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The role of robust skewness and kurtosis in portfolio allocation between US and World stock market

Mean and variance are known to all that affect portfolio construction as its reward and risk. Recently, higher moments have been proved that can play a role in portfolio allocation in the literature too. However, more attentions have been put on skewness and development of kurtosis is relatively slower. Also, it's necessary to consider about incorporation of robust skewness and kurtosis, since the third and fourth moment are especially sensitive to outliers. Hence, I use a quantile-based method to capture robust skewness and kurtosis. I apply three different sets of skewness and kurtosis to do a static portfolio analysis between US stock market and world stock market, and compare it with a benchmark portfolio to see how skewness and kurtosis change our portfolio selection.

Date: Thursday August 18th 2016
Time: 3:00pm
Room: Mackinnon 720