

PROPOSITIONS

Accompanying the dissertation

PORTFOLIO CONCENTRATION

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DATE



I

Proposition 1: Investors seek information beyond the historical distribution of the stocks' quotations, to build up their investment portfolio (*this dissertation*).

II

Proposition 2: Concentration measures, used in social welfare and income inequality studies, can be adapted to measure concentration and specialization in investment portfolios (*this dissertation*).

III

Proposition 3: Concentration and specialization measures are anonymous. They can measure the concentration and the specialization of a portfolio but they cannot inform the analyst in which stock or stocks the portfolio is concentrated or in which attribute it is specialized (*this dissertation*).

IV

Proposition 4: No portfolio is neutral. Every portfolio has a bet and hence has a bias (*this dissertation*).

V

Proposition 5: The market index, whether equally weighted or market capitalization weighted, is not neutral and is biased. It neglects many stocks the attributes of which are not present in the market portfolio, and hence their absence biases the specialization and the concentration of the market portfolio (*this dissertation*).

VI

Proposition 6: No portfolio is diversified enough. Ideal diversification can never be achieved by virtue of the presence of an attribute bias in all and each existing portfolio. Given any portfolio with n stocks and m attributes, it can always be argued that $m > n$ and hence the portfolio can be diversified in some attributes but very concentrated in some others. (*this dissertation*).

VII

Proposition 7: Total equality is a myth. It is an unachievable ideal. There will always be an unaccounted for attribute left out of the sample. Those thriving for Equality in all dimensions will always have a cause to fight for. They will never achieve their goals completely.

VIII

Proposition 8: Inequality is inherent to most states of the universe. Inequality is easier to achieve and easier to describe than equality.

IX

Proposition 9: Academia is a Zero Sum game: Every position, honor, promotion, rank or reward is taken from someone else. Business, on the other hand, creates Business (*A tweet by Nassim N. Taleb, Aug. 2016*).

X

Proposition 10: It is not true that if you do research in investment portfolios then automatically you will earn more money in your investments.

XI

Proposition 11: A human being should be able to change a diaper, plan an invasion, butcher a hog, conn a ship, design a building, write a sonnet, balance accounts, build a wall, set a bone, comfort the dying, take orders, give orders, cooperate, act alone, solve equations, analyze a new problem, pitch manure, program a computer, cook a tasty meal, fight efficiently, die gallantly. Specialization is for insects. (*Robert A. Heinlein, Time Enough for Love, 1973*)