

harry-browne-permanent-portfolio

June 5, 2025

1 Does Harry Browne's permanent portfolio withstand the test of time?

1.1 Python Imports

```
[1]: # Standard Library
import datetime
import io
import os
import random
import sys
import warnings

from datetime import datetime, timedelta
from pathlib import Path

# Data Handling
import numpy as np
import pandas as pd

# Data Visualization
import matplotlib.dates as mdates
import matplotlib.pyplot as plt
import matplotlib.ticker as mtick
import seaborn as sns
from matplotlib.ticker import FormatStrFormatter, FuncFormatter, MultipleLocator

# Data Sources
import yfinance as yf

# Statistical Analysis
import statsmodels.api as sm

# Machine Learning
from sklearn.decomposition import PCA
from sklearn.preprocessing import StandardScaler
```

```
# Suppress warnings
warnings.filterwarnings("ignore")
```

1.2 Add Directories To Path

```
[2]: # Add the source subdirectory to the system path to allow import config from settings.py
current_directory = Path(os.getcwd())
website_base_directory = current_directory.parent.parent.parent
src_directory = website_base_directory / "src"
sys.path.append(str(src_directory)) if str(src_directory) not in sys.path else None

# Import settings.py
from settings import config

# Add configured directories from config to path
SOURCE_DIR = config("SOURCE_DIR")
sys.path.append(str(Path(SOURCE_DIR))) if str(Path(SOURCE_DIR)) not in sys.path else None

QUANT_FINANCE_RESEARCH_BASE_DIR = config("QUANT_FINANCE_RESEARCH_BASE_DIR")
sys.path.append(str(Path(QUANT_FINANCE_RESEARCH_BASE_DIR))) if str(Path(QUANT_FINANCE_RESEARCH_BASE_DIR)) not in sys.path else None

QUANT_FINANCE_RESEARCH_SOURCE_DIR = config("QUANT_FINANCE_RESEARCH_SOURCE_DIR")
sys.path.append(str(Path(QUANT_FINANCE_RESEARCH_SOURCE_DIR))) if str(Path(QUANT_FINANCE_RESEARCH_SOURCE_DIR)) not in sys.path else None

# Add other configured directories
BASE_DIR = config("BASE_DIR")
CONTENT_DIR = config("CONTENT_DIR")
POSTS_DIR = config("POSTS_DIR")
PAGES_DIR = config("PAGES_DIR")
PUBLIC_DIR = config("PUBLIC_DIR")
SOURCE_DIR = config("SOURCE_DIR")
DATA_DIR = config("DATA_DIR")
DATA_MANUAL_DIR = config("DATA_MANUAL_DIR")

# Print system path
for i, path in enumerate(sys.path):
    print(f"{i}: {path}")
```

```
0: /usr/lib/python313.zip
1: /usr/lib/python3.13
2: /usr/lib/python3.13/lib-dynload
3:
```

```
4: /home/jared/python-virtual-envs/general_313/lib/python3.13/site-packages
5: /home/jared/Cloud_Storage/Dropbox/Websites/jaredszajkowski.github.io/src
6: /home/jared/Cloud_Storage/Dropbox/Quant_Finance_Research
7: /home/jared/Cloud_Storage/Dropbox/Quant_Finance_Research/src
```

1.3 Track Index Dependencies

```
[3]: # Create file to track markdown dependencies
dep_file = Path("index_dep.txt")
dep_file.write_text("")
```

```
[3]: 0
```

1.4 Python Functions

```
[4]: from bb_clean_data import bb_clean_data
from df_info import df_info
from df_info_markdown import df_info_markdown
from export_track_md_deps import export_track_md_deps
from load_data import load_data
from pandas_set_decimal_places import pandas_set_decimal_places
from strategy_harry_brown_perm_port import strategy_harry_brown_perm_port
from summary_stats import summary_stats
```

1.5 Data Overview

1.5.1 Load Data

```
[5]: # Set decimal places
pandas_set_decimal_places(2)

# Bonds dataframe
bb_clean_data(
    base_directory=DATA_DIR,
    fund_ticker_name="SPBDU10T_S&P US Treasury Bond 7-10 Year Total Return_
↳Index",
    source="Bloomberg",
    asset_class="Indices",
    excel_export=True,
    pickle_export=True,
    output_confirmation=True,
)

bonds_data = load_data(
    base_directory=DATA_DIR,
    ticker="SPBDU10T_S&P US Treasury Bond 7-10 Year Total Return Index_Clean",
    source="Bloomberg",
    asset_class="Indices",
```

```

        timeframe="Daily",
    )

    bonds_data['Date'] = pd.to_datetime(bonds_data['Date'])
    bonds_data.set_index('Date', inplace = True)
    bonds_data = bonds_data[(bonds_data.index >= '1990-01-01') & (bonds_data.index
        <= '2023-12-31')]
    bonds_data.rename(columns={'Close': 'Bonds_Close'}, inplace=True)
    bonds_data['Bonds_Daily_Return'] = bonds_data['Bonds_Close'].pct_change()
    bonds_data['Bonds_Total_Return'] = (1 + bonds_data['Bonds_Daily_Return']).
        cumprod()
    display(bonds_data.head())

```

The first and last date of data for SPBDU10T_S&P US Treasury Bond 7-10 Year Total Return Index is:

```

                Close
Date
1989-12-29    100

                Close
Date
2024-04-30  579.02

```

Bloomberg data cleaning complete for SPBDU10T_S&P US Treasury Bond 7-10 Year Total Return Index

Date	Bonds_Close	Bonds_Daily_Return	Bonds_Total_Return
1990-01-02	99.97	NaN	NaN
1990-01-03	99.73	-0.00	1.00
1990-01-04	99.81	0.00	1.00
1990-01-05	99.77	-0.00	1.00
1990-01-08	99.68	-0.00	1.00

```

[6]: # Copy this <!-- INSERT_01_Bonds_Data_Head_HERE --> to index_temp.md
export_track_md_deps(dep_file=dep_file, md_filename="01_Bonds_Data_Head.md",
    content=bonds_data.head().to_markdown(floatfmt=".3f"))

```

Exported and tracked: 01_Bonds_Data_Head.md

```

[7]: # Stocks dataframe
bb_clean_data(
    base_directory=DATA_DIR,
    fund_ticker_name="SPXT_S&P 500 Total Return Index",
    source="Bloomberg",
    asset_class="Indices",
    excel_export=True,
    pickle_export=True,

