

harry-browne-permanent-portfolio

April 28, 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 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")

# 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

2 Python Functions

2.0.1 Typical Functions

```
[4]: # Import functions from source directories
from export_track_md_deps import export_track_md_deps
from df_info import df_info
from df_info_markdown import df_info_markdown
from pandas_set_decimal_places import pandas_set_decimal_places
from load_data import load_data
```

2.0.2 Project Specific Functions

Bloomberg Data Updater

```
[5]: # This function takes an excel export from Bloomberg and
# removes all excess data leaving date and close columns

# Imports
import pandas as pd

# Function definition
def bb_data_updater(fund):

    # File name variable
    file = fund + ".xlsx"

    # Import data from file as a pandas dataframe
    df = pd.read_excel(file, sheet_name = 'Worksheet', engine='openpyxl')

    # Set the column headings from row 5 (which is physically row 6)
    df.columns = df.iloc[5]

    # Set the column heading for the index to be "None"
    df.rename_axis(None, axis=1, inplace = True)

    # Drop the first 6 rows, 0 - 5
    df.drop(df.index[0:6], inplace=True)

    # Set the date column as the index
```

```

df.set_index('Date', inplace = True)

# Drop the volume column
try:
    df.drop(columns = {'PX_VOLUME'}, inplace = True)
except KeyError:
    pass

# Rename column
df.rename(columns = {'PX_LAST': 'Close'}, inplace = True)

# Sort by date
df.sort_values(by=['Date'], inplace = True)

# Export data to excel
file = fund + "_Clean.xlsx"
df.to_excel(file, sheet_name='data')

# Output confirmation
print(f"The last date of data for {fund} is: ")
print(df[-1:])
print(f"Bloomberg data conversion complete for {fund} data")
return print(f"-----")

```

Strategy Function

```

[6]: def strategy(
    fund_list: str,
    starting_cash: int,
    cash_contrib: int,
    close_prices_df: pd.DataFrame,
    rebal_month: int,
    rebal_day: int,
    rebal_per_high: float,
    rebal_per_low: float,
) -> pd.DataFrame:
    """
    Execute the rebalance strategy based on specified criteria.

    Parameters:
    -----
    fund_list (str):
        List of funds for data to be combined from. Funds are strings in the
        form "BTC-USD".
    starting_cash (int):
        Starting investment balance.
    cash_contrib (int):
        Cash contribution to be made daily.
    """

```

```

close_prices_df (pd.DataFrame):
    DataFrame containing date and close prices for all funds to be included.
rebal_month (int):
    Month for annual rebalance.
rebal_day (int):
    Day for annual rebalance.
rebal_per_high (float):
    High percentage for rebalance.
rebal_per_low (float):
    Low percentage for rebalance.

Returns:
-----
df (pd.DataFrame):
    DataFrame containing strategy data for all funds to be included. Also_
↳ dumps the df to excel for reference later.
    """

num_funds = len(fund_list)

df = close_prices_df.copy()
df.reset_index(inplace = True)

# Date to be used for annual rebalance
target_month = rebal_month
target_day = rebal_day

# Create a dataframe with dates from the specific month
rebal_date = df[df['Date'].dt.month == target_month]

# Specify the date or the next closest
rebal_date = rebal_date[rebal_date['Date'].dt.day >= target_day]

# Group by year and take the first entry for each year
rebal_dates_by_year = rebal_date.groupby(rebal_date['Date'].dt.year).
↳ first().reset_index(drop=True)

    """
    Column order for the dataframe:
    df[fund + "_BA_Shares"]
    df[fund + "_BA_$_Invested"]
    df[fund + "_BA_Port_%"]
    df['Total_BA_$_Invested']
    df['Contribution']
    df['Rebalance']
    df[fund + "_AA_Shares"]
    df[fund + "_AA_$_Invested"]

