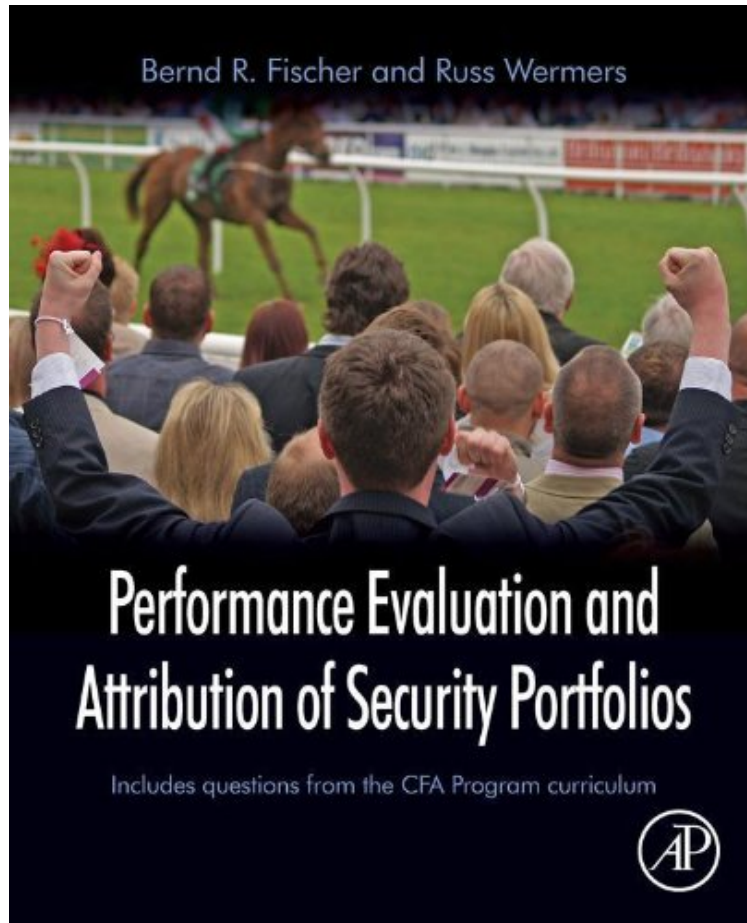


[Library ebook] Performance Evaluation and Attribution of Security Portfolios (Handbooks in Economics (Academic Press))

Performance Evaluation and Attribution of Security Portfolios (Handbooks in Economics (Academic Press))

Bernd R. Fischer, Russ Wermers

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Bernd R. Fischer, Russ Wermers : Performance Evaluation and Attribution of Security Portfolios (Handbooks in Economics (Academic Press)) before purchasing it in order to gauge whether or not it would be worth my time, and all praised Performance Evaluation and Attribution of Security Portfolios (Handbooks in Economics (Academic Press)):

1 of 1 people found the following review helpful. Excellent Book to Guide the Actual Investment By S. Qiuli In the past, I kind of believe that index funds are the choices for the common people. However, I did not actually follow this concept faithfully. After two weeks of study of this book, I feel that index funds are the best practice for most investor. What is confusing to me is that some researchers claim that they have found a method to consistently find the positive alpha. Why did not they introduce a investment portfolio based on this method? 2 of 2 people found the following review helpful. Nice book By Aaronlee It is the required textbook by my quant teacher, and I learned a lot about quantitative things with this book. 3 of 3 people found the following review helpful. "A unique book and must have" By

