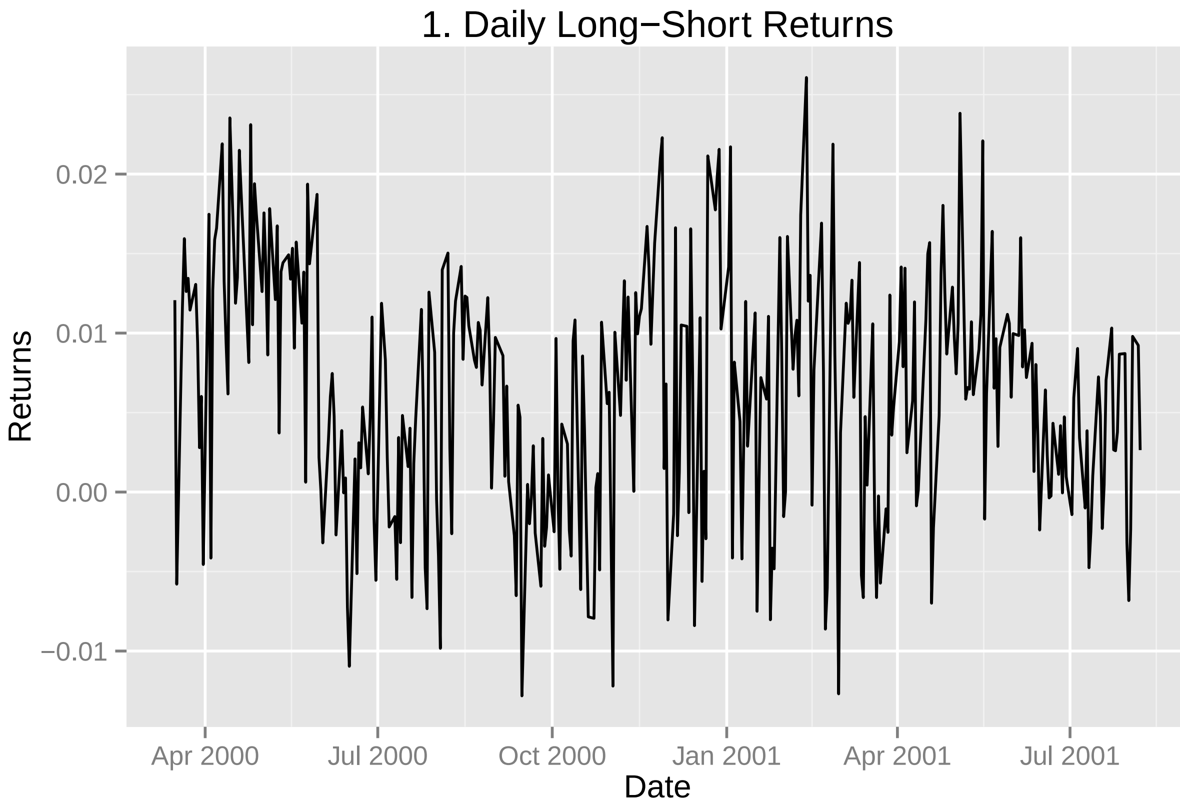
Solution Description - Part (4)

