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Nota di contenuto	Financial Modeling of the Equity Market; Contents; Preface; Acknowledgments; About the Authors; Chapter 1: Introduction; HISTORICAL PERSPECTIVE ON THE FINANCIAL MODELING OF THE EQUITY MARKET; CENTRAL THEMES OF THE BOOK; ORGANIZATION OF THE BOOK; Part I: Portfolio Allocation: Classical Theory and Modern Extensions; Chapter 2: Mean-Variance Analysis and Modern Portfolio Theory; THE BENEFITS OF DIVERSIFICATION; MEAN-VARIANCE ANALYSIS: OVERVIEW; CLASSICAL FRAMEWORK FOR MEAN-VARIANCE OPTIMIZATION; THE CAPITAL MARKET LINE; SELECTION OF THE OPTIMAL PORTFOLIO WHEN THERE IS A RISK-FREE ASSET MORE ON UTILITY FUNCTIONS: A GENERAL FRAMEWORK FOR PORTFOLIO CHOICESUMMARY; Chapter 3: Transaction and Trading Costs; A TAXONOMY OF TRANSACTION COSTS; LIQUIDITY AND TRANSACTION COSTS; MARKET IMPACT MEASUREMENTS AND EMPIRICAL FINDINGS; FORECASTING AND MODELING MARKET IMPACT;

INCORPORATING TRANSACTION COSTS IN ASSET-ALLOCATION MODELS; OPTIMAL TRADING; INTEGRATED PORTFOLIO MANAGEMENT: BEYOND EXPECTED RETURN AND PORTFOLIO RISK53; SUMMARY; Chapter 4: Applying the Portfolio Selection Framework in Practice; REBALANCING IN THE MEAN-VARIANCE OPTIMIZATION FRAMEWORK PORTFOLIO CONSTRAINTS COMMONLY USED IN PRACTICESUMMARY; Chapter 5: Incorporating Higher Moments and Extreme Risk Measures; DISPERSION AND DOWNSIDE MEASURES; PORTFOLIO SELECTION WITH HIGHER MOMENTS THROUGH EXPANSIONS OF UTILITY; POLYNOMIAL GOAL PROGRAMMING FOR PORTFOLIO OPTIMIZATION WITH HIGHER MOMENTS; SOME REMARKS ON THE ESTIMATION OF HIGHER MOMENTS; THE APPROACH OF MALEVERGNE AND SORNETTE58; SUMMARY; Chapter 6: Mathematical and Numerical Optimization; MATHEMATICAL PROGRAMMING; NECESSARY CONDITIONS FOR OPTIMALITY FOR CONTINUOUS OPTIMIZATION PROBLEMS; HOW DO OPTIMIZATION ALGORITHMS WORK?
OPTIMIZATION SOFTWAREPRACTICAL CONSIDERATIONS WHEN USING OPTIMIZATION SOFTWARE; SUMMARY; Part II: Managing Uncertainty in Practice; Chapter 7: Equity Price Models; DEFINITIONS; THEORETICAL AND ECONOMETRIC MODELS; RANDOM WALK MODELS; GENERAL EQUILIBRIUM THEORIES; CAPITAL ASSET PRICING MODEL (CAPM); ARBITRAGE PRICING THEORY (APT); SUMMARY; Chapter 8: Forecasting Expected Return and Risk; DIVIDEND DISCOUNT AND RESIDUAL INCOME VALUATION MODELS; THE SAMPLE MEAN AND COVARIANCE ESTIMATOR; RANDOM MATRICES; ARBITRAGE PRICING THEORY AND FACTOR MODELS; FACTOR MODELS IN PRACTICE
FACTOR MODELS IN PRACTICE: AN EXAMPLEOTHER APPROACHES TO VOLATILITY ESTIMATION; APPLICATION TO INVESTMENT STRATEGIES AND PROPRIETARY TRADING; SUMMARY; Chapter 9: Robust Frameworks for Estimation and Portfolio Allocation; PRACTICAL PROBLEMS ENCOUNTERED IN MEAN-VARIANCE OPTIMIZATION; SHRINKAGE ESTIMATION; BAYESIAN APPROACHES; INCORPORATING ESTIMATION ERROR AND UNCERTAINTY IN THE PORTFOLIO ALLOCATION PROCESS; SUMMARY; Part III: Dynamic Models for Equity Prices; Chapter 10: Feedback and Predictors in Stock Markets; RANDOM WALK MODELS AND THEIR SHORTCOMINGS; TIME DIVERSIFICATION
A MULTIAGENT ECONOMY: EFFECTS OF AGENT HETEROGENEITY AND INTERACTIONS

Sommario/riassunto

An inside look at modern approaches to modeling equity portfolios
Financial Modeling of the Equity Market is the most comprehensive, up-to-date guide to modeling equity portfolios. The book is intended for a wide range of quantitative analysts, practitioners, and students of finance. Without sacrificing mathematical rigor, it presents arguments in a concise and clear style with a wealth of real-world examples and practical simulations. This book presents all the major approaches to single-period return analysis, including modeling, estimation, and optimization issues. It