INTRODUCTION TO PORTFOLIO ANALYSIS

Time-Variation In Portfolio Performance

Bulls & Bears

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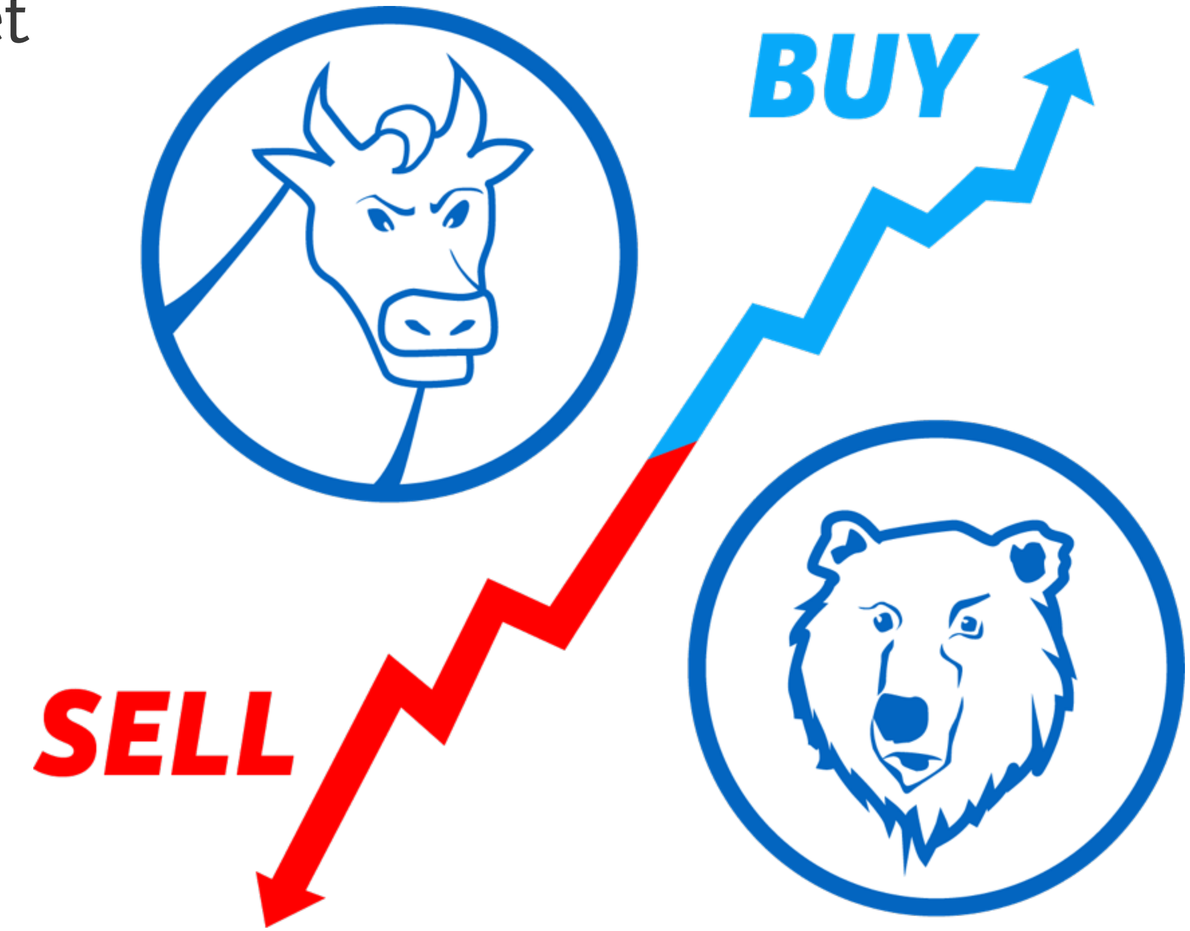
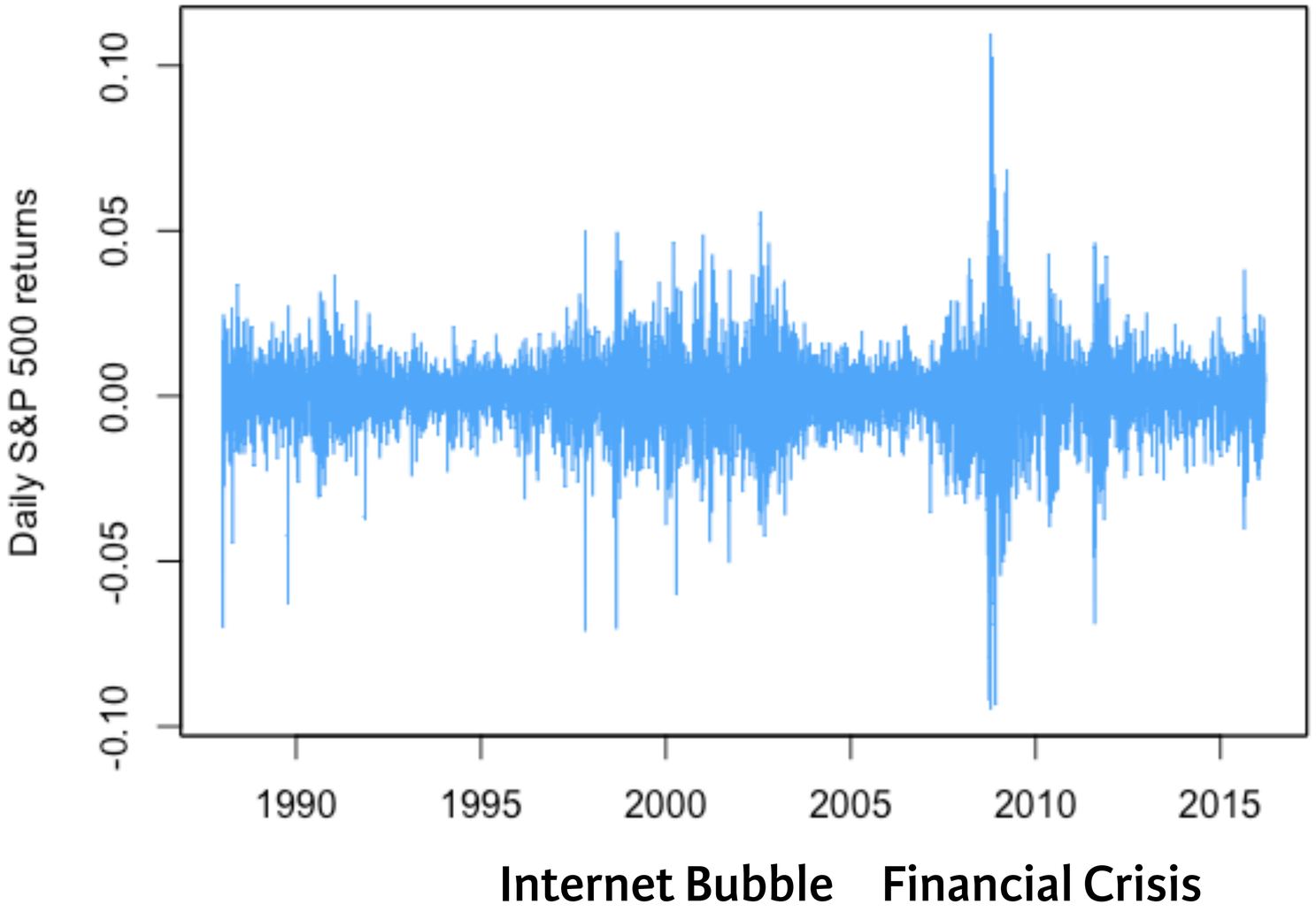


