Andreas Krause

Performance evaluation

Outline

■ Exploiting market inefficiencies

■ Sharpe ratio

■ Jensen's α

■ Portfolio return decomposition

■ Summary

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Trading on information

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Exploiting market inefficiencies
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Sharpe ratio
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Jensen's α
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Portfolio return decomposition
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Summary
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Considering risks

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Exploiting market inefficiencies
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Sharpe ratio
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Jensen's α
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Portfolio return decomposition
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Summary
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Exploiting market inefficiencies
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Summary
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Exploiting market inefficiencies
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Sharpe ratio
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Portfolio return decomposition
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Exploiting market inefficiencies
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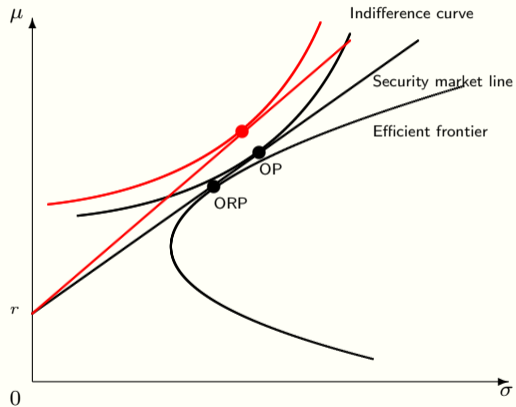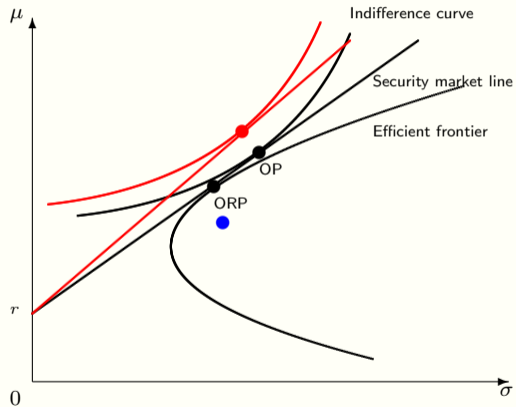# Portfolio selection
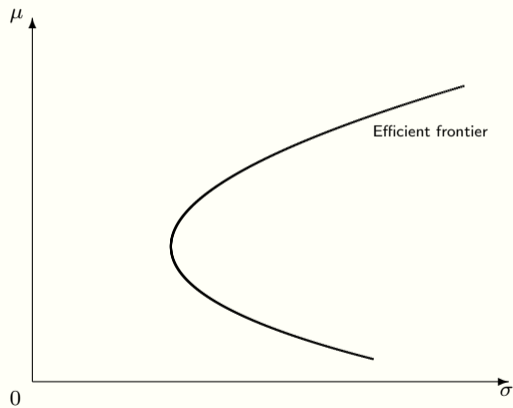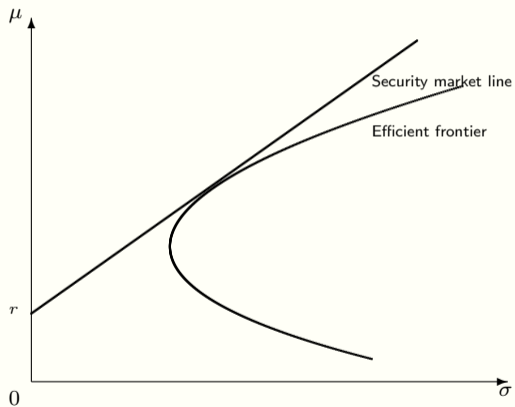
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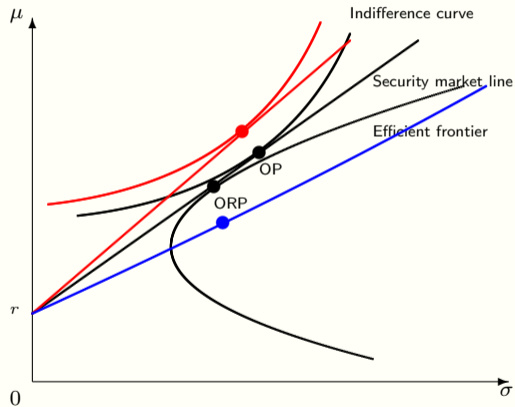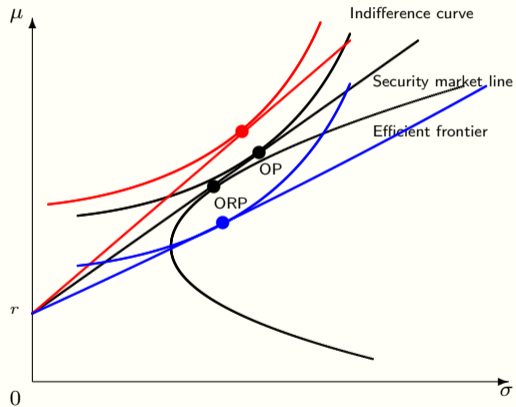# Portfolio selection

