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Filtering Historical Simulation. Backtest Analysis

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Title:	**Filtering Historical Simulation. Backtest Analysis**
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Abstract:	This paper we backtest the FHS VaR model on three types of portfolios invested over a period of two years. The first set of backtests consists of LIFFE financial futures and options contracts traded on LIFFE. In the second set of backtests we examine the suitability of the FHS model on interest rate swaps. Finally, we backtest a set of mixed portfolios consisting of LIFFE interest rate futures and options as well as plain vanilla swaps. We go beyond the strict criteria of the BIS recommendations by evaluating daily risk at four different confidence levels and five different trading horizons for a large number of realistic portfolios