Clusters of High & Low Volatility



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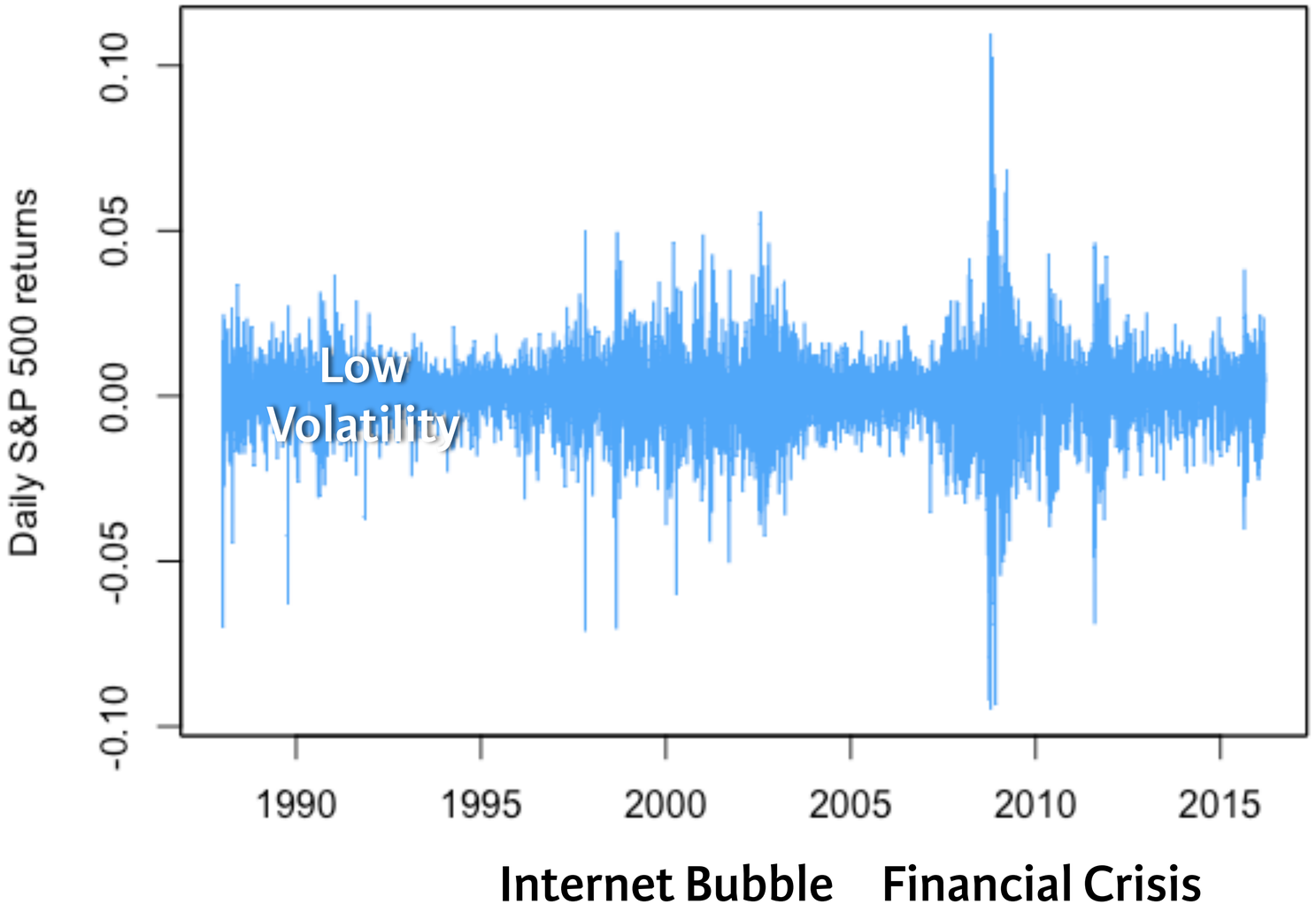

