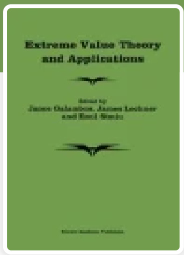

Extreme Value Theory and Applications pp 471–487

Safety First Portfolio Selection, Extreme Value Theory and Long Run Asset Risks

Laurens de Haan, Dennis W. Jansen, Kees Koedijk & Casper G. de Vries

Chapter

Abstract

The paper motivates the use of the statistical extreme value theory for the problem of portfolio selection in economics, both theoretically and empirically. It is shown that the conventional safety first criterion developed by Roy can be

cover at least a half-century of returns and allow for evaluation of investment risks in the long run.

Keywords

Mutual Fund **Portfolio Selection** **Investment Opportunity** **Asset Return** **Stock Index**

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