Security Evaluation And Portfolio Analysis

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Portfolio Analysis and Investment Strategy

Figure S.1 summarizes the results of the case study evaluation of 20 sample ONR applied research projects. It plots the product of the mean values, as determined by the expert panel, of capability and performance potential versus the mean values of transition probability. The expected value for each project is shown in parentheses next to its data point. Contours of equal expected value are shown as a percentage of the maximum expected value. This method of combining the components of expected value provides a convenient way to identify R&D projects.

Although portfolio evaluation is the last step in the portfolio management process, it is by no means the least important. On the contrary, proper performance measurement, attribution, and appraisal can enhance the probability of success for the entire investment process. Improper evaluation, on the other hand, can directly create some of the often-criticized issues in the investment industry. In this fourth installment in the multi-asset strategies series, we discuss three important issues in portfolio evaluation and some institutional investors' best practices.

1. How should we deal with the conflict between long-term investment goals and short-term evaluation cycles?

Many investment managers follow investment processes that are inherently long term. The aim of the security analysis in portfolio management is to find out intrinsic value of a security. The basic value is also called as the real value of a security is the true economic worth of a financial asset. The real value of the security indicates whether the present market price is over priced or under priced in order to make a right investment decision. The analysis will help in understanding the behavior of security prices in the market for investment decision making. If it is an analysis of securities and referred to as a macro analysis of the behavior of the market. Security analysis entails in arriving at investment decisions after collection and analysis of the requisite relevant information.