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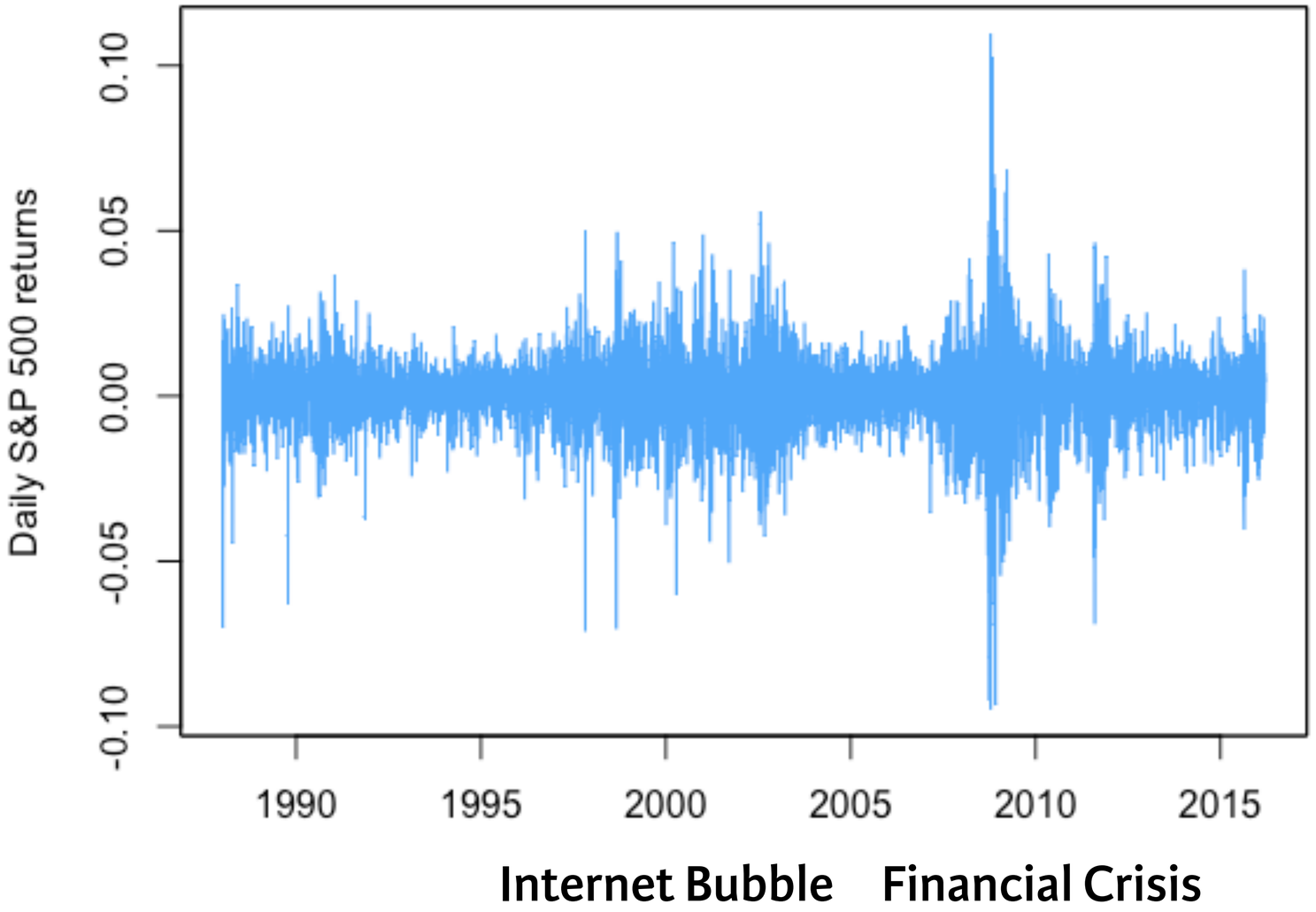

