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**An Analysis of the Interval of Observation
and the Risk in Stocks**

Luke William Anderson

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**An Analysis of the Interval of Observation
and the Risk in Stocks**

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Abstract

This research examines how the interval of observation affects the assessment of risk in stocks. I do this by analysing the economic and statistical significance of the worst returns on stocks, and by analysing the relationship between the interval of observation and factors which are thought to affect the return on stocks. This research shows the interval of observation used to assess the risk in stocks is important and the conclusions change considerably depending on how the data is drawn. In addition, the results indicate an investor's time horizon is important in deciding their asset allocation and the style of investment should be suitable for the time horizon selected.

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