BLACK-LITTERMAN MODEL WITH 52 WEEK HIGH MOMENTUM STRATEGY: EVIDENCE ON SET

PRAYOON WACHIRAPANSATHIT

5402042278

Master of Science Program in Finance (International Program)

Faculty of Commerce and Accountancy Thammasat University, Bangkok, Thailand

May 2013

ABSTRACT

This paper studies the portfolio optimization by using the Black-Litterman model incorporate with the 52-week high momentum strategy. By using 52-week high momentum strategy as an investor's view to update the believes in the returns' distribution, this study finds that the Black-Litterman models with 52 week high momentum strategy, both when the short-selling is allowed and when it is not, statistically outperform Black-Littemran with no investor's view and SET portfolio in all periods.