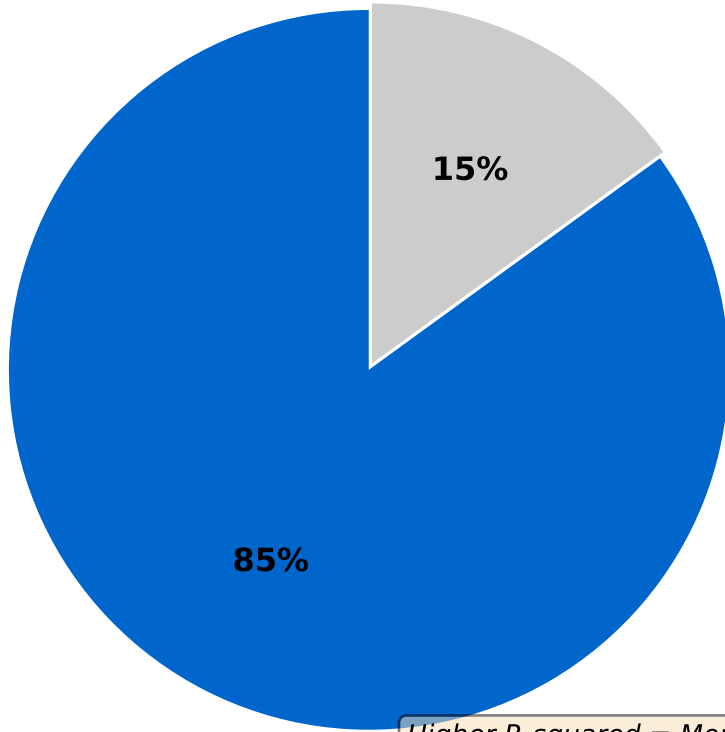
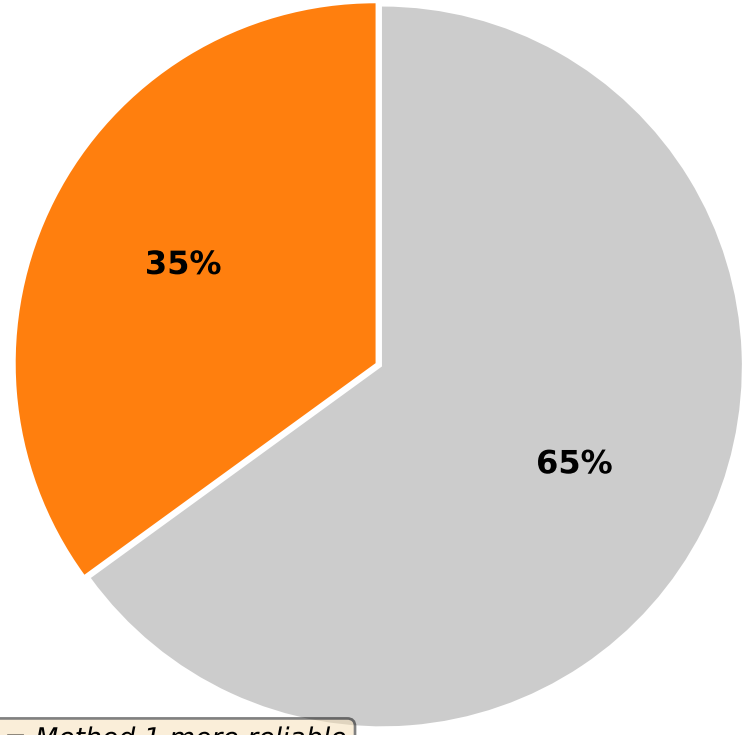


Government Bond
R-squared = 85%



Equity Index
R-squared = 35%



Higher R-squared = More factor-driven = Method 1 more reliable

■ Systematic (Factor) ■ Idiosyncratic (Residual)