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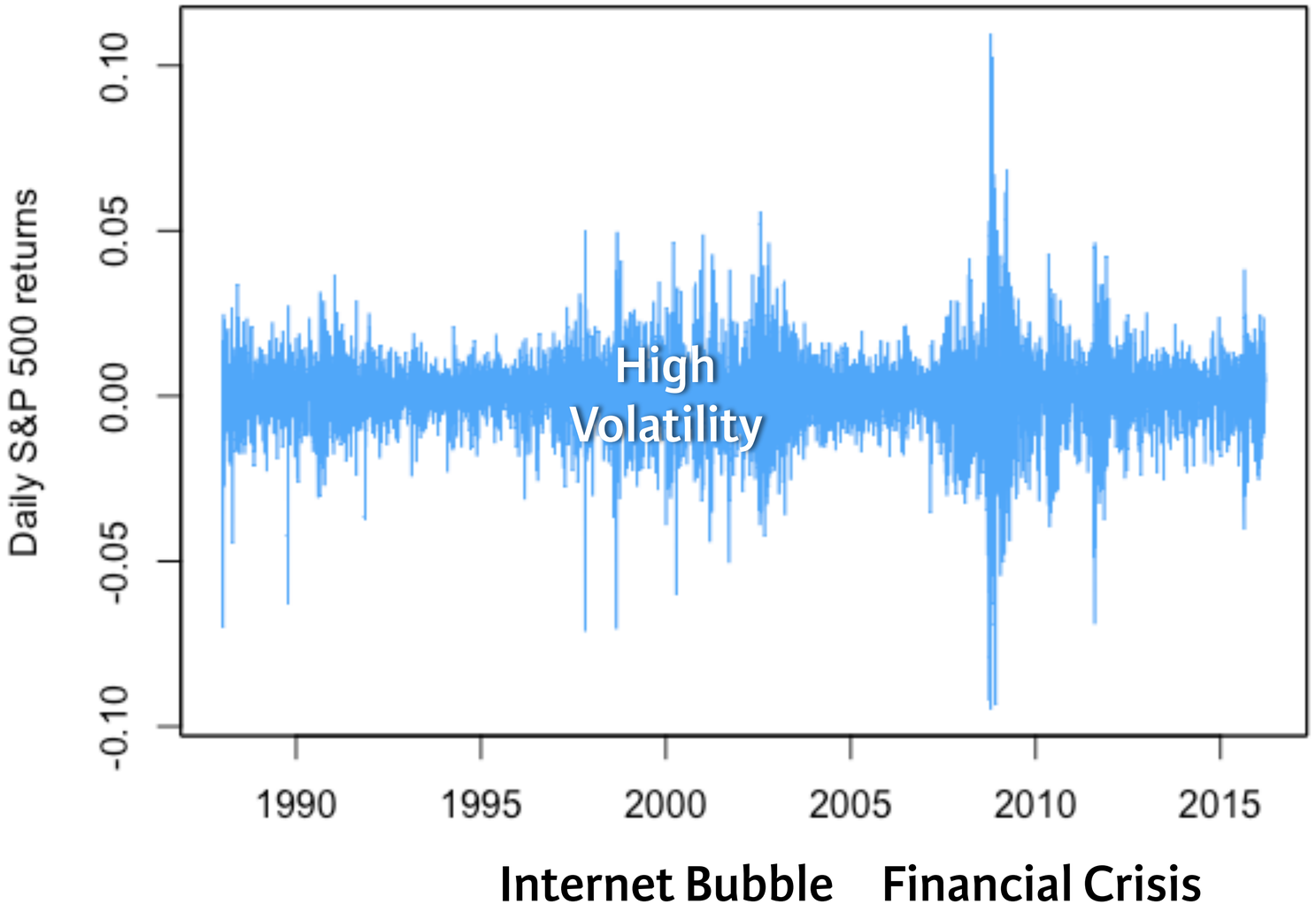

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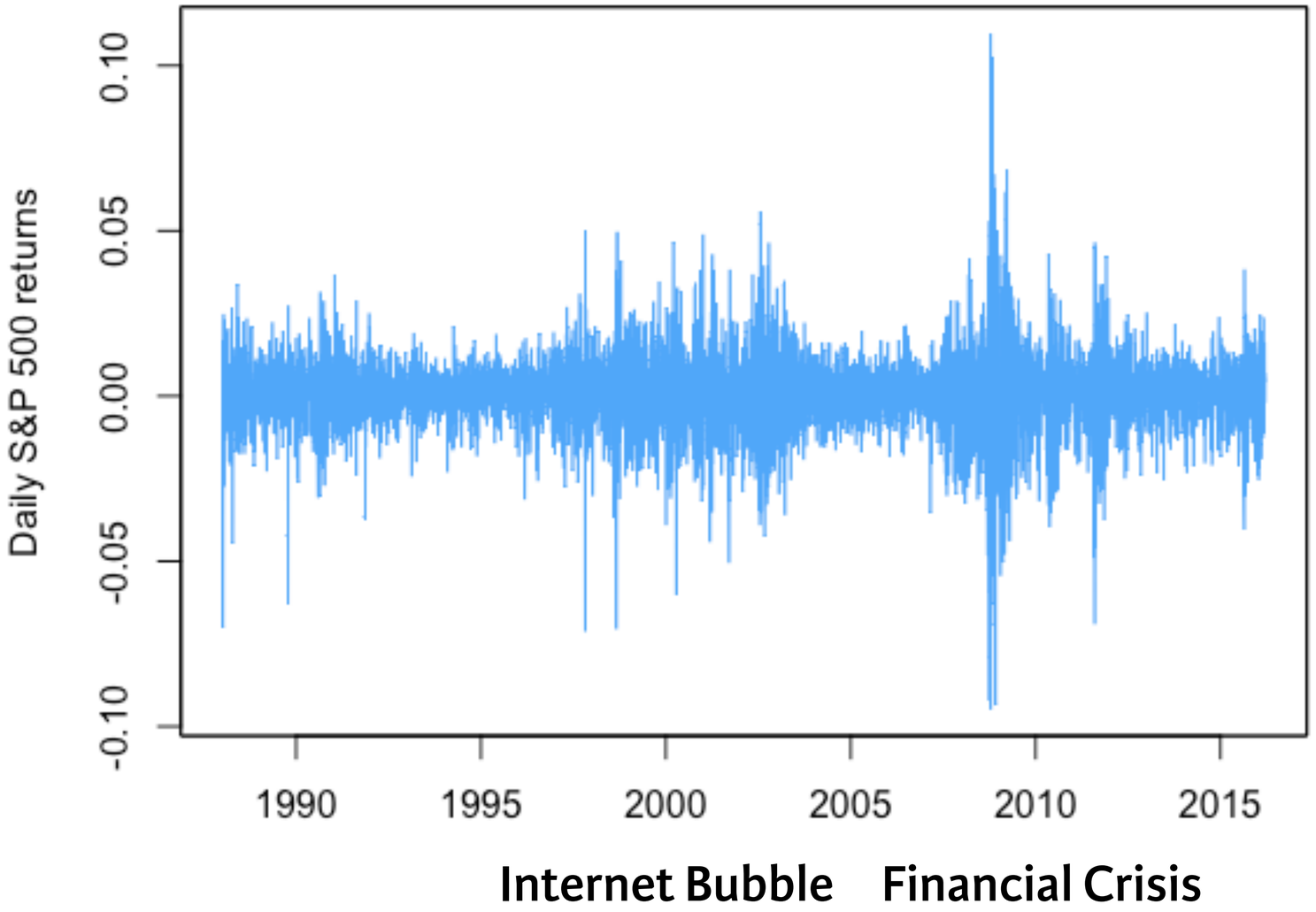

