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Burns Statistics Releases Portfolio Optimizer

19 May 2003—London—Burns Statistics announced the release of its POP Portfolio Optimizer software today. Most users will choose to use the S language interface—either in S-PLUS from Insightful Corporation, or in R, the open source version of S.

The optimizer's ease of use and acceptance of long-short portfolios have appeal for hedge funds. Its flexibility and powerful features—such as non-linear trading costs—are attractive to the quantitative analysts who are the traditional clientele of portfolio optimizers. Its utility is enhanced by the S language which arguably provides the most potent environment in which to perform quantitative work.

POP also has the ability to generate random portfolios. Applications for random portfolios include testing investment strategies, and bidding on a portfolio with some known characteristics but with unknown constituents.

In concert with the software release, a paper entitled "On Using Statistical Factor Models in Optimizing Long-Only Portfolios" has been added to the Working Papers section of the Burns Statistics website. The paper shows that the method of incorporating the benchmark into the input for the optimizer has a dramatic impact on the performance of the resulting portfolio.

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Extensive experience in both software development and quantitative finance puts Burns Statistics in a unique position to produce practical software for the financial industry.

For more details on the POP software, the S language or the working paper, see the Burns Statistics website at http://www.burns-stat.com/.

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