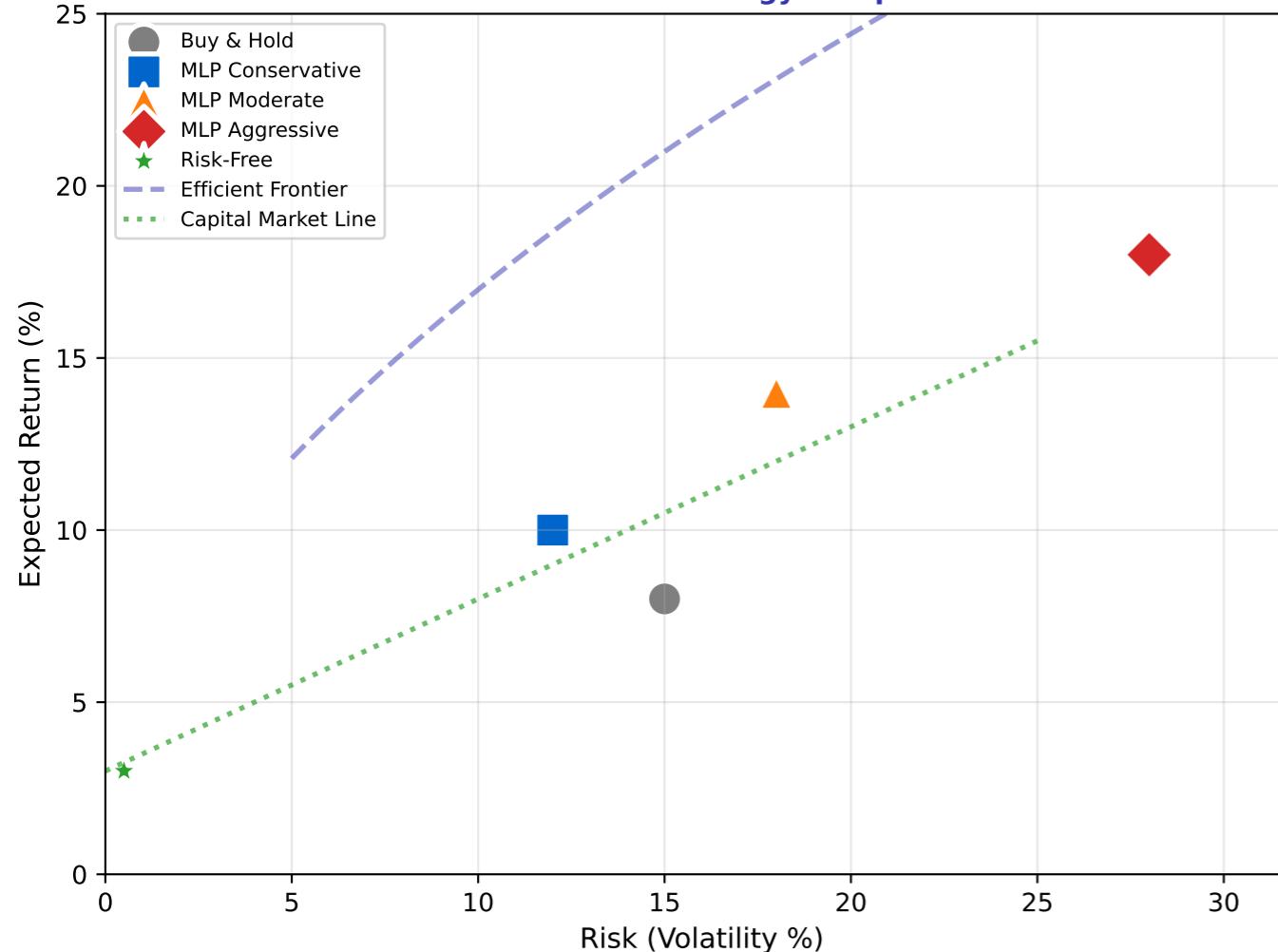


Risk-Adjusted Performance: The Complete Picture

Risk vs Return: Strategy Comparison



Key Risk Metrics

Sharpe Ratio

$$(R_p - R_f)/\sigma_p$$

Risk-adjusted return

Sortino Ratio

$$(R_p - R_f)/\sigma_d$$

Only downside risk

Max Drawdown

$$\max(Peak - Trough)$$

Worst loss from peak

Calmar Ratio

$$R_p/\text{MaxDD}$$

Return vs worst loss

Information Ratio

$$(R_p - R_b)/TE$$

Active return per risk

High returns mean nothing without considering risk!
Always evaluate strategies using risk-adjusted metrics.