Abstract

Portfolio risk plays an important role in stock market decisions. This paper considers an alternative idea which is to compute the risk assuming fixed return. Three different methods used to study this problem. The given study suggests expressing the general index of a given stock market in terms of other countries stock markets. A comparison between the three proposed methods is conducted using three different measures of error (the Mean-Variance (MV), Mean-Absolute Deviation (MAD), Conditional Value-at-Risk (CVaR)). The obtained results show that there are significant differences between the used methods. It is recommended using the simplest one.

References

- Markowitz, H. 1952. Portfolio Selection: Efficient Diversification of Investments, John
Minimization of Portfolio Risk using Three Different Methods (A Comparative Study)

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Index Terms

Computer Science
Information Science
Keywords

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Mean-Variance

Return Maximization