DES79As the investment industry has seen a staggering growth in recent years, the area of investment performance measurement has become an area of significant research activities and increasing importance within investment firms. Although there are already quite a few books and numerous articles available in this area, the new book by Russell Wermers and Bernd Fischer is the first one to systematically present the actual status in theory and practice comprehensively and to combine the views of an academic (Russ Wermers, a Professor at the University of Maryland) and a practitioner (Bernd Fischer, Managing Director at IDS, a subsidiary of Allianz). The book is subdivided into two distinct parts. The first one deals primarily with return-based performance measures and evaluation models. These sections are complemented by a survey of portfolio holding based performance evaluation and a combination of the two approaches. All these theories primarily try to answer the question of whether investment returns are the result of luck or skill. The seminal papers are discussed in detail in the course of the discussion, and the first part ends with an outlook on very recent research topics in these areas, such as the measurement of time-varying ability of a portfolio manager or the assessment of a proportion of funds that are truly skilled using only their net returns (areas in which Prof. Wermers made significant contributions). Although there are very useful distinct sections on the calculation of various return measures and benchmarks, the main focus of the second part clearly lies on the theory of performance and risk attribution, an area which is of critical importance for the analysis of investment results within an investment firm and for client reporting. All major approaches (beginning with the seminal papers by Brinson et al.) are discussed in great detail. In fact, there is a separate chapter for every major asset class. The other major topic of this part of the book is the Global Investment Performance Standards (GIPSreg;), which have become the major global standard for the presentation of performance results. Dr. Fischer (who was a member of the GIPS committee) provides an in-depth review of the various recommendations of the standards and describes the consequences for the investment firms. In view of the different individual topics covered in this book, a detailed discussion of any of the sections is impossible in this review. Some aspects shall be highlighted though:

- * The book covers nearly all aspects of performance measurement and attribution for the core asset classes, describing popular approaches applied in the practice but also less known measures and models both in terms of theoretical foundation and statistical intricacies. It, therefore, covers the whole range of complexity: from the most basic presentation of simple returns according to the Global Investment Performance Standards over the alternative methods to deal with interaction terms relevant within multi-period attribution analyses to the most sophisticated statistically complex approaches to identify manager skills on the basis of time series of returns.
- * It covers areas that, despite their importance in practice, most books on performance measurement and attribution neglect such as the inclusion of derivatives, advanced methods to cater for the specifics of bond or balanced portfolios, as well as multi-asset class portfolios and hedge funds, the description of the less known portfolio holdings based performance evaluation or the treatment of non-normal returns to name but a few.*

 All material is presented in a very graphic form with a plethora of illustrations and literally hundreds of explicit examples. Only a few minor areas leave room for improvement. Even though the book is the most comprehensive source for performance measurement and attribution known to the assessor, it entirely leaves out performance measures that are adjusted by different definitions of downside risk (Lower Partial Moments). This is not comprehensible since these performance measures have some attractive properties in specific circumstances. A more detailed table of contents and an overall categorization of the uncountable approaches described in both sections of the book would have added to the user-friendliness. It is to be noted that the bibliography is incomplete due to a misshy;take made by the publishing company. However, a complete version is separately available (e.g., via [...]). The book may serve for different purposes. One purpose is to serve as a text book for graduate courses. As the authors develop the topics with all the details starting from the very basics, most of the material is also accessible to students on an undergraduate level. The book should also be useful to those that try to pass a CFA exam. Some of the CFA problems and exercises were integrated into the material. Also, the book certainly addresses the needs of the practishy;tionsers, as it pays a great deal of attention to questions surrounding the implementation of the different approaches in practice. Lastly, it may serve as a reference book for virtually all aspects in the field of performance measurement. In summary: this is a unique book and a must have for everybody seriously interested in these subject areas.

-Carsten Wittrock, Ph.D.zeb/rolfes.schierenbeck.associates gmbh

This review was originally published in The Journal of Performance Measurement, vol. 18, issue 1[...]

Just how successful is that investment? Measuring portfolio performance requires evaluation (measuring portfolio results against benchmarks) and attribution (determining individual results of the portfolio's parts), In this book, a professor and an asset manager show readers how to use theories, applications, and real data to understand these tools. Unlike others, Fischer and Wermers teach readers how to pick the theories and applications that fit their specific needs. With material inspired by the recent financial crisis, Fischer and Wermers bring new clarity to defining investment success. Gives readers the theories and the empirical tools to handle their own data Features practice problems formerly from the CFA Program curriculum.

"Performance Evaluation and Attribution of Security Portfolios' is compulsory reading for anyone who has

professional responsibilities that involve performance measurement. Fortunately for these readers, the authors are writers with gifts rarely found in textbooks."--Jack Treynor, Treynor Capital Management, Co-Inventor of the Information Ratio, and Senior Editor of Journal of Investment Management