

GEOMETRIC AVERAGE RETURNS

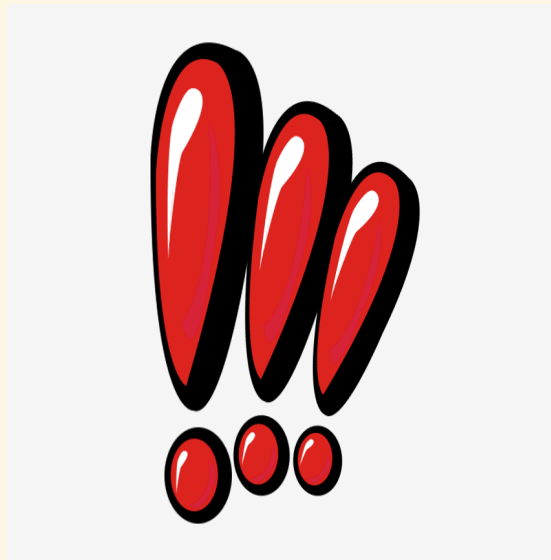
KERRY BACK



TESLA

GEOMETRIC AVERAGE RETURN

The geometric average return is **always less** than the arithmetic average return. The difference is larger when returns are more volatile.



EXAMPLES



AVERAGING CONTINUOUSLY COMPOUNDED RETURNS