```

```

        output_confirmation=True,
    )

stocks_data = load_data(
    base_directory=DATA_DIR,
    ticker="SPXT_S&P 500 Total Return Index_Clean",
    source="Bloomberg",
    asset_class="Indices",
    timeframe="Daily",
)

stocks_data['Date'] = pd.to_datetime(stocks_data['Date'])
stocks_data.set_index('Date', inplace = True)
stocks_data = stocks_data[(stocks_data.index >= '1990-01-01') & (stocks_data.
    ↪index <= '2023-12-31')]
stocks_data.rename(columns={'Close': 'Stocks_Close'}, inplace=True)
stocks_data['Stocks_Daily_Return'] = stocks_data['Stocks_Close'].pct_change()
stocks_data['Stocks_Total_Return'] = (1 + stocks_data['Stocks_Daily_Return']).
    ↪cumprod()
display(stocks_data.head())

```

The first and last date of data for SPXT_S&P 500 Total Return Index is:

```

        Close
Date
1988-01-04 256.02

```

```

        Close
Date
2024-04-30 10951.66

```

Bloomberg data cleaning complete for SPXT_S&P 500 Total Return Index

```

-----
        Stocks_Close  Stocks_Daily_Return  Stocks_Total_Return
Date
1990-01-01          NaN                NaN                NaN
1990-01-02        386.16                NaN                NaN
1990-01-03        385.17             -0.00                1.00
1990-01-04        382.02             -0.01                0.99
1990-01-05        378.30             -0.01                0.98

```

```

[8]: # Copy this <!-- INSERT_01_Stocks_Data_Head_HERE --> to index_temp.md
export_track_md_deps(dep_file=dep_file, md_filename="01_Stocks_Data_Head.md",
    ↪content=stocks_data.head().to_markdown(floatfmt=".3f"))

```

Exported and tracked: 01_Stocks_Data_Head.md

```

[9]: # Gold dataframe
bb_clean_data(

```

```

base_directory=DATA_DIR,
fund_ticker_name="XAU_Gold USD Spot",
source="Bloomberg",
asset_class="Commodities",
excel_export=True,
pickle_export=True,
output_confirmation=True,
)

gold_data = load_data(
    base_directory=DATA_DIR,
    ticker="XAU_Gold USD Spot_Clean",
    source="Bloomberg",
    asset_class="Commodities",
    timeframe="Daily",
)

gold_data['Date'] = pd.to_datetime(gold_data['Date'])
gold_data.set_index('Date', inplace = True)
gold_data = gold_data[(gold_data.index >= '1990-01-01') & (gold_data.index <=
↪ '2023-12-31')]
gold_data.rename(columns={'Close': 'Gold_Close'}, inplace=True)
gold_data['Gold_Daily_Return'] = gold_data['Gold_Close'].pct_change()
gold_data['Gold_Total_Return'] = (1 + gold_data['Gold_Daily_Return']).cumprod()
display(gold_data.head())

```

The first and last date of data for XAU_Gold USD Spot is:

```

      Close
Date
1949-12-30  34.69

```

```

      Close
Date
2024-05-01 2299.31

```

Bloomberg data cleaning complete for XAU_Gold USD Spot

```

      Gold_Close  Gold_Daily_Return  Gold_Total_Return
Date
1990-01-02      399.00             NaN              NaN
1990-01-03      395.00            -0.01             0.99
1990-01-04      396.50             0.00             0.99
1990-01-05      405.00             0.02             1.02
1990-01-08      404.60            -0.00             1.01

```

[10]: *# Copy this <!-- INSERT_01_Gold_Data_Head_HERE --> to index_temp.md*

```
export_track_md_deps(dep_file=dep_file, md_filename="01_Gold_Data_Head.md",
    ↳content=gold_data.head().to_markdown(floatfmt=".3f"))
```

Exported and tracked: 01_Gold_Data_Head.md

1.5.2 Combine Data

```
[11]: # Merge the stock data and bond data into a single DataFrame using their
    ↳indices (dates)
perm_port = pd.merge(stocks_data['Stocks_Close'], bonds_data['Bonds_Close'],
    ↳left_index=True, right_index=True)

# Add gold data to the portfolio DataFrame by merging it with the existing data
    ↳on indices (dates)
perm_port = pd.merge(perm_port, gold_data['Gold_Close'], left_index=True,
    ↳right_index=True)

# Add a column for cash with a constant value of 1 (assumes the value of cash
    ↳remains constant at $1 over time)
perm_port['Cash_Close'] = 1

# Remove any rows with missing values (NaN) to ensure clean data for further
    ↳analysis
perm_port.dropna(inplace=True)

# Display the finalized portfolio DataFrame
display(perm_port)
```

	Stocks_Close	Bonds_Close	Gold_Close	Cash_Close
Date				
1990-01-02	386.16	99.97	399.00	1
1990-01-03	385.17	99.73	395.00	1
1990-01-04	382.02	99.81	396.50	1
1990-01-05	378.30	99.77	405.00	1
1990-01-08	380.04	99.68	404.60	1
...
2023-12-22	10292.37	604.17	2053.08	1
2023-12-26	10335.98	604.55	2067.81	1
2023-12-27	10351.60	609.36	2077.49	1
2023-12-28	10356.59	606.83	2065.61	1
2023-12-29	10327.83	606.18	2062.98	1

[8479 rows x 4 columns]

1.5.3 Check For Missing Values

```
[12]: # Check for any missing values in each column
perm_port.isnull().any()
```

```
[12]: Stocks_Close    False
      Bonds_Close    False
      Gold_Close     False
      Cash_Close     False
      dtype: bool
```

1.5.4 Permanent Portfolio DataFrame Info

```
[13]: df_info(perm_port)
```

The columns, shape, and data types are:
<class 'pandas.core.frame.DataFrame'>
DatetimeIndex: 8479 entries, 1990-01-02 to 2023-12-29
Data columns (total 4 columns):
Column Non-Null Count Dtype
--- ---
0 Stocks_Close 8479 non-null float64
1 Bonds_Close 8479 non-null float64
2 Gold_Close 8479 non-null float64
3 Cash_Close 8479 non-null int64
dtypes: float64(3), int64(1)
memory usage: 331.2 KB
None
The first 5 rows are:

