# Portfolio construction——TIPP

## Conception

TIPP is the abbreviation of Time Invariant Portfolio Protection. When the stock price rises, investors mostly care about the protection of the current asset value, hoping to preserve the floating profits, rather than just considering the investment principal. The TIPP strategy changes the insurance limit from fixed to variable, and links the insurance limit to the net asset value. The insurance limit is a fixed proportion of the highest net asset value at a certain point in time. When the net asset value changes, a new insurance limit can be obtained, the new insurance limit is compared with the original insurance limit, and the larger one is taken as the insurance limit after the net asset value changes.

## Formulation

In the TIPP strategy, the value bottom line is not fixed, but the value bottom line determined according to the beginning ratio and the current portfolio value and the original value bottom line, and the larger one is selected as the new value bottom line, that is, when the total value of the investment portfolio rises When the time, the bottom line of value will also rise; if the total value of the portfolio falls, the bottom line of value will remain at the original level. The theoretical formula is:

Where refers to the total assets in period t, refers to risk-free assets, f refers to the fixed coverage ratio, refers to risk assets, refers to the minimum insurance amount in period t, and m refers to investment multiplier.