

Assignment - 6

CAGR (Compound Annual Growth rate)

CAGR is a metric used to measure the mean annual growth rate of an investment over a specified period of time, assuming the profits were reinvested at the end of each period of growth, ignoring the effects of volatility during the period.

formula:

$$CAGR = \left(\frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\frac{1}{n}} - 1$$

(ex):

Starting value = 50,000

Ending value = 80,000

Years = 4

$$CAGR = \left(\frac{80,000}{50,000} \right)^{\frac{1}{4}} - 1$$

$$CAGR = 12.47\%$$

Ram