Collaborative Review Task 4

In this module, you are required to complete a collaborative review task, which is designed to test your ability to apply and analayze the knowledge you have learned during the week

Question:

1. Download 1-2 years of SPY. Find two other ETF that track it.

2. Compute the return, active returns, and average active return.

3. Compute the tracking error and mean-adjusted tracking error.

4. Which ETF tracks the S&P500 better?

5. Download the Select SPDR funds (tickers = XLB, XLE, XLF, XLI, XLK, XLP, XLRE, XLU, XLV, XLY) over the same time period as you did for SPY.

6. Compute the returns.

7. Write a function that computes active return internally and uses that to compute the mean-adjusted tracking error.

8. Determine which single sector fund best tracks the S&P500.

Answers:

1. Download 1-2 years of SPY. Find two other ETF that track it.

For this assignment, I downloaded the data from Yahoo!Finance and edited the files to include only consist of two columns: Date and Adj Close.