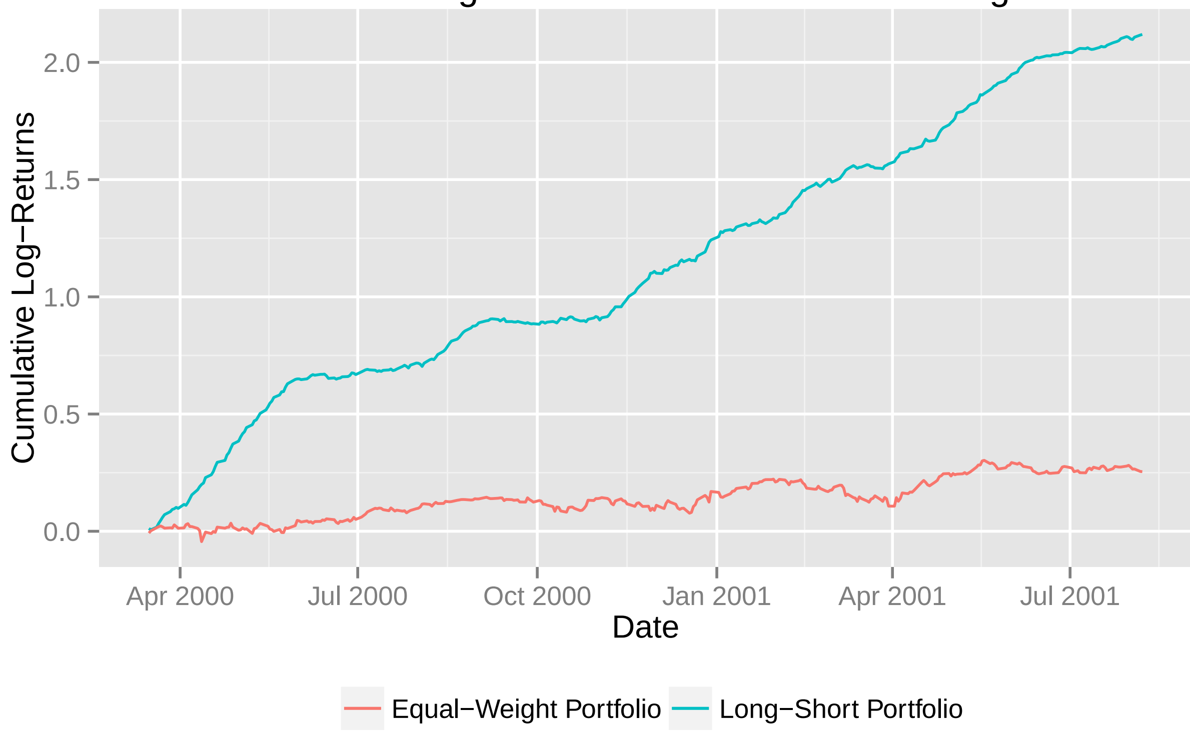
Team A - Mufan Li, Mengye Ren, Tian Xia

March 20, 2016

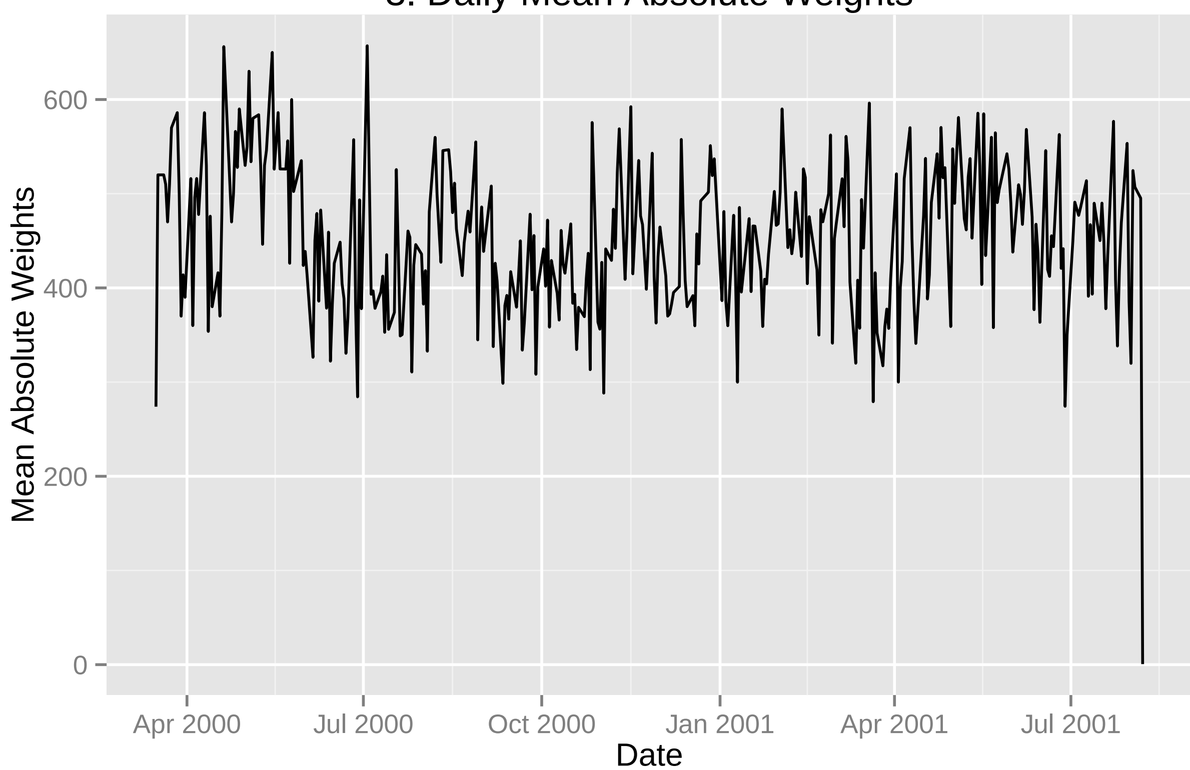
We first display the four time series plots.

