



THE UNIVERSITY OF
CHICAGO

Department of Statistics

MASTER'S THESIS PRESENTATION

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Application of a Functional Approach to Estimate Conditional VaR
and Expected Shortfall

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ABSTRACT

The value-at-risk (VaR) and the expected shortfall (ES) are two famous risk measures in finance. In this paper, I introduce a functional approach to estimate the conditional VaR and conditional ES. The approach is tested on simulated data, compared with other methods. The idea of the norm selection problem for the functional space is also introduced. Finally, the approach is used in a real data problem.