	Stocks_Close	Bonds_Close	Gold_Close	Cash_Close
Date				
1990-01-02	386.16	99.97	399.00	1
1990-01-03	385.17	99.73	395.00	1
1990-01-04	382.02	99.81	396.50	1
1990-01-05	378.30	99.77	405.00	1
1990-01-08	380.04	99.68	404.60	1

The last 5 rows are:

	Stocks_Close	Bonds_Close	Gold_Close	Cash_Close
Date				
2023-12-22	10292.37	604.17	2053.08	1
2023-12-26	10335.98	604.55	2067.81	1
2023-12-27	10351.60	609.36	2077.49	1
2023-12-28	10356.59	606.83	2065.61	1
2023-12-29	10327.83	606.18	2062.98	1


```
[14]: # Copy this <!-- INSERT_02_Perm_Port_DF_Info_HERE --> to index_temp.md
export_track_md_deps(dep_file=dep_file, md_filename="02_Perm_Port_DF_Info.md",
↳content=df_info_markdown(perm_port))
```

Exported and tracked: 02_Perm_Port_DF_Info.md

1.6 Execute Strategy

```
[15]: # List of funds to be used
fund_list = ['Stocks', 'Bonds', 'Gold', 'Cash']

# Starting cash contribution
starting_cash = 10000

# Monthly cash contribution
cash_contrib = 0

strat = strategy_harry_brown_perm_port(
    fund_list=fund_list,
    starting_cash=starting_cash,
    cash_contrib=cash_contrib,
    close_prices_df=perm_port,
    rebal_month=1,
    rebal_day=1,
    rebal_per_high=0.35,
    rebal_per_low=0.15,
    excel_export=True,
    pickle_export=True,
    output_confirmation=True,
)

strat = strat.set_index('Date')
```

Strategy complete for Stocks_Bonds_Gold_Cash

```
[16]: df_info(strat)
```

The columns, shape, and data types are:

```
<class 'pandas.core.frame.DataFrame'>
```

DatetimeIndex: 8479 entries, 1990-01-02 to 2023-12-29

Data columns (total 34 columns):

#	Column	Non-Null Count	Dtype
0	Stocks_Close	8479 non-null	float64
1	Bonds_Close	8479 non-null	float64
2	Gold_Close	8479 non-null	float64
3	Cash_Close	8479 non-null	int64
4	Stocks_BA_Shares	8479 non-null	float64
5	Stocks_BA_\$_Invested	8479 non-null	float64

6	Stocks_BA_Port_%	8479	non-null	float64
7	Bonds_BA_Shares	8479	non-null	float64
8	Bonds_BA_\$_Invested	8479	non-null	float64
9	Bonds_BA_Port_%	8479	non-null	float64
10	Gold_BA_Shares	8479	non-null	float64
11	Gold_BA_\$_Invested	8479	non-null	float64
12	Gold_BA_Port_%	8479	non-null	float64
13	Cash_BA_Shares	8479	non-null	float64
14	Cash_BA_\$_Invested	8479	non-null	float64
15	Cash_BA_Port_%	8479	non-null	float64
16	Total_BA_\$_Invested	8479	non-null	float64
17	Contribution	8479	non-null	int64
18	Rebalance	8479	non-null	object
19	Stocks_AA_Shares	8479	non-null	float64
20	Stocks_AA_\$_Invested	8479	non-null	float64
21	Stocks_AA_Port_%	8479	non-null	float64
22	Bonds_AA_Shares	8479	non-null	float64
23	Bonds_AA_\$_Invested	8479	non-null	float64
24	Bonds_AA_Port_%	8479	non-null	float64
25	Gold_AA_Shares	8479	non-null	float64
26	Gold_AA_\$_Invested	8479	non-null	float64
27	Gold_AA_Port_%	8479	non-null	float64
28	Cash_AA_Shares	8479	non-null	float64
29	Cash_AA_\$_Invested	8479	non-null	float64
30	Cash_AA_Port_%	8479	non-null	float64
31	Total_AA_\$_Invested	8479	non-null	float64
32	Return	8478	non-null	float64
33	Cumulative_Return	8478	non-null	float64

dtypes: float64(31), int64(2), object(1)

memory usage: 2.3+ MB

None

The first 5 rows are:

	Stocks_Close	Bonds_Close	Gold_Close	Cash_Close	\
Date					
1990-01-02	386.16	99.97	399.00	1	
1990-01-03	385.17	99.73	395.00	1	
1990-01-04	382.02	99.81	396.50	1	
1990-01-05	378.30	99.77	405.00	1	
1990-01-08	380.04	99.68	404.60	1	

	Stocks_BA_Shares	Stocks_BA_\$_Invested	Stocks_BA_Port_%	\
Date				
1990-01-02	6.47	2500.00	0.25	
1990-01-03	6.47	2493.59	0.25	
1990-01-04	6.47	2473.20	0.25	
1990-01-05	6.47	2449.11	0.25	
1990-01-08	6.47	2460.38	0.25	

	Bonds_BA_Shares	Bonds_BA_\$_Invested	Bonds_BA_Port_%	...	\
Date					...
1990-01-02	25.01	2500.00	0.25	...	
1990-01-03	25.01	2494.02	0.25	...	
1990-01-04	25.01	2496.02	0.25	...	
1990-01-05	25.01	2494.92	0.25	...	
1990-01-08	25.01	2492.72	0.25	...	

	Bonds_AA_Port_%	Gold_AA_Shares	Gold_AA_\$_Invested	\
Date				
1990-01-02	0.25	6.27	2500.00	
1990-01-03	0.25	6.27	2474.94	
1990-01-04	0.25	6.27	2484.34	
1990-01-05	0.25	6.27	2537.59	
1990-01-08	0.25	6.27	2535.09	

	Gold_AA_Port_%	Cash_AA_Shares	Cash_AA_\$_Invested	\
Date				
1990-01-02	0.25	2500.00	2500.00	
1990-01-03	0.25	2500.00	2500.00	
1990-01-04	0.25	2500.00	2500.00	
1990-01-05	0.25	2500.00	2500.00	
1990-01-08	0.25	2500.00	2500.00	

	Cash_AA_Port_%	Total_AA_\$_Invested	Return	Cumulative_Return
Date				
1990-01-02	0.25	10000.00	NaN	NaN
1990-01-03	0.25	9962.55	-0.00	1.00
1990-01-04	0.25	9953.56	-0.00	1.00
1990-01-05	0.25	9981.63	0.00	1.00
1990-01-08	0.25	9988.19	0.00	1.00

