

Statistics and Data Science Seminar

Quantile Portfolio Optimization

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Abstract: It is well known that asset returns usually do not follow a normal distribution, rather, they have long and fat tails. This paper focuses on the quantile portfolio methodology, which considers the whole distribution of asset returns and employs expected loss as a risk measurement. In particular, we explore statistical properties of tau risk and propose related theories of quantile portfolio optimization. We also introduce portfolio performance terms for the quantile portfolio framework.

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