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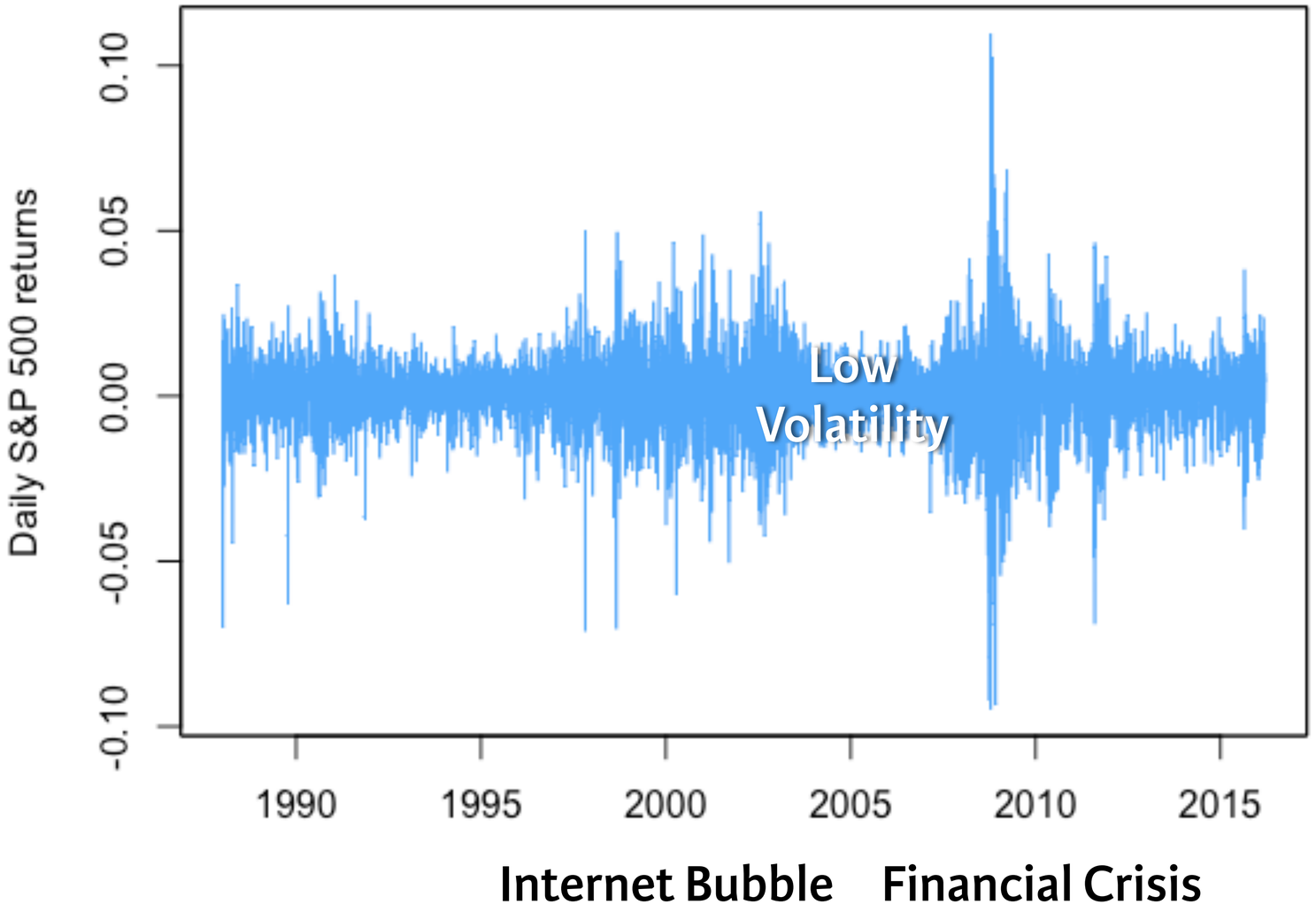