```

```

df[fund + "_AA_Port_%"]
df['Total_AA_$_Invested']
'''

# Calculate the columns and initial values for before action (BA) shares, $
↳invested, and port %
for fund in fund_list:
    df[fund + "_BA_Shares"] = starting_cash / num_funds / df[fund +
↳_Close"]
    df[fund + "_BA_$_Invested"] = df[fund + "_BA_Shares"] * df[fund +
↳_Close"]
    df[fund + "_BA_Port_%"] = 0.25

# Set column values initially
df['Total_BA_$_Invested'] = starting_cash
df['Contribution'] = 0
# df['Contribution'] = cash_contrib
df['Rebalance'] = "No"

# Set columns and values initially for after action (AA) shares, $
↳invested, and port %
for fund in fund_list:
    df[fund + "_AA_Shares"] = starting_cash / num_funds / df[fund +
↳_Close"]
    df[fund + "_AA_$_Invested"] = df[fund + "_AA_Shares"] * df[fund +
↳_Close"]
    df[fund + "_AA_Port_%"] = 0.25

# Set column value for after action (AA) total $ invested
df['Total_AA_$_Invested'] = starting_cash

# Iterate through the dataframe and execute the strategy
for index, row in df.iterrows():

    # Ensure there's a previous row to reference by checking the index value
    if index > 0:

        # Initialize variable
        Total_BA_Invested = 0

        # Calculate before action (BA) shares and $ invested values
        for fund in fund_list:
            df.at[index, fund + "_BA_Shares"] = df.at[index - 1, fund +
↳_AA_Shares"]
            df.at[index, fund + "_BA_$_Invested"] = df.at[index, fund +
↳_BA_Shares"] * row[fund + "_Close"]

```

```

        # Sum the asset values to find the total
        Total_BA_Invested = Total_BA_Invested + df.at[index, fund +
↪ "_BA_$_Invested"]

        # Calculate before action (BA) port % values
        for fund in fund_list:
            df.at[index, fund + "_BA_Port_%"] = df.at[index, fund +
↪ "_BA_$_Invested"] / Total_BA_Invested

        # Set column for before action (BA) total $ invested
        df.at[index, 'Total_BA_$_Invested'] = Total_BA_Invested

        # Initialize variables
        rebalance = "No"
        date = row['Date']

        # Check for a specific date annually
        # Simple if statement to check if date_to_check is in
↪ jan_28_or_after_each_year
        if date in rebal_dates_by_year['Date'].values:
            rebalance = "Yes"
        else:
            pass

        # Check to see if any asset has portfolio percentage of greater
↪ than 35% or less than 15% and if so set variable
        for fund in fund_list:
            if df.at[index, fund + "_BA_Port_%"] > rebal_per_high or df.
↪ at[index, fund + "_BA_Port_%"] < rebal_per_low:
                rebalance = "Yes"
            else:
                pass

        # If rebalance is required, rebalance back to 25% for each asset,
↪ else just divide contribution evenly across assets
        if rebalance == "Yes":
            df.at[index, 'Rebalance'] = rebalance
            for fund in fund_list:
                df.at[index, fund + "_AA_$_Invested"] =
↪ (Total_BA_Invested + df.at[index, 'Contribution']) * 0.25
            else:
                df.at[index, 'Rebalance'] = rebalance
                for fund in fund_list:
                    df.at[index, fund + "_AA_$_Invested"] = df.at[index,
↪ fund + "_BA_$_Invested"] + df.at[index, 'Contribution'] * 0.25

```

```

        # Initialize variable
        Total_AA_Invested = 0

        # Set column values for after action (AA) shares and port %
        for fund in fund_list:
            df.at[index, fund + "_AA_Shares"] = df.at[index, fund +
↪ "_AA_$_Invested"] / row[fund + "_Close"]

            # Sum the asset values to find the total
            Total_AA_Invested = Total_AA_Invested + df.at[index, fund +
↪ "_AA_$_Invested"]

        # Calculate after action (AA) port % values
        for fund in fund_list:
            df.at[index, fund + "_AA_Port_%"] = df.at[index, fund +
↪ "_AA_$_Invested"] / Total_AA_Invested

        # Set column for after action (AA) total $ invested
        df.at[index, 'Total_AA_$_Invested'] = Total_AA_Invested

        # If this is the first row
        else:
            pass

    df['Return'] = df['Total_AA_$_Invested'].pct_change()
    df['Cumulative_Return'] = (1 + df['Return']).cumprod()

    plan_name = '_'.join(fund_list)
    file = plan_name + "_Strategy.xlsx"
    location = file
    df.to_excel(location, sheet_name="data")
    print(f"Strategy complete for {plan_name}.")
    return df

