

Seeking Asymmetric Returns

What is an asymmetric return?

Asymmetric returns is an asymmetric risk/reward profile: one that is imbalanced or skewed toward the upside than the downside. Investors prefer to capture more of the upside, less of the downside.

An **asymmetric trade** or **asymmetric payoff** is when the outcome of a trade has more profit than loss or risk taken to achieve the profit. Or, the upside potential is greater than the downside loss.

Asymmetry of a trade may be when the downside is limited, but the upside is unlimited.

Or, if we are speaking of an **asymmetric outcome**, the upside profit was greater than the amount risked.

An **asymmetric investment strategy** or an **asymmetric trading strategy** is an objective of earning a profit from rising price trends and losing less when prices decline.

An **Asymmetric Risk Management** Strategy involves active risk control strategies that aims to limit downside risk (potential for loss or the magnitude of loss).

Asymmetric Risk Management is necessary to create an asymmetric risk/reward profile (total profits exceed losses).

You can probably see how the adage of “cut your losses short, let your profits run” is an aim to create asymmetric returns.

You may also recognize the asymmetric payoff of certain listed options strategies aim for asymmetric returns. For example, a long position in a call option risk is limited to the premium paid for the call, but its upside is unlimited. Creating asymmetric returns is more than just an intent, it also requires skill.

To learn more about investment programs designed to create asymmetric returns, visit www.shell-capital.com

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[Asymmetric Trading System](#)

[Asymmetric Risk / Reward](#)

[Asymmetric Return Distribution](#)

[Asymmetry Ratio](#)

[Positive Asymmetry](#)