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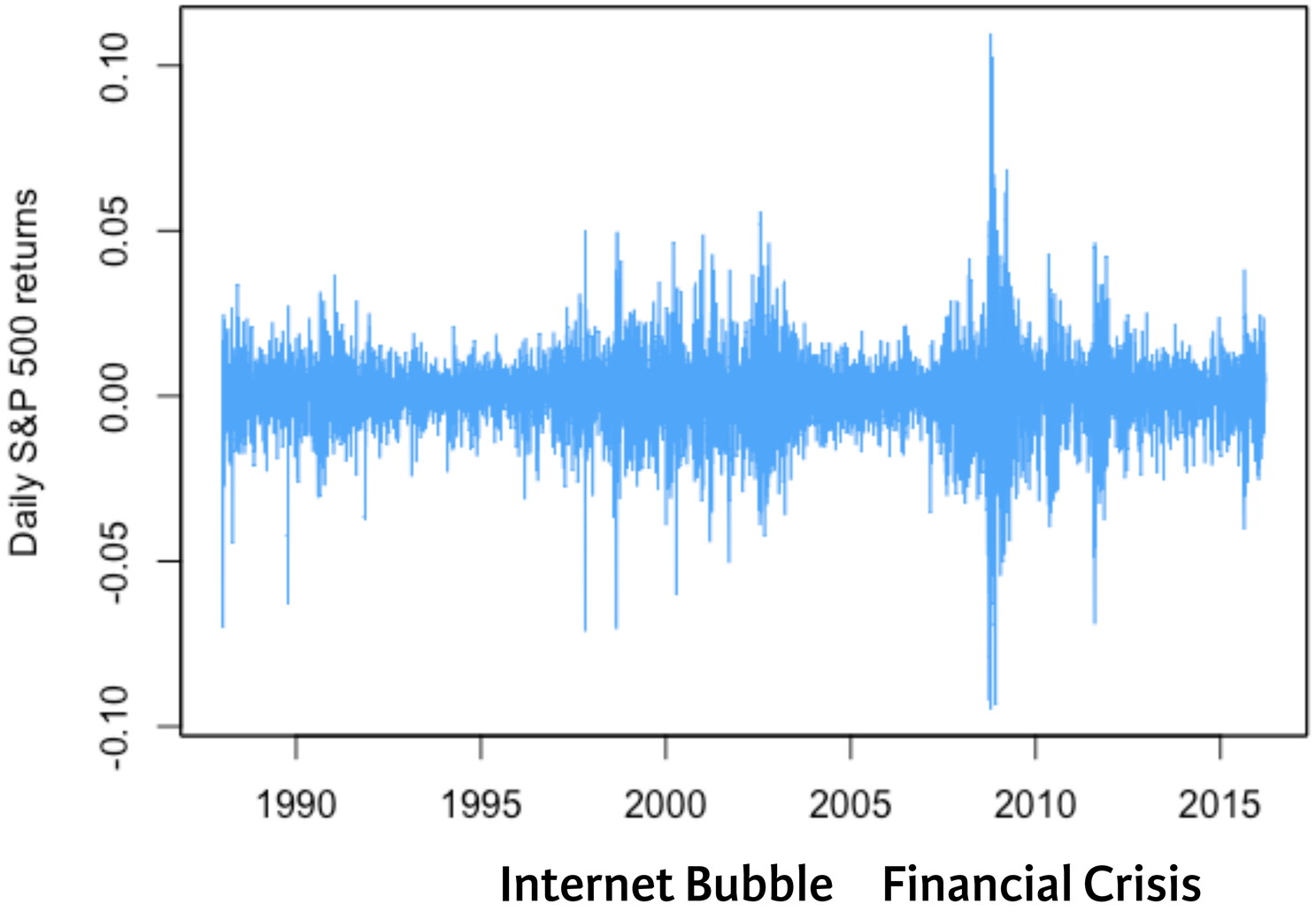