[5 rows x 34 columns]

The last 5 rows are:

	Stocks_Close	Bonds_Close	Gold_Close	Cash_Close	\
Date					
2023-12-22	10292.37	604.17	2053.08	1	
2023-12-26	10335.98	604.55	2067.81	1	
2023-12-27	10351.60	609.36	2077.49	1	
2023-12-28	10356.59	606.83	2065.61	1	
2023-12-29	10327.83	606.18	2062.98	1	

	Stocks_BA_Shares	Stocks_BA_\$_Invested	Stocks_BA_Port_%	\
Date				
2023-12-22	1.81	18595.87	0.29	
2023-12-26	1.81	18674.66	0.29	

2023-12-27	1.81	18702.89	0.29
2023-12-28	1.81	18711.90	0.29
2023-12-29	1.81	18659.94	0.29

	Bonds_BA_Shares	Bonds_BA_\$_Invested	Bonds_BA_Port_%	...	\
Date				...	
2023-12-22	25.03	15124.46	0.23	...	
2023-12-26	25.03	15134.20	0.23	...	
2023-12-27	25.03	15254.36	0.23	...	
2023-12-28	25.03	15191.10	0.23	...	
2023-12-29	25.03	15175.01	0.23	...	

	Bonds_AA_Port_%	Gold_AA_Shares	Gold_AA_\$_Invested	\
Date				
2023-12-22	0.23	8.00	16426.12	
2023-12-26	0.23	8.00	16543.97	
2023-12-27	0.23	8.00	16621.42	
2023-12-28	0.23	8.00	16526.37	
2023-12-29	0.23	8.00	16505.33	

	Gold_AA_Port_%	Cash_AA_Shares	Cash_AA_\$_Invested	\
Date				
2023-12-22	0.25	14717.17	14717.17	
2023-12-26	0.25	14717.17	14717.17	
2023-12-27	0.25	14717.17	14717.17	
2023-12-28	0.25	14717.17	14717.17	
2023-12-29	0.25	14717.17	14717.17	

	Cash_AA_Port_%	Total_AA_\$_Invested	Return	Cumulative_Return
Date				
2023-12-22	0.23	64863.62	0.00	6.49
2023-12-26	0.23	65070.01	0.00	6.51
2023-12-27	0.23	65295.84	0.00	6.53
2023-12-28	0.23	65146.54	-0.00	6.51
2023-12-29	0.23	65057.44	-0.00	6.51

[5 rows x 34 columns]

```
[17]: # Copy this <!-- INSERT_03_Strategy_HERE --> to index_temp.md
export_track_md_deps(dep_file=dep_file, md_filename="03_Strategy.md",
↪content=df_info_markdown(strat))
```

Exported and tracked: 03_Strategy.md

1.7 Summary Statistics

```
[18]: sum_stats = summary_stats(
    fund_list=fund_list,
    df=strat[['Return']],
    period="Daily",
    excel_export=True,
    pickle_export=True,
    output_confirmation=True,
)

strat_pre_1999 = strat[strat.index < '2000-01-01']
sum_stats_pre_1999 = summary_stats(
    fund_list=fund_list,
    df=strat_pre_1999[['Return']],
    period="Daily",
    excel_export=False,
    pickle_export=False,
    output_confirmation=True,
)

strat_post_1999 = strat[strat.index >= '2000-01-01']
sum_stats_post_1999 = summary_stats(
    fund_list=fund_list,
    df=strat_post_1999[['Return']],
    period="Daily",
    excel_export=False,
    pickle_export=False,
    output_confirmation=True,
)

strat_post_2009 = strat[strat.index >= '2010-01-01']
sum_stats_post_2009 = summary_stats(
    fund_list=fund_list,
    df=strat_post_2009[['Return']],
    period="Daily",
    excel_export=False,
    pickle_export=False,
    output_confirmation=True,
)
```

Summary stats complete for Stocks_Bonds_Gold_Cash
Summary stats complete for Stocks_Bonds_Gold_Cash
Summary stats complete for Stocks_Bonds_Gold_Cash
Summary stats complete for Stocks_Bonds_Gold_Cash

```
[19]: all_sum_stats = pd.concat([sum_stats])
all_sum_stats = all_sum_stats.rename(index={'Return': '1990 - 2023'})
```

```

all_sum_stats = pd.concat([all_sum_stats, sum_stats_pre_1999])
all_sum_stats = all_sum_stats.rename(index={'Return': 'Pre 1999'})
all_sum_stats = pd.concat([all_sum_stats, sum_stats_post_1999])
all_sum_stats = all_sum_stats.rename(index={'Return': 'Post 1999'})
all_sum_stats = pd.concat([all_sum_stats, sum_stats_post_2009])
all_sum_stats = all_sum_stats.rename(index={'Return': 'Post 2009'})
display(all_sum_stats)

```

	Annualized Mean	Annualized Volatility	Annualized Sharpe Ratio \
1990 - 2023	0.06	0.06	0.96
Pre 1999	0.06	0.05	1.21
Post 1999	0.06	0.06	0.88
Post 2009	0.06	0.06	0.93

	CAGR	Daily Max Return	Daily Max Return (Date)	Daily Min Return \
1990 - 2023	0.06	0.03	2020-03-24	-0.03
Pre 1999	0.06	0.02	1999-09-28	-0.02
Post 1999	0.06	0.03	2020-03-24	-0.03
Post 2009	0.06	0.03	2020-03-24	-0.03

	Daily Min Return (Date)	Max Drawdown	Peak	Bottom \
1990 - 2023	2020-03-12	-0.15	2008-03-18	2008-11-12
Pre 1999	1993-08-05	-0.06	1998-07-20	1998-08-31
Post 1999	2020-03-12	-0.15	2008-03-18	2008-11-12
Post 2009	2020-03-12	-0.13	2021-12-27	2022-10-20

	Recovery Date
1990 - 2023	2009-10-06
Pre 1999	1998-11-05
Post 1999	2009-10-06
Post 2009	2023-12-01

```

[20]: # Copy this <!-- INSERT_04_Summary_Stats_HERE --> to index_temp.md
export_track_md_deps(dep_file=dep_file, md_filename="04_Summary_Stats.md",
↳content=all_sum_stats.to_markdown(floatfmt=".3f"))

