Skiss kex

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Introduction

Portfolio theory, Markowitz, issues and critizism, developments, Bayesian approach, etc.

Methods

Conventional approach

Markowitzs' theory.

Bayesian approaches

Jeffreys and conjugate.

Data

OMXS30 weekly returns 2018-2022. Log returns.

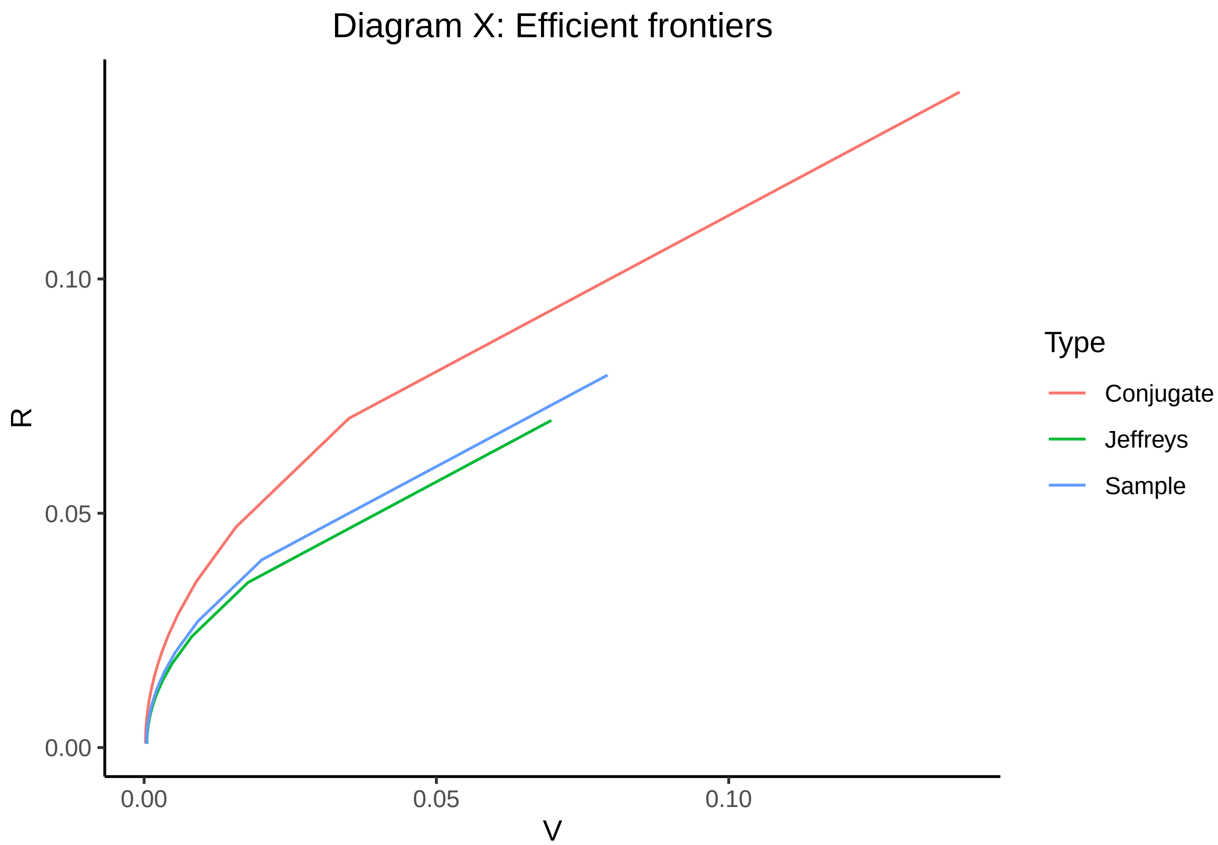
Out-of-sample testing

Rolling sample window.