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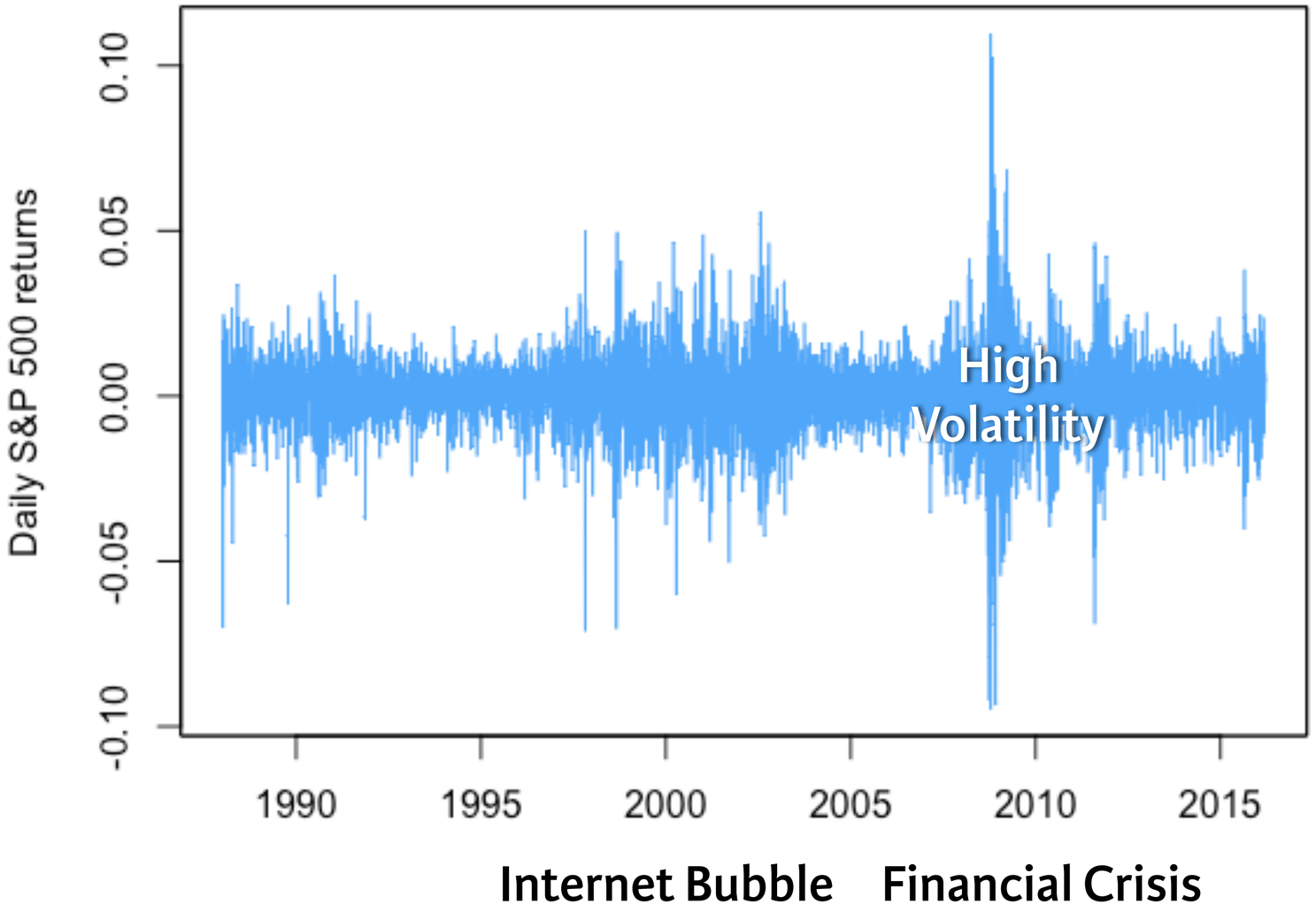

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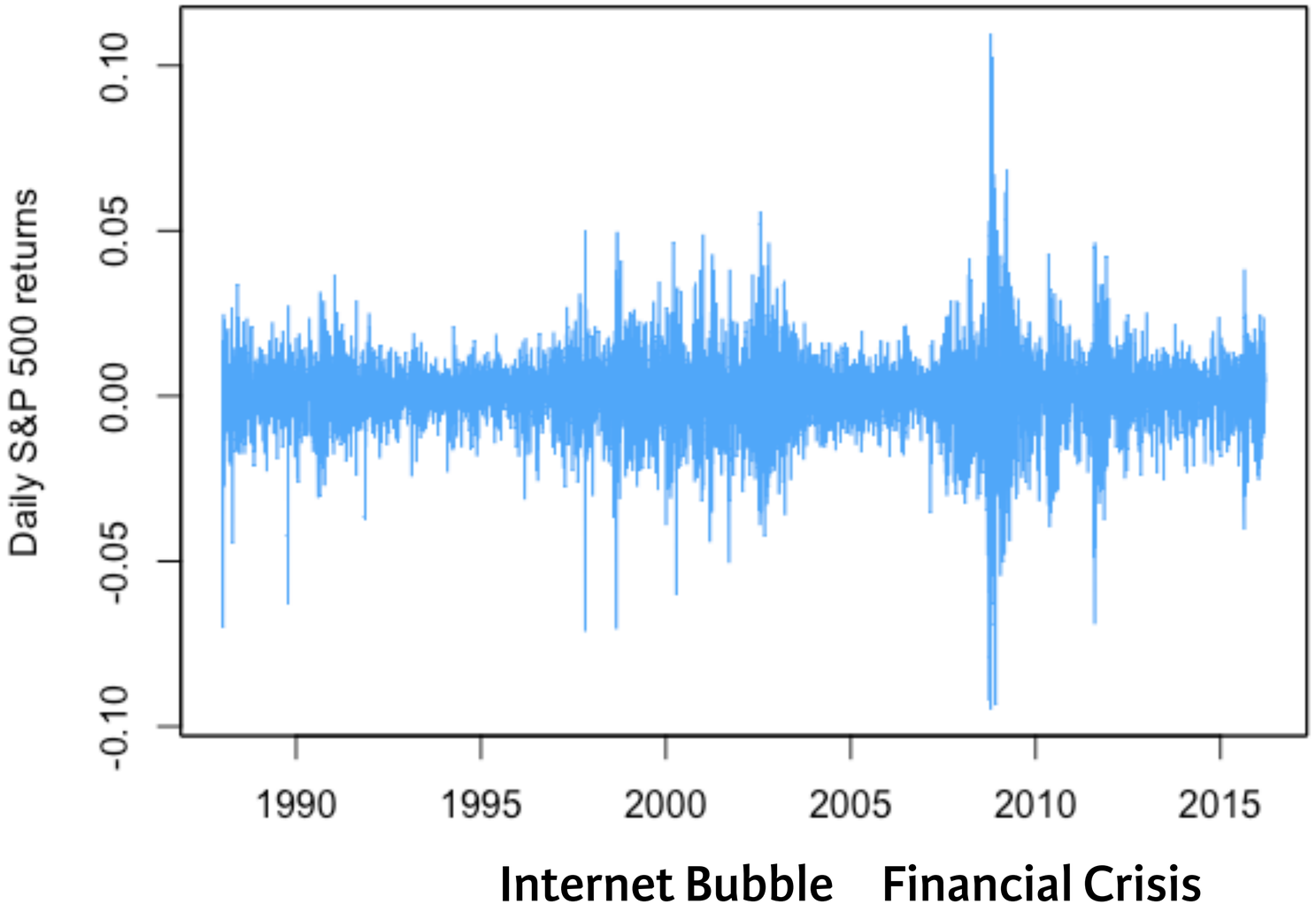