```

Summary Stats

```

[7]: # Stats for entire data set
def summary_stats(
    fund_list: str,
    df: pd.DataFrame,
    period: str,
    excel_export: bool,
) -> pd.DataFrame:

    """
    Calculate summary statistics for the given fund list and return data.

```



```

Parameters:
-----
fund_list (str):
    List of funds for data to be combined from. Funds are strings in the
    ↪ form "BTC-USD".
df (pd.DataFrame):
    Dataframe with return data.
period (str):
    Period for which to calculate statistics. Options are "Monthly",
    ↪ "Weekly", "Daily", "Hourly".
excel_export (bool):
    If True, export to excel file.

Returns:
-----
df_stats (pd.DataFrame):
    pd.DataFrame: DataFrame containing various portfolio statistics.
    """

if period == "Monthly":
    timeframe = 12 # months
elif period == "Weekly":
    timeframe = 52 # weeks
elif period == "Daily":
    timeframe = 365 # days
elif period == "Hourly":
    timeframe = 8760 # hours
else:
    return print("Error, check inputs")

df_stats = pd.DataFrame(df.mean(axis=0) * timeframe) # annualized
# df_stats = pd.DataFrame((1 + df.mean(axis=0)) ** timeframe - 1) #
↪ annualized, this is the true annualized return but we will simply use the
↪ mean
df_stats.columns = ['Annualized Mean']
df_stats['Annualized Volatility'] = df.std() * np.sqrt(timeframe) #
↪ annualized
df_stats['Annualized Sharpe Ratio'] = df_stats['Annualized Mean'] /
↪ df_stats['Annualized Volatility']

df_cagr = (1 + df['Return']).cumprod()
cagr = (df_cagr.iloc[-1] / 1) ** (1/(len(df_cagr) / timeframe)) - 1
df_stats['CAGR'] = cagr

df_stats[period + ' Max Return'] = df.max()
df_stats[period + ' Max Return (Date)'] = df.idxmax().values[0]

```

```

df_stats[period + ' Min Return'] = df.min()
df_stats[period + ' Min Return (Date)'] = df.idxmin().values[0]

wealth_index = 1000*(1+df).cumprod()
previous_peaks = wealth_index.cummax()
drawdowns = (wealth_index - previous_peaks)/previous_peaks

df_stats['Max Drawdown'] = drawdowns.min()
df_stats['Peak'] = [previous_peaks[col][:drawdowns[col].idxmin()].idxmax()
for col in previous_peaks.columns:
    df_stats['Bottom'] = drawdowns.idxmin()

recovery_date = []
for col in wealth_index.columns:
    prev_max = previous_peaks[col][:drawdowns[col].idxmin()].max()
    recovery_wealth = pd.DataFrame([wealth_index[col][drawdowns[col].
idxmin():]).T
    recovery_date.append(recovery_wealth[recovery_wealth[col] >= prev_max].
index.min())
df_stats['Recovery Date'] = recovery_date

plan_name = '_' .join(fund_list)

# Export to excel
if excel_export == True:

    file = plan_name + "_Summary_Stats.xlsx"
    location = file
    # location = f"{base_directory}/{strategy_name}/{file_name}.xlsx"
    df_stats.to_excel(location, sheet_name="data")
else:
    pass

print(f"Summary stats complete for {plan_name}.")
return df_stats

