Performance Evaluation of Constrained Portfolios

BASIC DATA

Author: Igor Pouchkarev
Director or Supervisor: Prof.dr. J.Spronk.
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ABSTRACT

In this project we develop a general framework for evaluating the investment performance of individual portfolios and individual portfolio managers over a given period of time. Unlike the conventional approaches the performance of the managed portfolio is compared with the performance of all possible portfolios that could have been constructed, given the same opportunity set as the managed portfolio and also given the same constraints as faced by the portfolio manager. The framework estimates the distribution of performance values of all feasible portfolios according to the chosen measure. Our framework is not limited to one specific performance measure but can embrace both existing and customer developed measures. In addition, it can deal with several performance measures simultaneously.

INDEX

Chapter 7 - Performance Evaluation Using the Portfolio Opportunity Universes

REFERENCES