

Contents

1	Introduction	1
1.1	The need for performance evaluation	1
1.2	Institutional investors	3
1.3	Performance control	4
1.4	Issues in performance evaluation	6
1.5	Objective of the study	9
2	Methods of performance measurement	11
2.1	Measurement of returns	13
2.2	Risk measures	18
2.3	Evaluation with time series of return	21
2.4	Attribution with time series of return	28
2.5	Evaluation with portfolio composition	32
2.6	Attribution with portfolio composition	34
2.7	Summary and discussion	37
3	Evaluation of asset-only methods	39
3.1	Private information and the JTS measures	41
3.2	Private information and alternative measures	44
3.3	A simulation study with one risky asset	49
3.4	Multiple risky assets	65
3.5	Summary and discussion	75
4	Liabilities and portfolio choice	77
4.1	Immunization	79
4.2	Surplus optimization	81
4.3	Liability protection and surplus optimization	89
4.4	Conflict of interests	94
4.5	Conclusion	98

5	Liability-driven attribution	99
5.1	Liability-driven performance measurement	99
5.2	Implications for risk measurement	107
5.3	Conclusion	115
6	An application	117
6.1	Market conditions	118
6.2	The liabilities	120
6.3	The assets	121
6.4	Performance analysis	122
6.5	An analysis of risk	127
6.6	Conclusion and discussion	132
7	Conclusions	135
7.1	Forecasting abilities	136
7.2	Liabilities and performance evaluation	137
A	Symbols	141
	Bibliography	146
	Summary in Dutch	151