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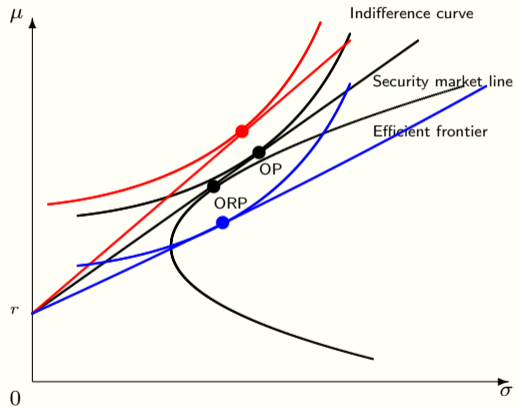Portfolio return decomposition
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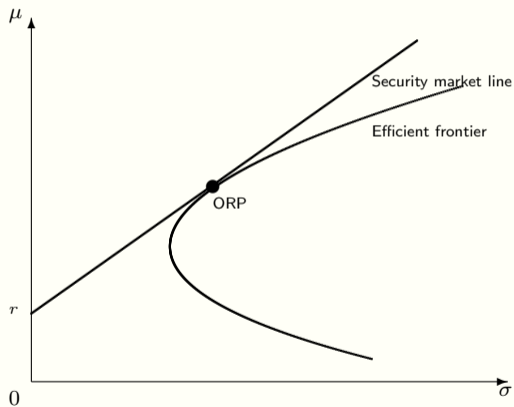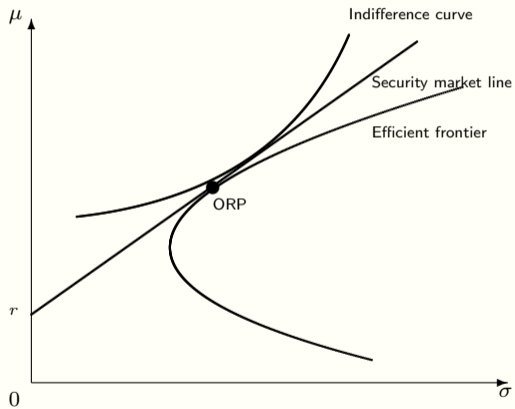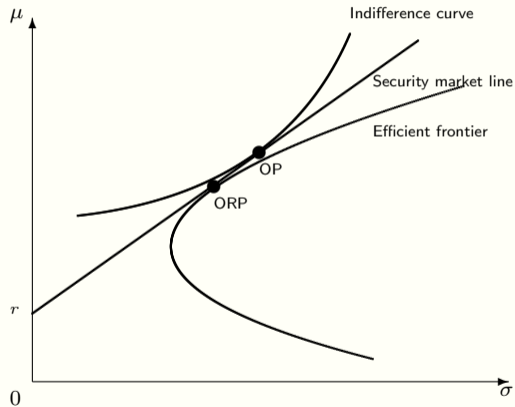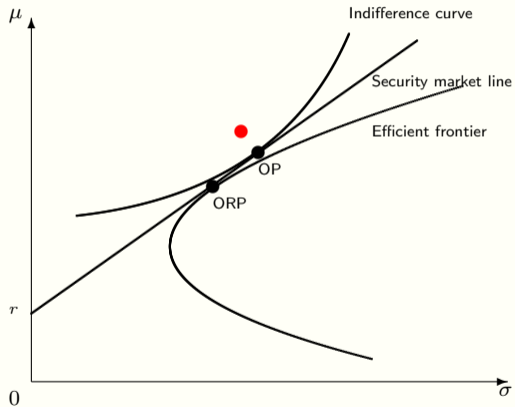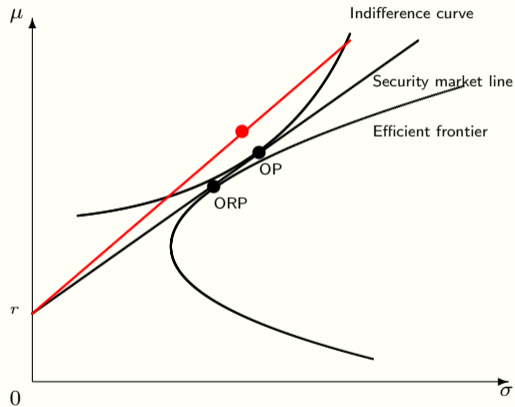
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Slope as performance measure