```

Exported and tracked: 04_Summary_Stats.md

1.8 Annual Returns

```

[21]: # Create dataframe for the annual returns
strat_annual_returns = strat['Cumulative_Return'].resample('Y').last().
↳pct_change().dropna()
strat_annual_returns_df = strat_annual_returns.to_frame()
strat_annual_returns_df['Year'] = strat_annual_returns_df.index.year # Add a
↳'Year' column with just the year
strat_annual_returns_df.reset_index(drop=True, inplace=True) # Reset the index
↳to remove the datetime index

```

```

# Now the DataFrame will have 'Year' and 'Cumulative_Return' columns
strat_annual_returns_df = strat_annual_returns_df[['Year',
↳ 'Cumulative_Return']] # Keep only 'Year' and 'Cumulative_Return' columns
strat_annual_returns_df.rename(columns = {'Cumulative_Return': 'Return'},
↳ inplace=True)
strat_annual_returns_df.set_index('Year', inplace=True)
display(strat_annual_returns_df)

```

	Return
Year	
1991	0.10
1992	0.03
1993	0.10
1994	-0.02
1995	0.15
1996	0.05
1997	0.06
1998	0.10
1999	0.04
2000	0.00
2001	-0.01
2002	0.04
2003	0.12
2004	0.05
2005	0.06
2006	0.10
2007	0.12
2008	-0.03
2009	0.11
2010	0.14
2011	0.07
2012	0.07
2013	-0.01
2014	0.05
2015	-0.02
2016	0.05
2017	0.09
2018	-0.01
2019	0.15
2020	0.13
2021	0.06
2022	-0.08
2023	0.11

[22]: # Copy this <!-- INSERT_05_Annual_Returns_HERE --> to index_temp.md

```
export_track_md_deps(dep_file=dep_file, md_filename="05_Annual>Returns.md",  
↳content=strat_annual_returns_df.to_markdown(floatfmt=".3f"))
```

Exported and tracked: 05_Annual>Returns.md

```
[23]: # Export the annual returns DataFrame to Excel and pickle files  
plan_name = '_' .join(fund_list)  
strat_annual_returns_df.to_excel(f"{plan_name}_Annual>Returns.xlsx",  
↳sheet_name="data")  
strat_annual_returns_df.to_pickle(f"{plan_name}_Annual>Returns.pkl")
```

1.9 Plots

1.9.1 Plot Cumulative Return

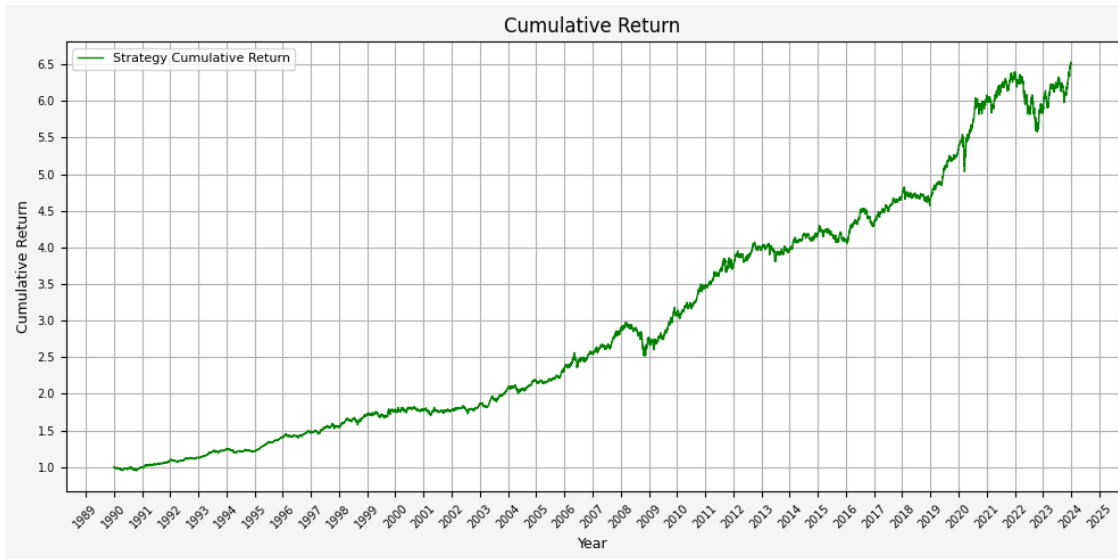
```
[24]: def plot_cumulative_return(strat_df):  
    # Generate plot  
    plt.figure(figsize=(10, 5), facecolor = '#F5F5F5')  
  
    # Plotting data  
    plt.plot(strat_df.index, strat_df['Cumulative_Return'], label = 'Strategy_  
↳Cumulative Return', linestyle='-', color='green', linewidth=1)  
  
    # Set X axis  
    # x_tick_spacing = 5 # Specify the interval for x-axis ticks  
    # plt.gca().xaxis.set_major_locator(MultipleLocator(x_tick_spacing))  
    plt.gca().xaxis.set_major_locator(mdates.YearLocator())  
    plt.gca().xaxis.set_major_formatter(mdates.DateFormatter('%Y'))  
    plt.xlabel('Year', fontsize = 9)  
    plt.xticks(rotation = 45, fontsize = 7)  
    # plt.xlim(, )  
  
    # Set Y axis  
    y_tick_spacing = 0.5 # Specify the interval for y-axis ticks  
    plt.gca().yaxis.set_major_locator(MultipleLocator(y_tick_spacing))  
    plt.ylabel('Cumulative Return', fontsize = 9)  
    plt.yticks(fontsize = 7)  
    # plt.ylim(0, 7.5)  
  
    # Set title, etc.  
    plt.title('Cumulative Return', fontsize = 12)  
  
    # Set the grid & legend  
    plt.tight_layout()  
    plt.grid(True)  
    plt.legend(fontsize=8)  
  
    # Save the figure
```



```
plt.savefig('06_Cumulative_Return.png', dpi=300, bbox_inches='tight')

# Display the plot
return plt.show()
```

```
[25]: plot_cumulative_return(strat)
```



