

A combination of convex programs developed by Chandrasekaran, Parrilo and Witsky (2012) and Saunderson et al. (2012) can be used to extract financial risk factors from a sample return covariance matrix. I will examine the convergence properties of the convex programs and look at their performance on simulated and empirical data. Using the finance-oriented metrics developed in Lisa Goldbergs companion talk, I analyze the accuracy of the algorithm on simulated data. The results point to modifications that may lead to improved performance.