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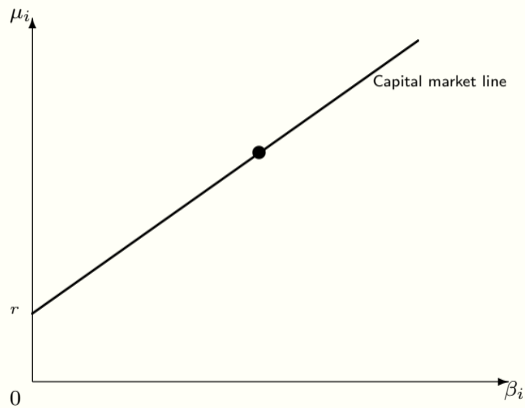# Using the CAPM as a benchmark
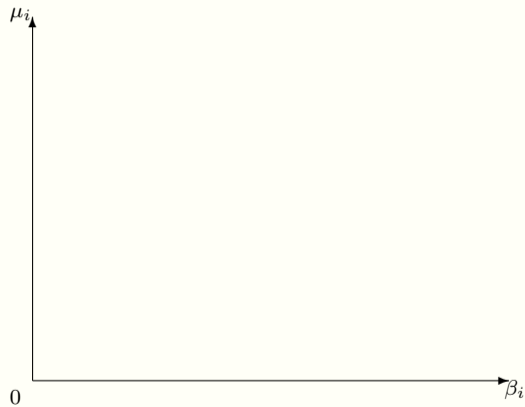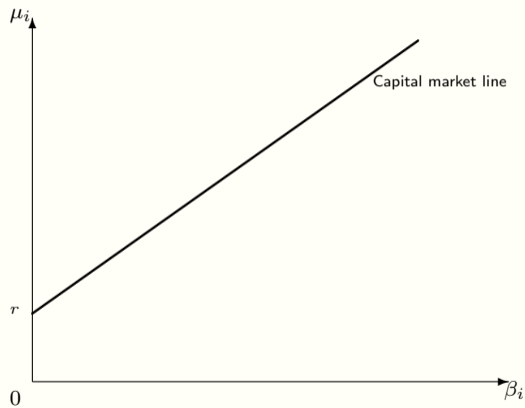
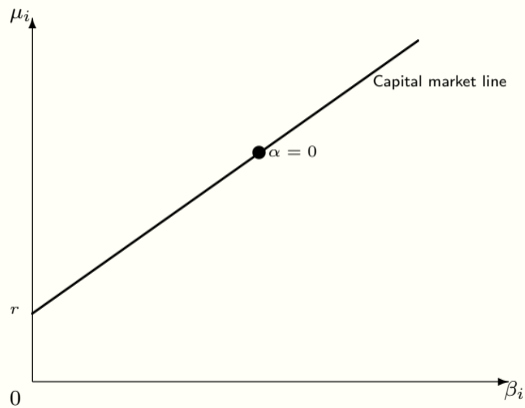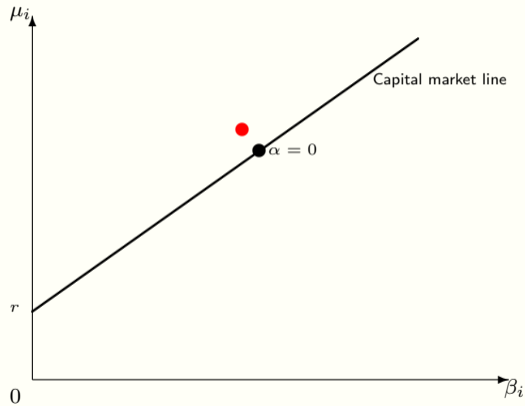# Using the CAPM as a benchmark

