Let me illustrate the difference of the methods that we are using, we know that:

Now, in the algorithm we are calculating the Omega Ratio for each of the business cycles following the aforementioned formula.

When it comes to the aggregation of the metrics we have a lot of possibilities but let me illustrate the one that is being used and the one that I think that you mentioned.

Now replacing in the previous formula the original Omega Ratio one, we have:

Which is the formula that is coded into the algorithm at the moment in the system.

Furthermore, let’s review another approach. If we want to calculate the Expected values for each of the components to calculate the ratio we would have:

Now if we calculate the Omega Ratio like this we will have:

If we compare the formulas it will yield:

So if we want that our expected results could be “divisible” to yield the Omega Ratio, we will have to follow the methodology from the right.

I will be attentive to your comments,

Victor.