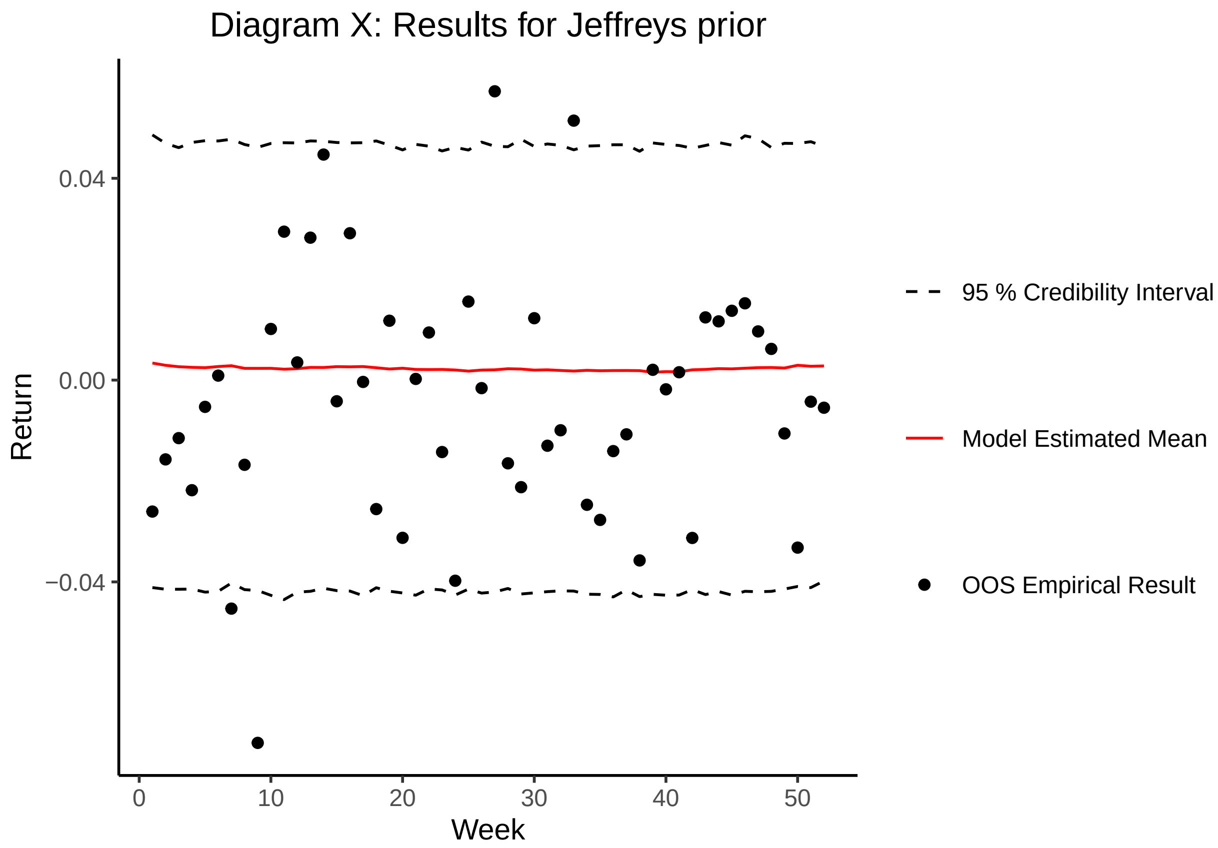
Simualtion

Results

Efficient frontiers



Out-of-sample results



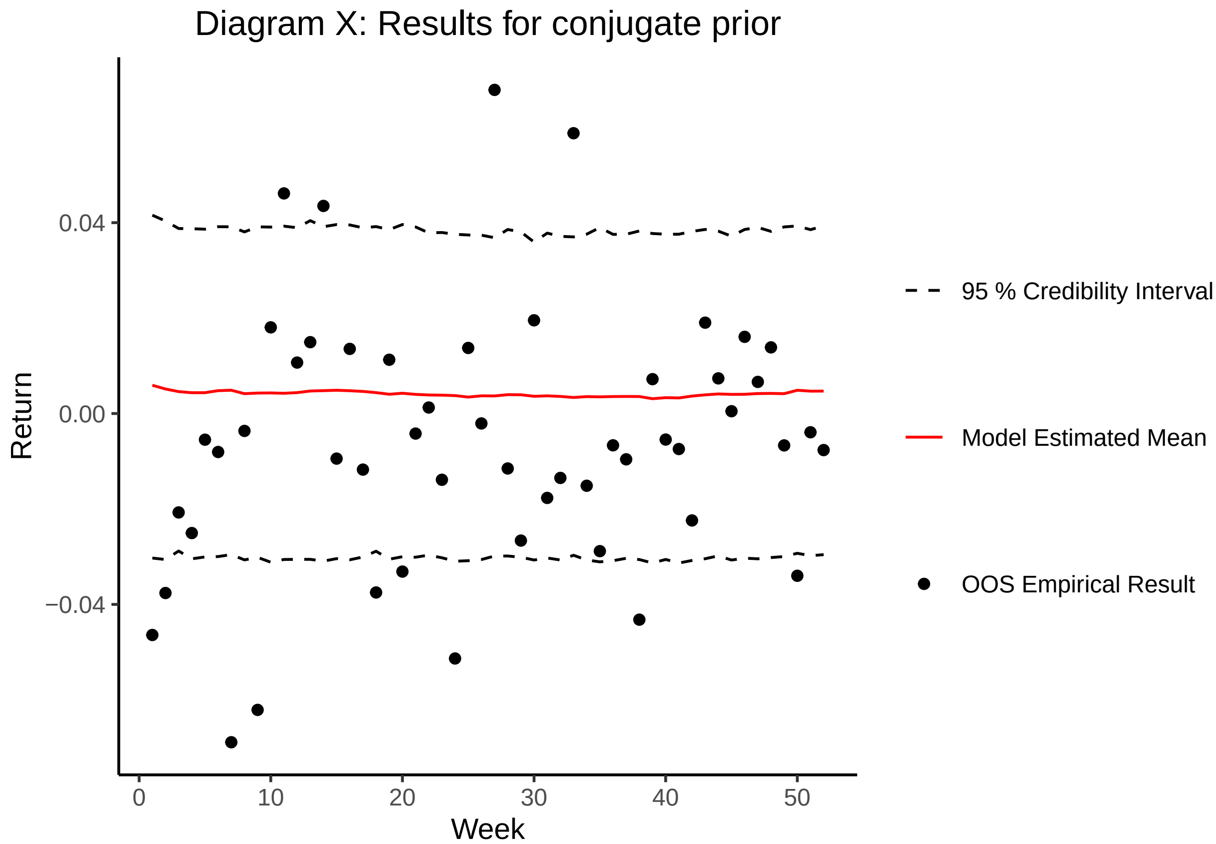


Diagram X: Results for conjugate prior
Return
0.04
0.00
−0.04
0
10
20
30
40
50
Week
