# Article information:

Portfolio insurance with a dynamic floor - ProQuest  
<http://gfcfb3986d46a0e014b68s0uwppvf5u5k56pcq.fzzh.libproxy.ruc.edu.cn/docview/759108465?accountid=13625>

# Article summary:

1. Portfolio insurance has a trade-off between upside capture and downside protection.

2. A dynamic floor discipline can improve the performance of portfolio insurance without increasing complexity.

3. The equal amount dynamic floor (EADF) is a practical and manageable alternative to fixed floor discipline that reduces uncertainty and creates higher risk-adjusted returns.

# Article rating:

Appears moderately imbalanced: The article provides some useful information, but is missing several important points or pieces of evidence that would be required to present the discussed topics in a balanced and reliable way. You are encouraged to seek a more balanced perspective on the presented issues by exploring the provided research topics and looking at different information sources.

# Article analysis:

The article titled "Portfolio insurance with a dynamic floor" discusses the limitations of traditional portfolio insurance strategies and proposes a new approach to overcome these limitations. While the article provides some valuable insights into the potential benefits of a dynamic floor discipline, it also has several biases and limitations that need to be considered.

One of the main biases in the article is its assumption that derivative markets are complete, which limits the practical application of portfolio insurance. This assumption may not hold true in all cases, and there may be situations where portfolio insurance can still be effective even if derivative markets are not complete. Additionally, the article focuses only on index options as trading assets, which restricts the general application of portfolio insurance.

Another limitation of the article is its focus on synthetic put (SP) and constant proportion portfolio insurance (CPPI) as current dynamic portfolio insurance strategies. While these strategies have been widely used in practice, there may be other dynamic strategies that could also be effective in different market conditions.

The article also makes unsupported claims about the effectiveness of the proposed equal amount dynamic floor (EADF) discipline compared to a fixed floor discipline. While simulation evidence is provided to support this claim, there may be other factors that could affect the performance of these disciplines in real-world scenarios.

Furthermore, the article does not explore counterarguments or potential risks associated with using a dynamic floor discipline. For example, there may be situations where a dynamic floor discipline could result in higher transaction costs or increased complexity in managing portfolios.

Overall, while the article provides some valuable insights into portfolio insurance with a dynamic floor discipline, it has several biases and limitations that need to be considered. It would have been more balanced if it had explored alternative approaches and considered potential risks associated with using a dynamic floor discipline.

# Topics for further research:

* Alternative dynamic portfolio insurance strategies
* Incomplete derivative markets and portfolio insurance
* Portfolio insurance beyond index options
* Risks associated with dynamic floor discipline
* Transaction costs of dynamic floor discipline
* Real-world performance of dynamic floor discipline

# Report location:

<https://www.fullpicture.app/item/e089ca4297ea4b44a4177f64992e843d>