OpenSourceTools-Deji D

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1 My Jupiter Notebook on IBM Data Science Experience

Deji Dipeolu

Market Risk Business Analyst

I am interested in Data Science because it cuts across everything we do and will help us understand the world a lot better and tell better informed stories

1.0.1 Cell 5 calculates the expected return of a portfolio of two assets where asset A is allocated 75% of the portfolio with a return of 25% and asset B is allocated 25% of the portfolio with a return of 10%

[8]:
```
asset_A = 0.75
asset_B = 0.25
return_A = 0.25
return_B = 0.1
return_portfolio = asset_A*return_A + asset_B*return_B
print ("The expected return on the portfolio is "+␣
 ↪str(return_portfolio*100)+"%")
```

```
The expected return on the portfolio is 21.25%
```

Expected Return on a portfolio is = R1P1 + R2P2 + ….+RNPN where:
* R = expectation in a given scenario
* P = probability of the return being achieved in this scenario
* N = scenario number

The formula and explanation can be found here