95 % Credibility Interval
Model Estimated Mean
OOS Empirical Result

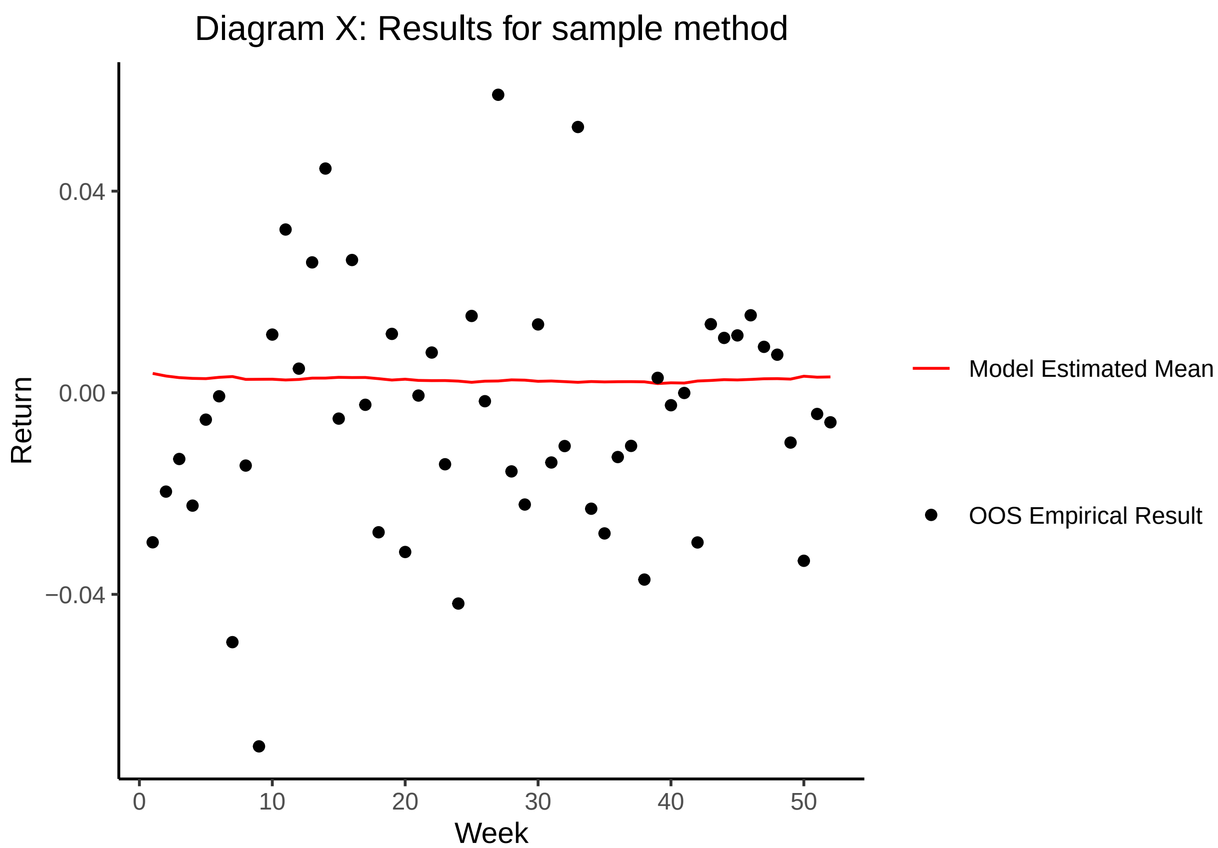


Diagram X: Results for sample method
0.04
0.00
−0.04
Return
0
10
20
30
40
50
Week
Model Estimated Mean
OOS Empirical Result