

1) My major concern of the paper is that it is suffering the data snooping problem. The authors use only top 10 and bottom 10 funds instead of all 239 funds. Actually, only 5% of all funds (bottom 10), the new measure seems good.

2) please add page numbers

3) Abstract

“However, performance measure , . . . . , more appropriate”.

[Comment: not exactly correct. When the assumption behind the mean-variance framework is true, then measuring profit is equivalent to measuring loss. The authors have to say that when the mean-variance assumption is violated . . . .,]

4) page 1, paragraph 1

“to ensure the longevity of markets”

[Comment: “longevity” is not a good word. A better word could be “health”, “healthy development”, “smooth development” or others]

5) p1, p2

“... , may offer a superior and natural extension of the use of VaR...”.

[Comment: the logic of this sentence is problematic. First, it is not consistent with the paper which finds that the Sharpe ratio is not a good measure. Second, the Sharpe ratio is developed in 60’s. It is very difficult to claim that the Sharpe ratio is an extension of VaR which appeared many years later.] Note: according to Jorion, “Till Guldemann can be viewed as the creator of term ‘value at risk’ while head of global research at J. P. Morgan in the late 1980’s.

6) P3, p1

“to avoid the objection” → “to accommodate this criticism”.

7) p3, p2

“become more pronounced with the frequency of the financial data”

[Comment: problematic sentence]

8) p3, p2

“Similar, if distribution of returns is significantly skewed, returns below the mean are likely to exceed returns above the mean”.

[Comment: this is not correct, since there are positively and negative skewed distributions]

9) p7, equation (3)

[Comment: add alpha to Equation (3) to make the formula complete]

10) p 13, p2

When discussing the survival bias, the authors say “we don’t find this issue to be especially relevant for our study”.

[Comment: this is not correct. If the authors could include non-active funds in their data sets, they could test the effectiveness of their new measure].

11) p14, p2

“for the shake of” → “for the sake of“

12) p14, p3

“upper fund” should be “top fund”?

[Comment: ‘upper fund’ is not defined.]

13) p14, p3

“Upper fund ....., most negative skewness, bottom fund ....., more negative skewness”.

[Question: one is ‘most negatively skewed’, the other is ‘more negatively skewed’, what’s the consequence? If add some values, it will be clearer.]

14) why fund IDs are not showed in the Table?

15) p14, p4

“These results indicate .....

[Comment: the paragraph is only true for those twenty funds. Why not test all funds?]

16) figures 1-3

[Comment: those qq-plot are not helpful in explaining the (in)normality.]

17) p15, p2

“....., we have negative Sharpe, ....., beat the market”.

[Comment: This sentence is misleading. Usually, ‘the market’ is referred to equity (stock) markets, not risk-free rate. Even with a positive Sharpe ratio, we could not claim that the fund beats the market since it only beats the risk-free rate!]

18) p16, p4

“provide the same evaluation of funds” → “provide the same ranking of funds”.

19) p20, p1

“normal-VaR results are usually underestimated”

Should be “normal-VaR results usually underestimate the true risks”?

20) p20,p4

“For the distribution of the bottom ten, we reject that they follow normal distribution in all but one case”.

[comment 1: use plural of 'distribution', i.e., 'follow normal distributions']

[comment 2: not consistent with the statement on page 15].

The above statement says: 9 funds don't follow normal distributions.

On page 15, it stated " while in the bottom ten, normality is clearly rejected only in one case"

This means one fund does not follow a normal distribution.

21) p21, p3

"exclusive responsibility" → "sole responsibility"