Multi-Attribute Portfolio Selection: A Conceptual Framework

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This dissertation volume views the investment decision problem within a framework in which investor characteristics (goals, preferences, restrictions, available information and expectations) are confronted with attributes of investment opportunities (like expected return and risk characteristics).

Because of the ambiguity of risk perceptions, the volume pays special attention to risk as a multi-dimensional concept, as implied by multi-factor models of security returns. The challenge is in combining the securities into a portfolio that exhibits a collection of attribute exposures according to investor preferences. Given the flexibility allowed in the stages of security analysis and preference analysis, an interactive combiner is proposed that enables a systematic scanning of the set of feasible portfolios for the selection of a final portfolio. Implementations of the methodology are discussed.

The titles of the volume's chapters are:

1. Introduction

2. The Market Model, Index Models and factor Models

3. Factor Models as Statistical and Economic Concepts

4. Some Empirical Results for the Dutch Stock Market

5. Multi-Attribute Portfolio Selection

6. Summary and Evaluation