Sometimes, it is hard for us to decide which portfolio is better so we intoduce a new term called sharpe ratio

But wait, there's more!

- SR can vary widely depending on how frequently you sample

- SR is an annual measure

- $SR_{annualized} = \boxed{K} * SR$

- $K = \sqrt{\#samples\ per\ year}$

$$daily\ K = \sqrt{252}$$
$$weekly\ K = \sqrt{52}$$
$$monthly\ K = \sqrt{12}$$

$$SR = \sqrt{252} * \frac{mean(daily\_rets - daily\_rf)}{std(daily\_rets)}$$

Daily_rf :daily risk free 無風險利率>指的像是把錢存放在銀行裡的利率