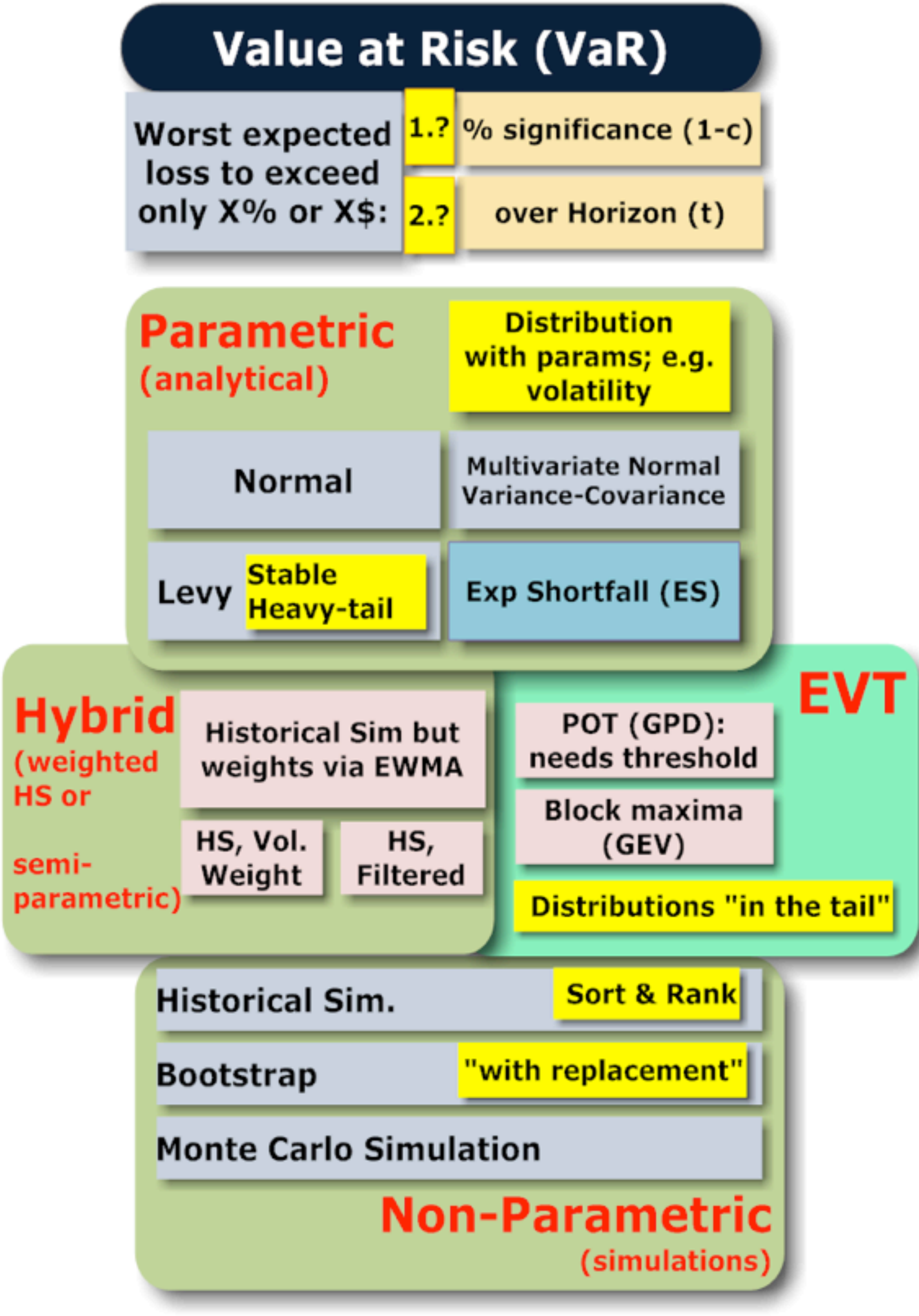
Value at Risk (VaR)
Worst expected loss to exceed only X% or X$:
1.?
% significance (1-c)
2.?
over Horizon (t)
Parametric
(analytical)
Distribution with params; e.g. volatility
Normal
Multivariate Normal Variance-Covariance
Levy
Stable Heavy-tail
Exp Shortfall (ES)
Hybrid
(weighted HS or semi-parametric)
Historical Sim but weights via EWMA
HS, Vol. Weight
HS, Filtered
EVT
POT (GPD): needs threshold
Block maxima (GEV)
Distributions "in the tail"
Historical Sim.
Sort & Rank
Bootstrap
"with replacement"
Monte Carlo Simulation
Non-Parametric
(simulations)