1.9.2 Plot Portfolio & Component Values

```
[26]: def plot_values(strat_df):
    # Generate plot
    plt.figure(figsize=(10, 5), facecolor = '#F5F5F5')

    # Plotting data
    plt.plot(strat_df.index, strat_df['Total_AA_$_Invested'], label='Total_
↪Portfolio Value', linestyle='-', color='black', linewidth=1)
    plt.plot(strat_df.index, strat_df['Stocks_AA_$_Invested'], label='Stocks_
↪Position Value', linestyle='-', color='orange', linewidth=1)
    plt.plot(strat_df.index, strat_df['Bonds_AA_$_Invested'], label='Bond_
↪Position Value', linestyle='-', color='yellow', linewidth=1)
    plt.plot(strat_df.index, strat_df['Gold_AA_$_Invested'], label='Gold_
↪Position Value', linestyle='-', color='blue', linewidth=1)
    plt.plot(strat_df.index, strat_df['Cash_AA_$_Invested'], label='Cash_
↪Position Value', linestyle='-', color='brown', linewidth=1)

    # Set X axis
    # x_tick_spacing = 5 # Specify the interval for x-axis ticks
    # plt.gca().xaxis.set_major_locator(MultipleLocator(x_tick_spacing))
```

```

plt.gca().axis.set_major_locator(mdates.YearLocator())
plt.gca().axis.set_major_formatter(mdates.DateFormatter('%Y'))
plt.xlabel('Year', fontsize = 9)
plt.xticks(rotation = 45, fontsize = 7)
# plt.xlim(, )

# Set Y axis
y_tick_spacing = 5000 # Specify the interval for y-axis ticks
plt.gca().yaxis.set_major_locator(MultipleLocator(y_tick_spacing))
plt.gca().yaxis.set_major_formatter(mtick.FuncFormatter(lambda x, pos: '{:,.'
↪0f}'.format(x))) # Adding commas to y-axis labels
plt.ylabel('Total Value ($)', fontsize = 9)
plt.yticks(fontsize = 7)
# plt.ylim(0, 75000)

# Set title, etc.
plt.title('Total Values For Stocks, Bonds, Gold, and Cash Positions and_
↪Portfolio', fontsize = 12)

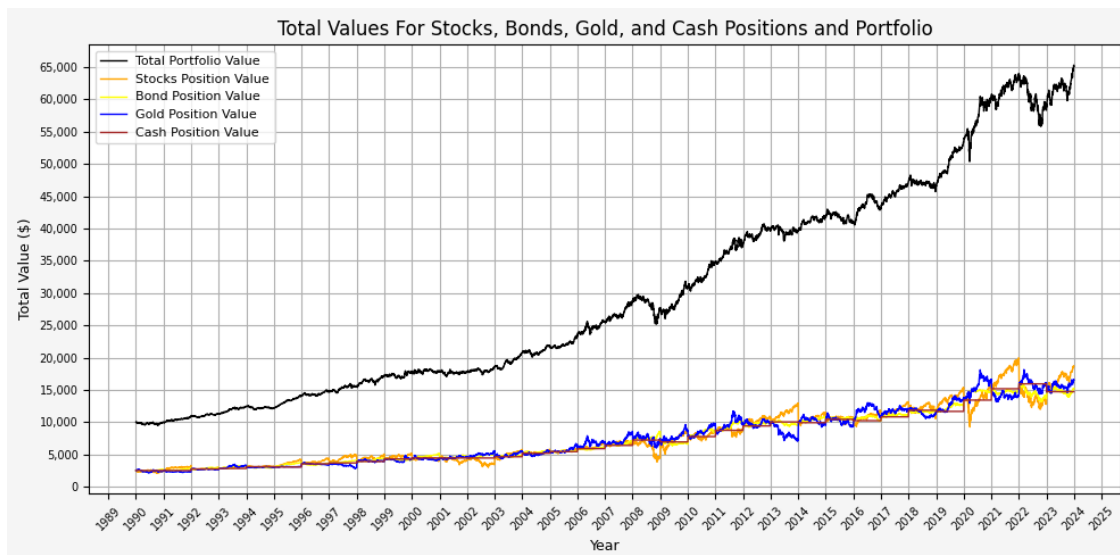
# Set the grid & legend
plt.tight_layout()
plt.grid(True)
plt.legend(fontsize=8)

# Save the figure
plt.savefig('07_Portfolio_Values.png', dpi=300, bbox_inches='tight')

# Display the plot
return plt.show()

```

[27]: plot_values(strat)



1.9.3 Plot Portfolio Drawdown

```
[28]: def plot_drawdown(strat_df):
    rolling_max = strat_df['Total_AA$_Invested'].cummax()
    drawdown = (strat_df['Total_AA$_Invested'] - rolling_max) / rolling_max * 100

    # Generate plot
    plt.figure(figsize=(10, 5), facecolor = '#F5F5F5')

    # Plotting data
    plt.plot(strat_df.index, drawdown, label='Drawdown', linestyle='-',
    color='red', linewidth=1)

    # Set X axis
    # x_tick_spacing = 5 # Specify the interval for x-axis ticks
    # plt.gca().xaxis.set_major_locator(MultipleLocator(x_tick_spacing))
    plt.gca().xaxis.set_major_locator(mdates.YearLocator())
    plt.gca().xaxis.set_major_formatter(mdates.DateFormatter('%Y'))
    plt.xlabel('Year', fontsize = 9)
    plt.xticks(rotation = 45, fontsize = 7)
    # plt.xlim(, )

    # Set Y axis
    y_tick_spacing = 1 # Specify the interval for y-axis ticks
    plt.gca().yaxis.set_major_locator(MultipleLocator(y_tick_spacing))
    # plt.gca().yaxis.set_major_formatter(mtick.FuncFormatter(lambda x, pos: '{:
    ,.0f}'.format(x))) # Adding commas to y-axis labels
    plt.gca().yaxis.set_major_formatter(mtick.FuncFormatter(lambda x, pos: '{:
    0f}'.format(x))) # Adding 0 decimal places to y-axis labels
    plt.ylabel('Drawdown (%)', fontsize = 9)
    plt.yticks(fontsize = 7)
    # plt.ylim(-20, 0)

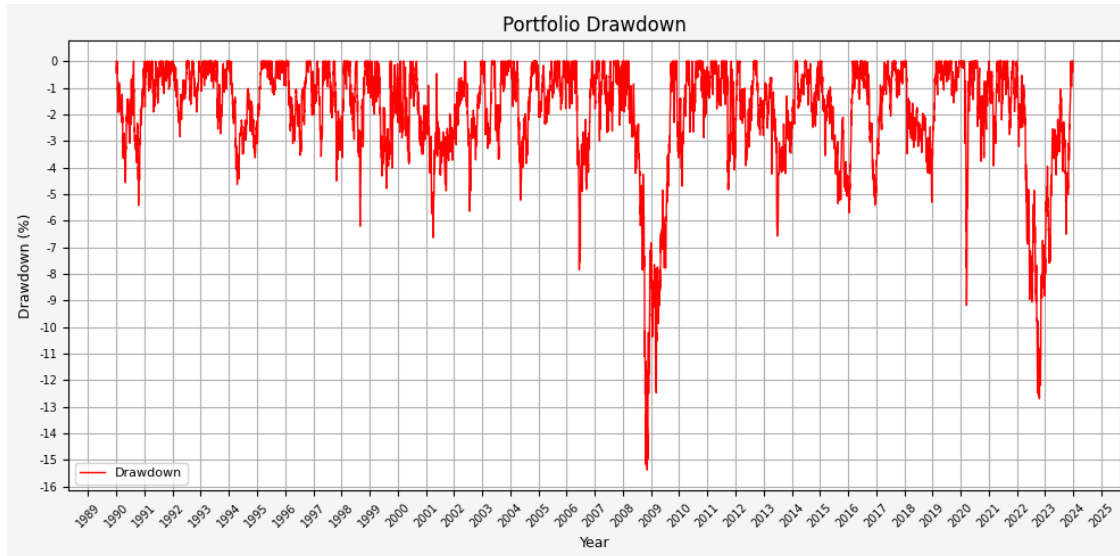
    # Set title, etc.
    plt.title('Portfolio Drawdown', fontsize = 12)

    # Set the grid & legend
    plt.tight_layout()
    plt.grid(True)
    plt.legend(fontsize=8)

    # Save the figure
    plt.savefig('08_Portfolio_Drawdown.png', dpi=300, bbox_inches='tight')
```

```
# Display the plot
return plt.show()
```

```
[29]: plot_drawdown(strat)
```



