

Econometric Reviews >

Volume 27, 2008 - Issue 4-6

155 | 21

Views | CrossRef citations to date | Altmetric

0

Original Articles

Generalized Safety First and a New Twist on Portfolio Performance

M. Ryan Haley ✉ & Charles H. Whiteman

Pages 457-483 | Received 14 Nov 2005, Accepted 08 Nov 2006, Published online: 22 May 2008

Cite this article <https://doi.org/10.1080/07474930801960360>Sample our
Mathematics & Statistics
Journals>> Sign in here to start your access
to the latest two volumes for 14 days

Full Article

Figures & data

References

Citations

Metrics

Reprints & Permissions

Read this article

Abstract

We propose a Generalization of Roy's (1952) Safety First (SF) principle and relate it to the IID versions of Stutzer's (Stutzer's 2000, 2003) Portfolio Performance Index and underperformance probability Decay-Rate Maximization criteria. Like the original SF, the Generalized Safety First (GSF) rule seeks to minimize an upper bound on the probability of ruin (or shortfall, more generally) in a single drawing from a return distribution. We show that this upper bound coincides with what Stutzer showed will

About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click "Settings". For further information about the data we collect from you, please see our [Privacy Policy](#).

Accept All

Essential Only


Settings

About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click “Settings”. For further information about the data we collect from you, please see our [Privacy Policy](#).

✕
 Accept All

⚙️
 Settings



About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click “Settings”. For further information about the data we collect from you, please see our [Privacy Policy](#).

Accept All

Essential Only

Settings

moments or parameters, as sampling error will affect the performance of each such procedure.

¹⁴This notation generally follows that of Geweke ([1989](#)). For simplicity, we take $\mathcal{J}(\psi)$ and $p(\psi)$ to be proper normalized densities; Geweke works with the more general unnormalized (kernel) density.

¹⁵The adjective “numerical” is used to emphasize that even in a fully Bayesian context, frequentist procedures may be appropriate for assessing the sampling properties of a posterior sample generated randomly using Monte Carlo procedures. We will apply the same reasoning to the data sample, so the standard terminology applies.

*Sample size equals 240.

¹⁶Two stocks Stutzer ([2000](#)) used have dropped out of the CRSP data set.

*Sample size equals 240.

*Sample size equals 240.

¹⁷The classic example is the “height with shoes on vs. height with shoes off” example: the population variation in heights is irrelevant, as everyone is taller with shoes on.

Related research

People also read


Recommended articles

Cited by
21



About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click “Settings”. For further information about the data we collect from you, please see our [Privacy Policy](#).

Accept All 

Essential Only

Settings

Information for

Authors
R&D professionals
Editors
Librarians
Societies

Opportunities

Reprints and e-prints
Advertising solutions
Accelerated publication
Corporate access solutions

Open access

Overview
Open journals
Open Select
Dove Medical Press
F1000Research

Help and information

Help and contact
Newsroom
All journals
Books

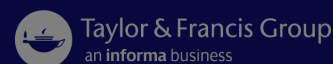
Keep up to date

Register to receive personalised research and resources by email

 Sign me up



Copyright © 2024 Informa UK Limited [Privacy policy](#) [Cookies](#) [Terms & conditions](#)



[Accessibility](#)

Registered in England & Wales No. 3099067
5 Howick Place | London | SW1P 1WG



About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click “Settings”. For further information about the data we collect from you, please see our [Privacy Policy](#).

 Accept All

Essential Only

Settings