Andreas Steiner Consulting GmbH
Training & Courses
www.andreassteiner.net/consulting

Parity Portfolios: Construction, Characteristics & Applications

Program Description: This course discusses the different approaches to “parity investing”, starting from basic equal-weighted strategies to ideas based on the latest Machine Learning techniques. Participants will learn how to construct parity portfolios, understand their investment cases and get ideas how to develop customized or even novel flavours of parity strategies.

Target Audience: junior up to experienced investment professionals, portfolio managers, fund managers risk managers, investment analysts, quantitative analysts

Materials: Participants will receive the slides presented, spreadsheets containing example calculations and important papers in PDF format.

Course Delivery: This course will be delivered online (MS Teams) over a) two days or b) four afternoon. The minimum number of participants is 4.

Price: 350 CHF per participant. If more than one member of the same company participates, a discount of 10% is given on the total course fee.

The content of this program can be combined with content from different programs for customized **inhouse training**s. Please contact email@andreassteiner.net for details. **More information** is available on www.andreassteiner.net/consulting

Introduction

- Why parity?
- Some conceptual preliminaries
- A quick history of parity investing
- Relationship to MPT

Session 1: Equal-Weighted Strategies

- Construction
- Investment Universes
- Characteristics
- Investment Case
- Applications

Session 2: Equal-Probability Strategies

- The Bridgewater All Weather™ Idea
- Developing scenario decision frameworks

Session 3: Equal Volatility Contribution Strategies

- Euler's homogeneous function theorem
- Relationship to the “Inverse Volatility Trade”
- Robust Volatility Contributions

- Invalid and Valid Investment Cases
- Leveraged Volatility Parity Strategies

Session 4: Equal Loss Contribution Strategies

- Linear Homogeneous Loss Measures
- The Role of Downside Dependency in Loss-Based Portfolio Construction

Session 5: Equal Contributions to Anything Strategies

- Equal Risk-Adjusted Return Strategies: Sharpe Ratios are Linear Homogeneous of Degree Zero
- Numerical Risk Contributions: Equal Drawdown Contribution Portfolio

Session 6: Waterfall Allocations

- Introduction to Hierarchical Clustering Algorithms
- Waterfall Allocations
- Combining Some Ideas: Hierarchical Risk Parity

Session 7: Almost-Equal Strategies

- Risk Budgeting as Generalized Risk Parity
- Taking into account additional Restrictions
- Additional Goals: Implementing Tilted Risk Parity

Course Conclusion and Outlook

- Directions for Further Research
- Additional resources for continued learning