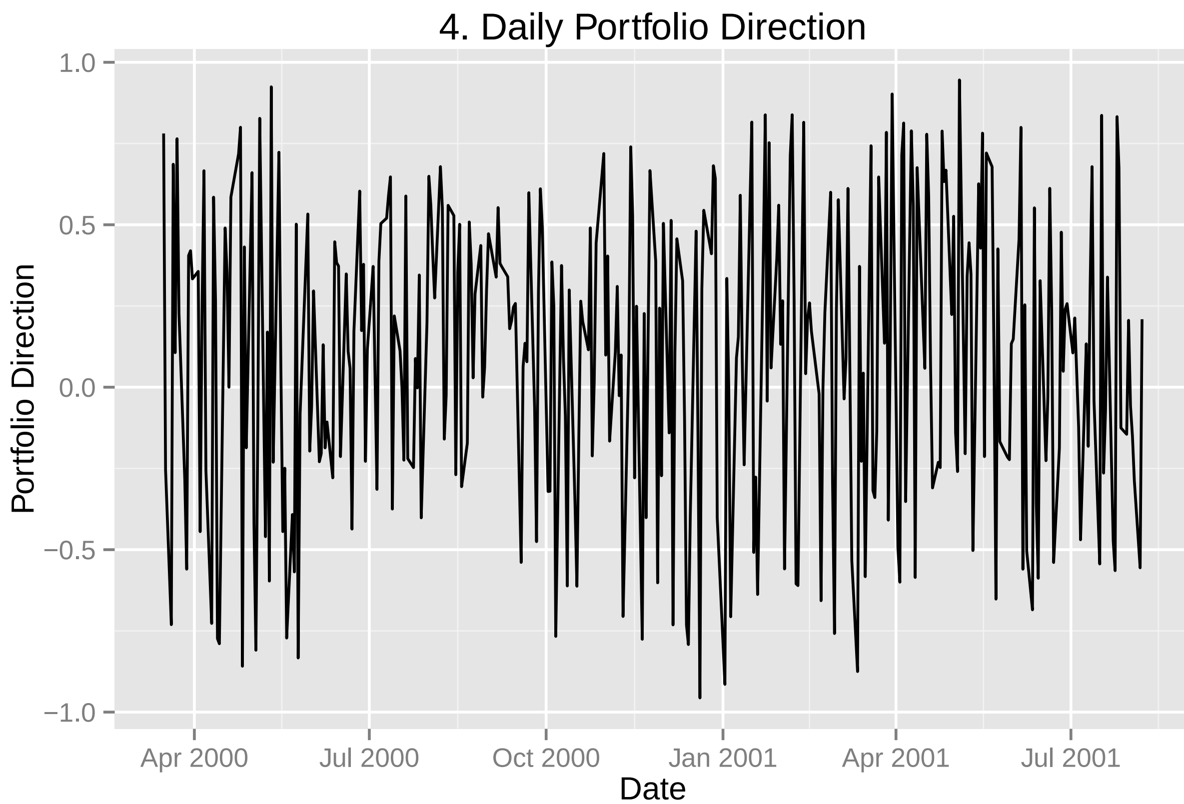


2. Cumulative Long−Short Returns − In Natural Logarithms



3. Daily Mean Absolute Weights





We can also look at the relevant statistics below.

	Names	Values
1	Average Daily Log Returns	0.0060
2	Standard Deviation of Daily Log Returns	0.0077
3	Annualized Sharpe Ratio	12.3807
4	Skewness	-0.0383
5	Kurtosis	-0.5484
6	Maximum Drawdown - Number of Days	12.0000
7	Maximum Drawdown - Return	-0.0237
8	Correlation with Equal Weighted Returns	

Table 1: Summary Statistics - Using In-Sample Data