```

2.0.3 plot_cumulative_return

```

[8]: 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('03_Cumulative_Return.png', dpi=300, bbox_inches='tight')

# Display the plot
return plt.show()

```

2.0.4 plot_values

```

[9]: 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().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 = 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('04_Portfolio_Values.png', dpi=300, bbox_inches='tight')

# Display the plot
return plt.show()

```

2.0.5 plot_drawdown

```

[10]: 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('05_Portfolio_Drawdown.png', dpi=300, bbox_inches='tight')

# Display the plot
return plt.show()

```

2.0.6 plot_asset_weights

```

[11]: 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('07_Portfolio_Weights.png', dpi=300, bbox_inches='tight')

# Display the plot
return plt.show()

```

2.0.7 plot_annual_returns

```

[12]: 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('08_Portfolio_Annual_Returns.png', dpi=300, bbox_inches='tight')

# Display the plot
return plt.show()

```

2.1 Import Data

```

[13]: # Bonds dataframe
bb_data_updater('SPBDU10T_S&P US Treasury Bond 7-10 Year Total Return Index')
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()
bonds_data
```

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

```
Close
Date
2024-04-30  579.024
Bloomberg data conversion complete for SPBDU10T_S&P US Treasury Bond 7-10 Year
Total Return Index data
-----
```

```
[13]:
```

	Bonds_Close	Bonds_Daily_Return	Bonds_Total_Return
Date			
1990-01-02	99.972	NaN	NaN
1990-01-03	99.733	-0.002391	0.997609
1990-01-04	99.813	0.000802	0.998410
1990-01-05	99.769	-0.000441	0.997969
1990-01-08	99.681	-0.000882	0.997089
...
2023-12-22	604.166	-0.000681	6.043352
2023-12-26	604.555	0.000644	6.047243
2023-12-27	609.355	0.007940	6.095257
2023-12-28	606.828	-0.004147	6.069980
2023-12-29	606.185	-0.001060	6.063548

[8527 rows x 3 columns]

```
[14]: # Stocks dataframe
bb_data_updater('SPXT_S&P 500 Total Return Index')
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()
```



```
stocks_data
```

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

Close

Date

2024-04-30 10951.66

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

```
[14]:
```

Date	Stocks_Close	Stocks_Daily_Return	Stocks_Total_Return
1990-01-01	NaN	NaN	NaN
1990-01-02	386.16	NaN	NaN
1990-01-03	385.17	-0.002564	0.997436
1990-01-04	382.02	-0.008178	0.989279
1990-01-05	378.30	-0.009738	0.979646
...
2023-12-22	10292.37	0.001661	26.653123
2023-12-26	10335.98	0.004237	26.766056
2023-12-27	10351.60	0.001511	26.806505
2023-12-28	10356.59	0.000482	26.819427
2023-12-29	10327.83	-0.002777	26.744950

[8584 rows x 3 columns]

```
[15]: # Gold dataframe
bb_data_updater('XAU_Gold USD Spot')
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()
gold_data
```

The last date of data for XAU_Gold USD Spot is:

Close

Date

2024-05-01 2299.31

Bloomberg data conversion complete for XAU_Gold USD Spot data

```
-----
[15]:
```

Date	Gold_Close	Gold_Daily_Return	Gold_Total_Return
1990-01-02	399.00	NaN	NaN
1990-01-03	395.00	-0.010025	0.989975
1990-01-04	396.50	0.003797	0.993734
1990-01-05	405.00	0.021438	1.015038
1990-01-08	404.60	-0.000988	1.014035
...
2023-12-22	2053.08	0.003485	5.145564
2023-12-26	2067.81	0.007175	5.182481
2023-12-27	2077.49	0.004681	5.206742
2023-12-28	2065.61	-0.005718	5.176967
2023-12-29	2062.98	-0.001273	5.170376

[8819 rows x 3 columns]

```
[16]: # 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
perm_port
```

```
[16]:
```

Date	Stocks_Close	Bonds_Close	Gold_Close	Cash_Close
1990-01-02	386.16	99.972	399.00	1
1990-01-03	385.17	99.733	395.00	1
1990-01-04	382.02	99.813	396.50	1
1990-01-05	378.30	99.769	405.00	1
1990-01-08	380.04	99.681	404.60	1
...