1.9.4 Plot Asset Weights

```
[30]: def plot_asset_weights(strat_df):
    # Generate plot
    plt.figure(figsize=(10, 5), facecolor = '#F5F5F5')

    # Plotting data
    plt.plot(strat_df.index, strat_df['Stocks_AA_Port_%'] * 100, label='Stocks_
↳Portfolio Weight', linestyle='-', color='orange', linewidth=1)
    plt.plot(strat_df.index, strat_df['Bonds_AA_Port_%'] * 100, label='Bonds_
↳Portfolio Weight', linestyle='-', color='yellow', linewidth=1)
    plt.plot(strat_df.index, strat_df['Gold_AA_Port_%'] * 100, label='Gold_
↳Portfolio Weight', linestyle='-', color='blue', linewidth=1)
    plt.plot(strat_df.index, strat_df['Cash_AA_Port_%'] * 100, label='Cash_
↳Portfolio Weight', linestyle='-', color='brown', linewidth=1)

    # Set X axis
    # x_tick_spacing = 5 # Specify the interval for x-axis ticks
    # plt.gca().xaxis.set_major_locator(MultipleLocator(x_tick_spacing))
    plt.gca().xaxis.set_major_locator(mdates.YearLocator())
    plt.gca().xaxis.set_major_formatter(mdates.DateFormatter('%Y'))
    plt.xlabel('Year', fontsize = 9)
```

```

plt.xticks(rotation = 45, fontsize = 7)
# plt.xlim(, )

# Set Y axis
y_tick_spacing = 1 # Specify the interval for y-axis ticks
plt.gca().yaxis.set_major_locator(MultipleLocator(y_tick_spacing))
# plt.gca().yaxis.set_major_formatter(mtick.FuncFormatter(lambda x, pos: '{:
↪, .0f}'.format(x))) # Adding commas to y-axis labels
plt.ylabel('Asset Weight (%)', fontsize = 9)
plt.yticks(fontsize = 7)
# plt.ylim(14, 36)

# Set title, etc.
plt.title('Portfolio Asset Weights For Stocks, Bonds, Gold, and Cash_
↪Positions', fontsize = 12)

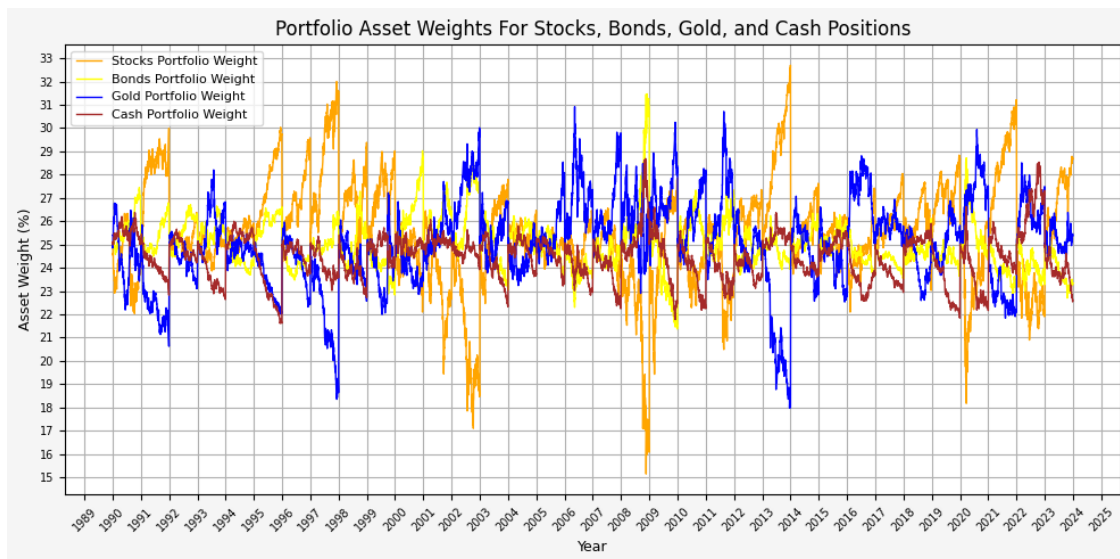
# Set the grid & legend
plt.tight_layout()
plt.grid(True)
plt.legend(fontsize=8)

# Save the figure
plt.savefig('09_Portfolio_Weights.png', dpi=300, bbox_inches='tight')

# Display the plot
return plt.show()

