

Propositions

pertaining to the dissertation

Derivatives in Dynamic Markets

by

Amy S. K. Wong

Erasmus University Rotterdam

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1. Assuming correlations to be constant for simplicity is very risky in practice. (Chapter 2)
2. Scaling one-day risk measures by the square root of 10 to obtain ten-day risk measures can lead to risk misestimation when -ceteris paribus- correlations change over time. (Chapter 2 and 3)
3. The use of a too large historical data window size to compute value-at-risk can result in estimates that do not represent the most recent market conditions accurately. (Chapter 2 and 3)
4. Stress testing is more important than historical simulation for a forward-looking risk management approach. (Chapter 2)
5. Accurate correlation estimation is a challenge in practice, since true correlations are generally unobservable. (Chapter 5)

6. Wise is the one who finds good in every situation.

7. Being out of your comfort zone has its advantages: You grow much faster than you will in any other way.

8. Beyond a certain level, being at the right place at the right time becomes often more important than talent.

9. Top athletes are experts in defying psychological barriers.

10. Starting a PhD requires enthusiasm and inspiration. Finishing a PhD requires most of all perseverance.

11. In turbulent times, heroes emerge. (A Chinese proverb)