2023-12-22	10292.37	604.166	2053.08	1
2023-12-26	10335.98	604.555	2067.81	1
2023-12-27	10351.60	609.355	2077.49	1
2023-12-28	10356.59	606.828	2065.61	1
2023-12-29	10327.83	606.185	2062.98	1

[8479 rows x 4 columns]

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

# Display columns with missing values
print(missing_values)
```

```
Stocks_Close    False
Bonds_Close     False
Gold_Close      False
Cash_Close      False
dtype: bool
```

```
[18]: 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	99.972	399.0	1
1990-01-03	385.17	99.733	395.0	1
1990-01-04	382.02	99.813	396.5	1
1990-01-05	378.30	99.769	405.0	1
1990-01-08	380.04	99.681	404.6	1

The last 5 rows are:

	Stocks_Close	Bonds_Close	Gold_Close	Cash_Close
Date				
2023-12-22	10292.37	604.166	2053.08	1

2023-12-26	10335.98	604.555	2067.81	1
2023-12-27	10351.60	609.355	2077.49	1
2023-12-28	10356.59	606.828	2065.61	1
2023-12-29	10327.83	606.185	2062.98	1

2.2 Execute Strategy

```
[19]: # 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(
    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)

strat = strat.set_index('Date')

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

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)

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)
```

```

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)

```

Strategy 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.
 Summary stats complete for Stocks_Bonds_Gold_Cash.

```

[20]: 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'})
all_sum_stats

```

[20]:	Annualized Mean	Annualized Volatility	Annualized Sharpe Ratio \
1990 - 2023	0.083244	0.072251	1.152142
Pre 1999	0.087544	0.060262	1.452712
Post 1999	0.081473	0.076650	1.062923
Post 2009	0.080996	0.072618	1.115373

	CAGR	Daily Max Return	Daily Max Return (Date) \
1990 - 2023	0.083953	0.028794	2020-03-24
Pre 1999	0.089462	0.021781	1999-09-28
Post 1999	0.081691	0.028794	2020-03-24
Post 2009	0.081501	0.028794	2020-03-24

	Daily Min Return	Daily Min Return (Date)	Max Drawdown \
1990 - 2023	-0.029852	2020-03-12	-0.153821
Pre 1999	-0.017880	1993-08-05	-0.062084
Post 1999	-0.029852	2020-03-12	-0.153821
Post 2009	-0.029852	2020-03-12	-0.127055

	Peak	Bottom	Recovery Date
1990 - 2023	2008-03-18	2008-11-12	2009-10-06
Pre 1999	1998-07-20	1998-08-31	1998-11-05
Post 1999	2008-03-18	2008-11-12	2009-10-06
Post 2009	2021-12-27	2022-10-20	2023-12-01