```

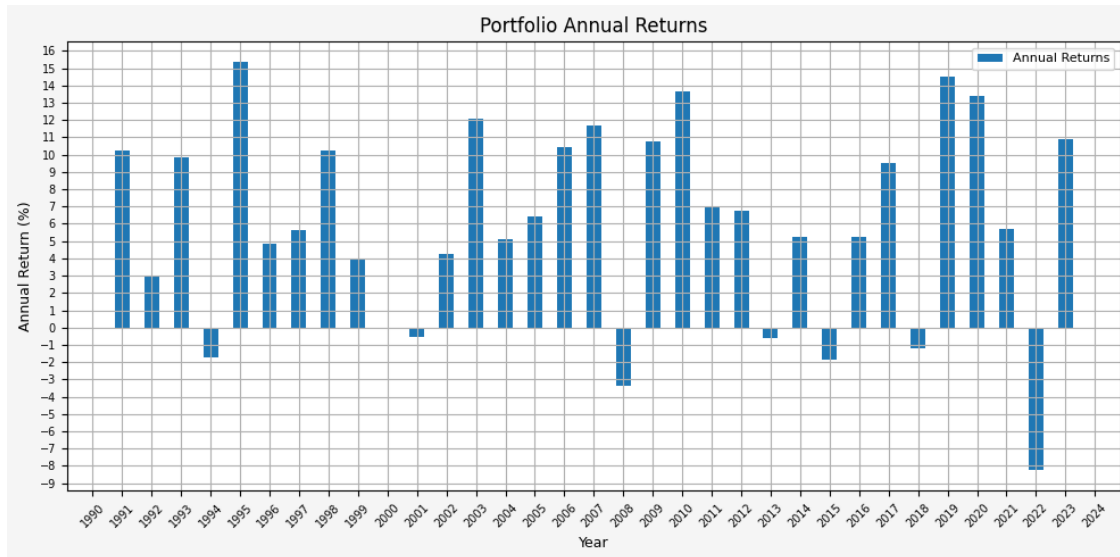
```
[31]: plot_asset_weights(strat)
```



1.9.5 Plot Annual Returns

```
[32]: def plot_annual_returns(return_df):  
    # Generate plot  
    plt.figure(figsize=(10, 5), facecolor = '#F5F5F5')  
  
    # Plotting data  
    plt.bar(return_df.index, return_df['Return'] * 100, label='Annual Returns',  
    ↪width=0.5) # width adjusted for better spacing  
  
    # Set X axis  
    x_tick_spacing = 1 # Specify the interval for x-axis ticks  
    plt.gca().xaxis.set_major_locator(MultipleLocator(x_tick_spacing))  
    # plt.gca().xaxis.set_major_locator(mdates.YearLocator())  
    # plt.gca().xaxis.set_major_formatter(mdates.DateFormatter('%Y'))  
    plt.xlabel('Year', fontsize = 9)  
    plt.xticks(rotation = 45, fontsize = 7)  
    # plt.xlim(, )  
  
    # Set Y axis  
    y_tick_spacing = 1 # Specify the interval for y-axis ticks  
    plt.gca().yaxis.set_major_locator(MultipleLocator(y_tick_spacing))  
    # plt.gca().yaxis.set_major_formatter(mtick.FuncFormatter(lambda x, pos: '{:  
    ↪, .0f}'.format(x))) # Adding commas to y-axis labels  
    plt.ylabel('Annual Return (%)', fontsize = 9)  
    plt.yticks(fontsize = 7)  
    # plt.ylim(-20, 20)  
  
    # Set title, etc.  
    plt.title('Portfolio Annual Returns', fontsize = 12)  
  
    # Set the grid & legend  
    plt.tight_layout()  
    plt.grid(True)  
    plt.legend(fontsize=8)  
  
    # Save the figure  
    plt.savefig('10_Portfolio_Annual_Returns.png', dpi=300, bbox_inches='tight')  
  
    # Display the plot  
    return plt.show()
```

```
[33]: plot_annual_returns(strat_annual_returns_df)
```



1.10 Portfolio Summary Statistics For Various Rebalance Dates

```
[34]: ## Set ranges for months and days
# months = list(range(1, 13))
# days = list(range(1, 32))

## Create an empty DataFrame to store the results
# stats = pd.DataFrame(columns = ['Rebal_Month', 'Rebal_Day', 'Annualized_
# ↪Mean', 'Annualized Volatility', 'Annualized Sharpe Ratio', 'CAGR',
# ↪('Date)', 'Daily Max Return', 'Daily Max Return_
# ↪('Date)', 'Daily Min Return', 'Daily Min Return (Date)', 'Max Drawdown',
# ↪('Peak', 'Bottom', 'Recovery Date',])

## Loop through each combination of month and day
# for month in months:
#     for day in days:
#         try:
#             strat = strategy_harry_brown_perm_port(
#                 fund_list=fund_list,
#                 starting_cash=starting_cash,
#                 cash_contrib=cash_contrib,
#                 close_prices_df=perm_port,
#                 rebal_month=month,
#                 rebal_day=day,
#                 rebal_per_high=0.35,
#                 rebal_per_low=0.15,
#                 excel_export=False,
#                 pickle_export=False,
```

```

#         output_confirmation=False,
#     ).set_index('Date')

#     sum_stats = summary_stats(
#         fund_list=fund_list,
#         df=strat[['Return']],
#         period="Daily",
#         excel_export=False,
#         pickle_export=False,
#         output_confirmation=False,
#     )

#     stats = pd.concat([stats, sum_stats], ignore_index=True)
#     stats.loc[stats.index[-1], 'Rebal_Month'] = month
#     stats.loc[stats.index[-1], 'Rebal_Day'] = day
#     print(f"Month: {month}, Day: {day} - Stats added successfully.")

#     except Exception as e:
#         print(f"Error for month {month} and day {day}: {e}")
#         continue

```

```

[35]: # # Export the stats DataFrame to Excel and pickle files
# plan_name = '_'.join(fund_list)
# stats.to_excel(f"{plan_name}_Various_Rebalance_Summary_Stats.xlsx",
# ↪sheet_name="data")
# stats.to_pickle(f"{plan_name}_Various_Rebalance_Summary_Stats.pkl")

```

```

[36]: # Load the stats DataFrame from the pickle file
# stats = load_data(f"{plan_name}_Various_Rebalance_Summary_Stats.pkl")

```

```

[37]: # stats

```