Rolling Estimation Samples

- Rolling samples of K observations:
  - Discard the most distant and include the most recent

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Rolling Performance Calculation

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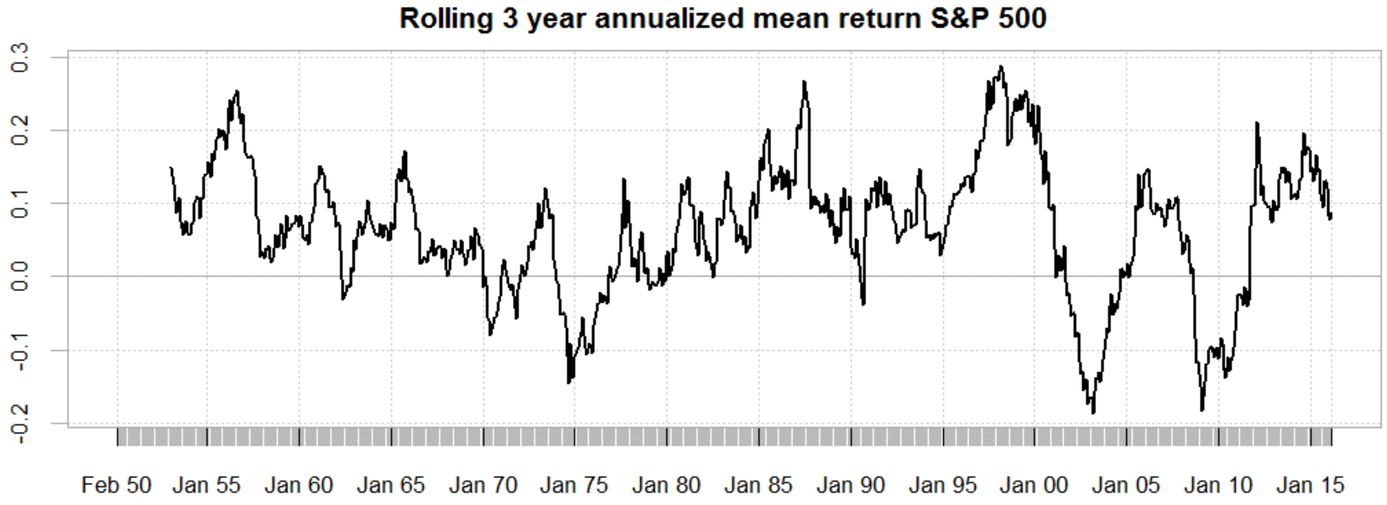

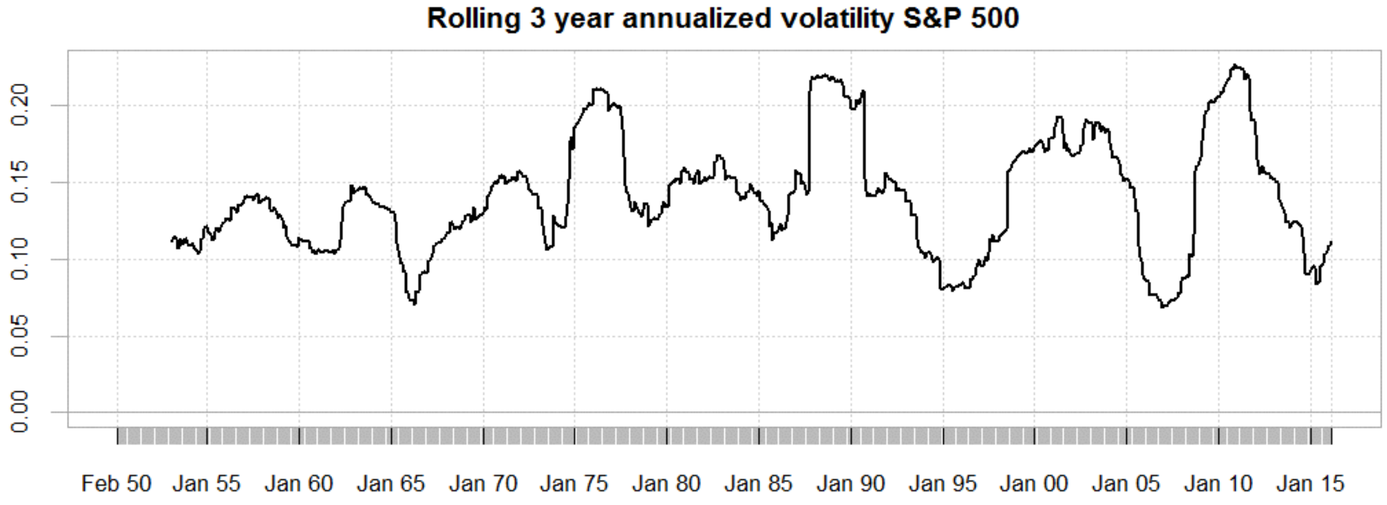

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- Shorter sub-periods provide more information on recent observations