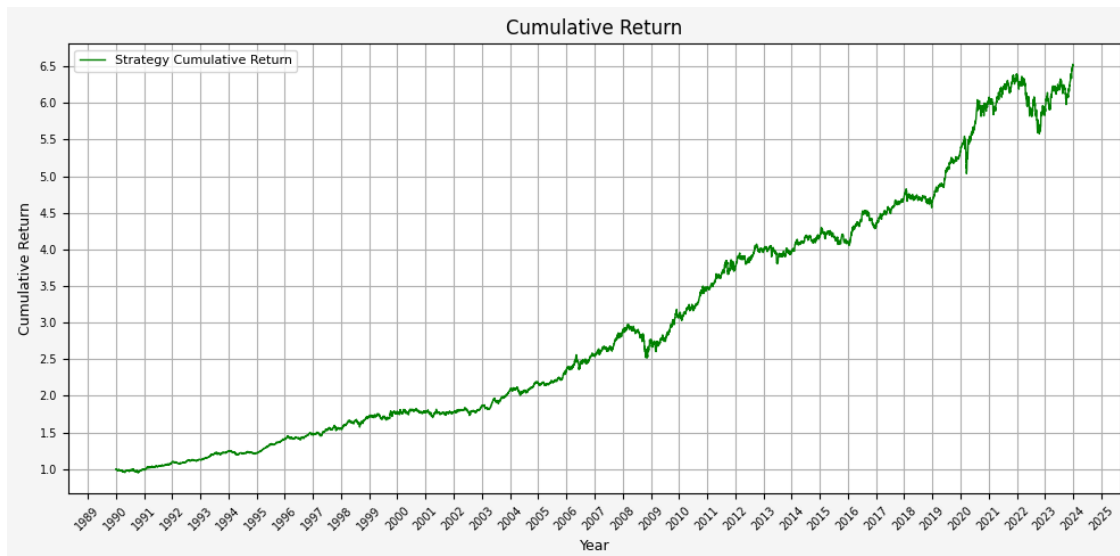
```
[21]: plot_cumulative_return(strat)
plot_values(strat)
plot_drawdown(strat)
plot_asset_weights(strat)

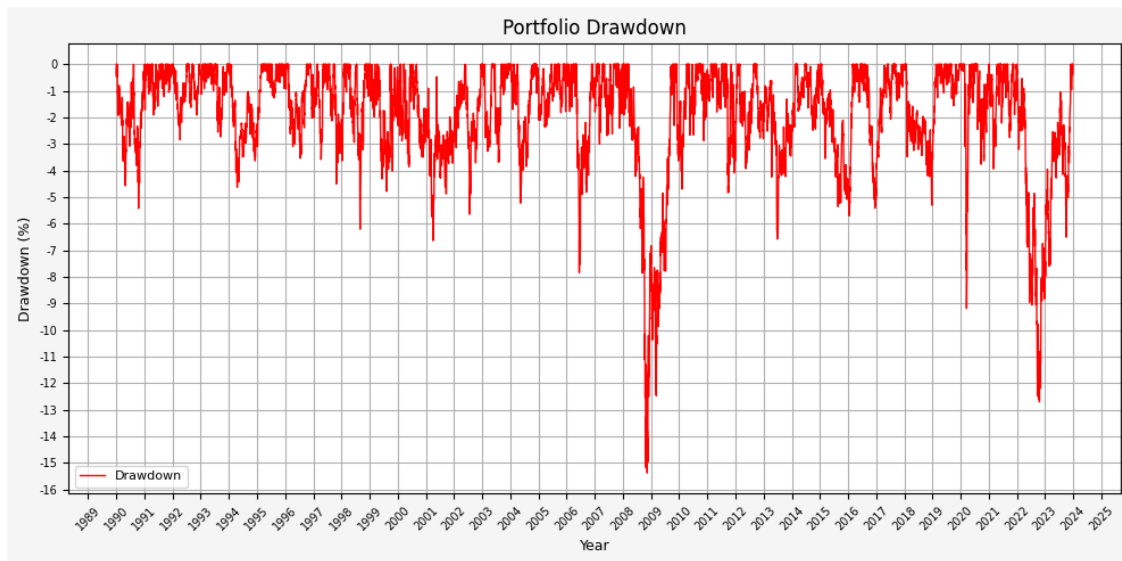
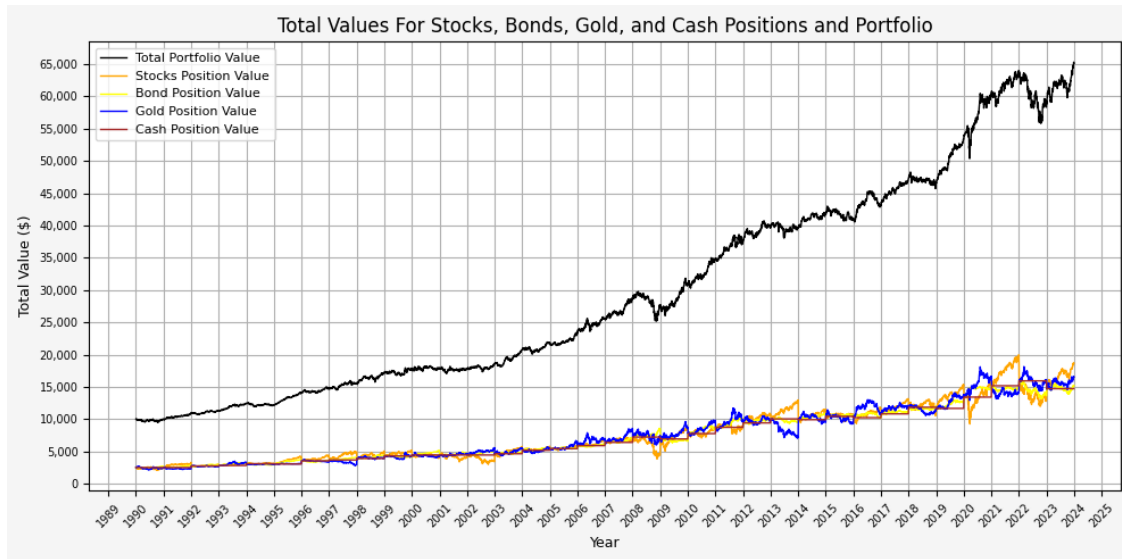
# Create dataframe for the annual returns
strat_annual_returns = strat['Cumulative_Return'].resample('Y').last().
    ↳ pct_change().dropna()
strat_annual_returns_df = strat_annual_returns.to_frame()
strat_annual_returns_df['Year'] = strat_annual_returns_df.index.year # Add a
    ↳ 'Year' column with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

