Investing is a trade-off between risk and reward. The reward is relatively straightforward to determine, but modelling risk has been a major problem form the beginning. Traditionally, both gains and losses are assumed to contribute to risk equally, and in a rather rigid manner. Stochastic Dominance frees the model of risk of these problematic assumptions and lets the data indicate if any of a broad range of risk measures will be able to explain a portfolio of assets. The method is more complex, but this thesis proposes several exciting new ways of dealing with the problems of Stochastic Dominance analysis.

**Philippe Versijp (1980)** obtained his M.Sc. in Economics from Erasmus University Rotterdam (cum laude) and an M.Phil. from the Tinbergen Institute. His research interests include development of new methodologies in Asset Pricing, Stochastic Dominance and non-linear utility specifications. Part of his work is forthcoming in the *Journal of Financial and Quantitative Analysis*. 