Summary

The book “Portfolio Rebalancing” by Edward E. Qian presents a mathematical and empirical analysis of the portfolio rebalancin.

The first part of the book presents a mathematical analysis to the portfolio rebalancing. The book present how the portfolio rebalancing alpha can be break down into two separate effect, volatility effect and return effect and it analyze the effect of each component and the combine effect to the total rebalancing alpha.

The author defines a fictitious return, g̅, which is a weighted return of geometric return of assets in the portfolio and the