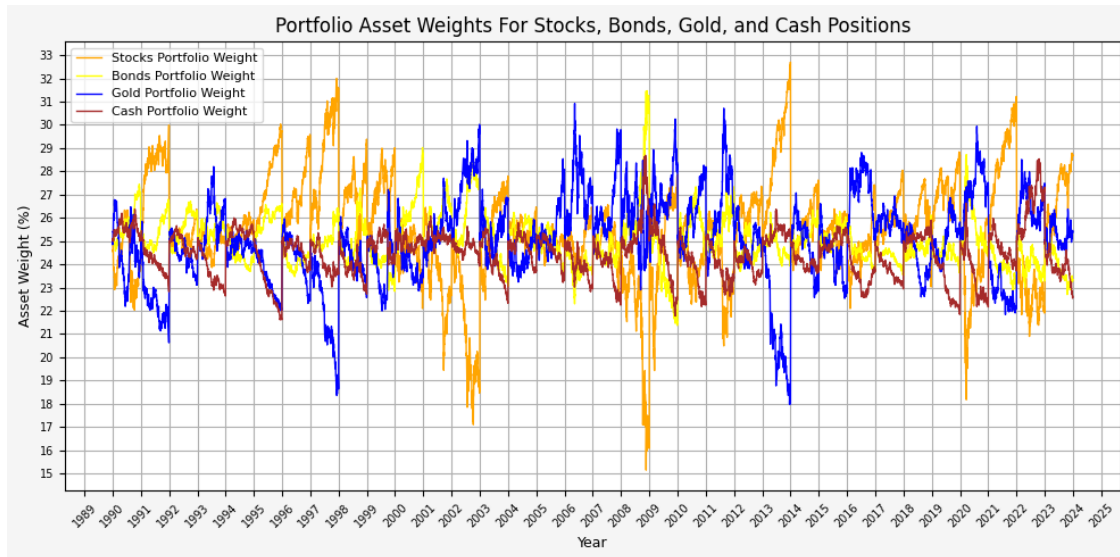
# Now the DataFrame will have 'Year' and 'Cumulative_Return' columns
strat_annual_returns_df = strat_annual_returns_df[['Year',
    ↳ 'Cumulative_Return']] # Keep only 'Year' and 'Cumulative_Return' columns
strat_annual_returns_df.rename(columns = {'Cumulative_Return': 'Return'},
    ↳ inplace=True)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

plan_name = '_' .join(fund_list)
file = plan_name + "_Annual_Returns.xlsx"
location = file
strat_annual_returns_df.to_excel(location, sheet_name='data')

plot_annual_returns(strat_annual_returns_df)
```

