

Case Study

You are an analyst estimating the optimal allocation to the following asset classes in your firm portfolio:

1. Global Equities
2. Global Hedge Funds
3. Alternative Risk Premia factors
4. Trend Following strategy

You are provided with monthly returns for the above asset classes and risk free returns.

Write a Python code which performs the following steps:

1. Reads the above data.
2. Creates a portfolio which allocates equal dollars to the above asset classes with quarterly rebalancing.
3. Computes portfolio statistics.
4. Computes and compares performance contribution of the underlying asset classes to the portfolio return for 2020 YTD, last 1 year and last 3 years.

Write a note which describes the portfolio and its characteristics. Describe how you would improve the portfolio construction process.