

Question 1

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Abstract

Answers the Question

1. Portfolio Construction

I present a portfolio constructed subject to the following constraint

- Long-only strategy;
- When using covariance and mean forecasts, use a look-back of less than 3 years;
- Do not hold any assets with less than 3 years' returns data;
- Apply Quarterly Rebalancing;
- Limit exposure to Bonds and credit instruments at 25
- Limit exposure to Equities at 60
- Limit single asset exposure at 40
- Data after 2010.

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stocks	weight	date	Look_Back_Period
ADXY Index	0.01	2011-04-29	36
BCOMTR Index	0.01	2011-04-29	36
DXY Index	0.01	2011-04-29	36
LEATTREU Index	0.01	2011-04-29	36
LGAGTRUH Index	0.01	2011-04-29	36
LGCPTRUH Index	0.01	2011-04-29	36
LP05TREH Index	0.01	2011-04-29	36
LUACTRUU Index	0.01	2011-04-29	36
LUAGTRUU Index	0.01	2011-04-29	36
MSCI_ACWI	0.40	2011-04-29	36
MSCI_Jap	0.10	2011-04-29	36
MSCI_RE	0.01	2011-04-29	36
MSCI_USA	0.40	2011-04-29	36

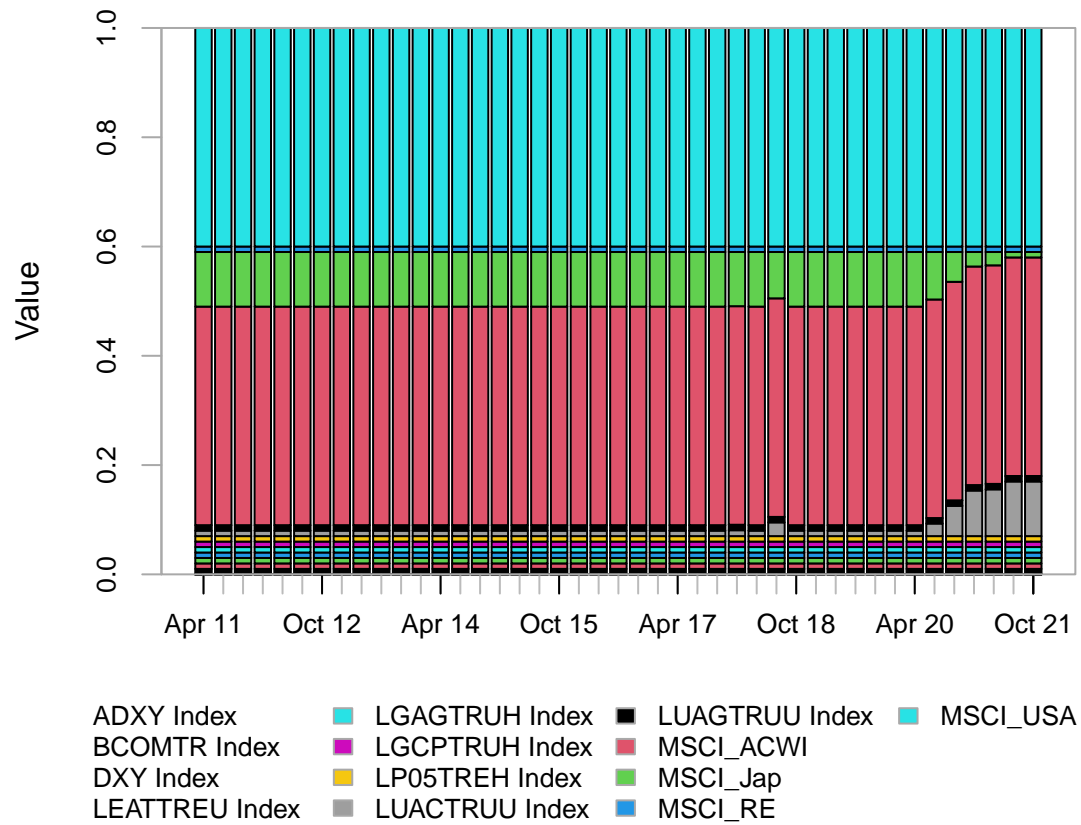


Figure 1.1: Caption Here

Above I present a table of the weights at the start of the sample period (2011). I then plot the weights over time as shown in Figure 1.1.

References