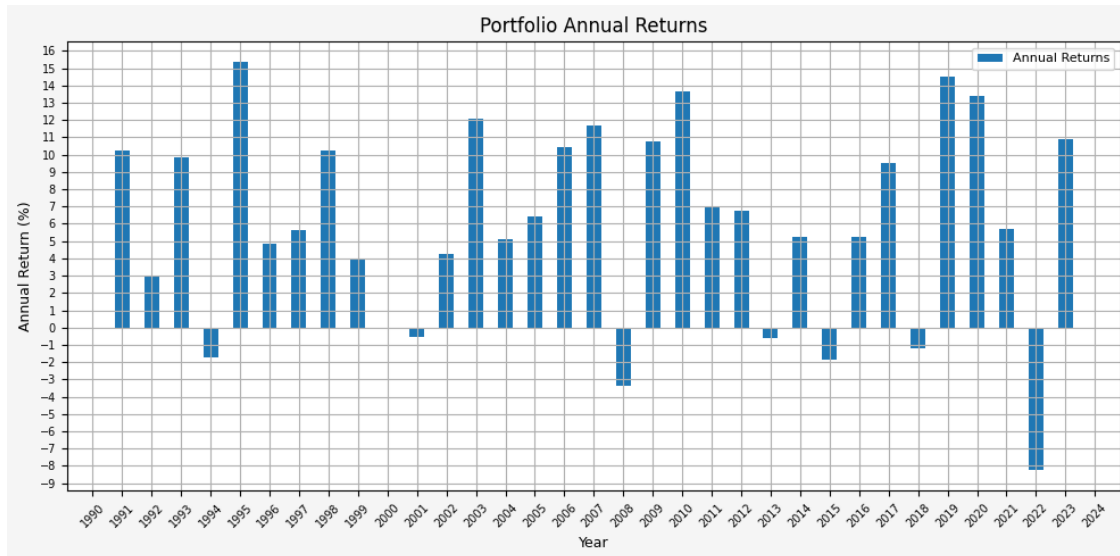






Year	Return
1991	0.102105
1992	0.030323
1993	0.098695
1994	-0.017222
1995	0.153473
1996	0.048529
1997	0.056127
1998	0.102107
1999	0.039196
2000	0.000025
2001	-0.005315
2002	0.042658
2003	0.120939
2004	0.051419
2005	0.064235
2006	0.104307
2007	0.117139
2008	-0.033383
2009	0.107354
2010	0.136550
2011	0.069683
2012	0.067507
2013	-0.006023
2014	0.052264
2015	-0.018332
2016	0.052463
2017	0.094968

2018 -0.011949
 2019 0.145397
 2020 0.133985
 2021 0.056786
 2022 -0.082424
 2023 0.108761



2.3 Calculate stats for various rebalance dates

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

# # Starting cash contribution
# starting_cash = 10000

# # Monthly cash contribution
# cash_contrib = 0

# months = list(range(1, 13))
# days = list(range(1, 28))

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

# for month in months:
#     for day in days:
```

```

#         strat = strategy(fund_list, starting_cash, cash_contrib, perm_port,
↪month, day).set_index('Date')
#         sum_stats = summary_stats(fund_list, strat[['Return']], 'Daily')
#         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
#         display(stats)

# plan_name = '_'.join(fund_list)
# file = plan_name + "_All_Summary_Stats.xlsx"
# location = file
# stats.to_excel(location, sheet_name='data')
# print(f"All summary stats complete for {plan_name}.")

```