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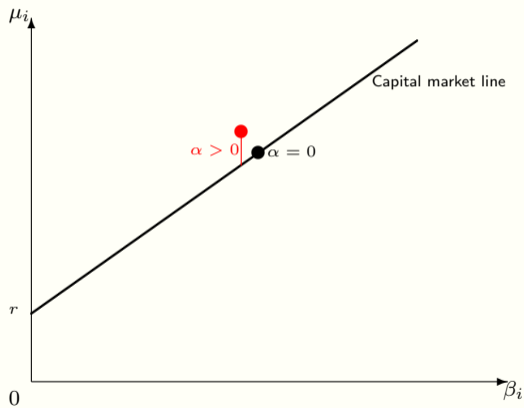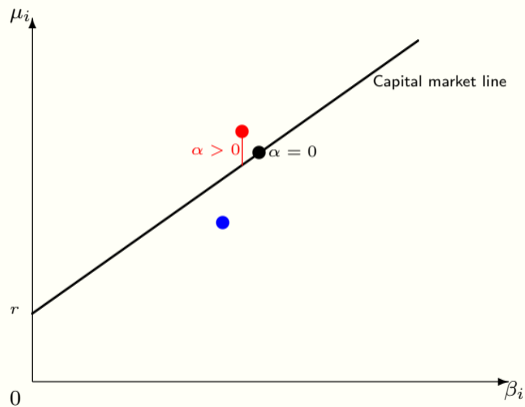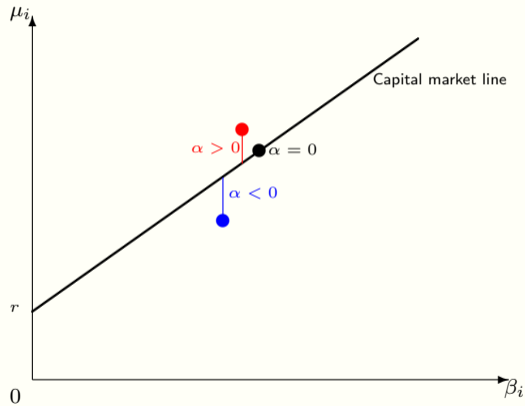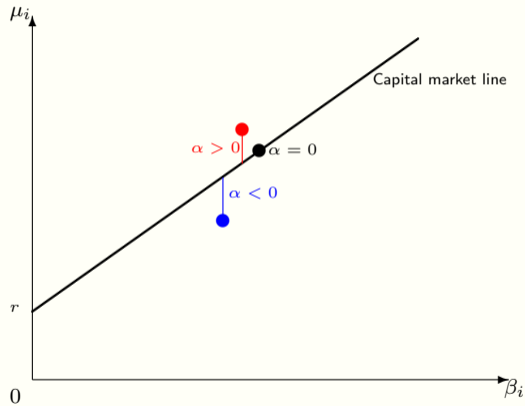# Using the CAPM as a benchmark

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Differences in returns

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Differences in returns

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Differences in returns

- The CAPM gives the excess return of an asset as the excess return of the market, adjusted for systematic risk

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Exploiting market inefficiencies
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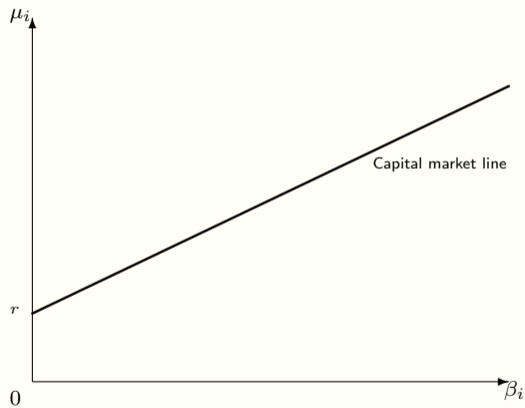
Determining net selectivity
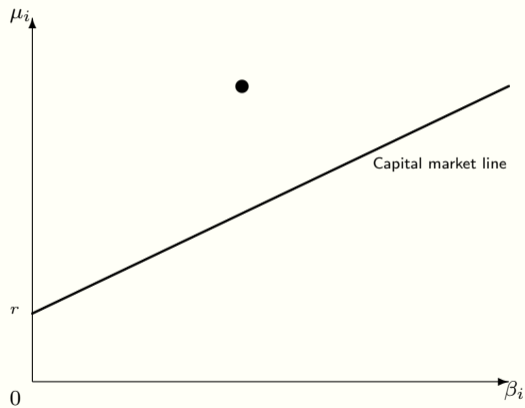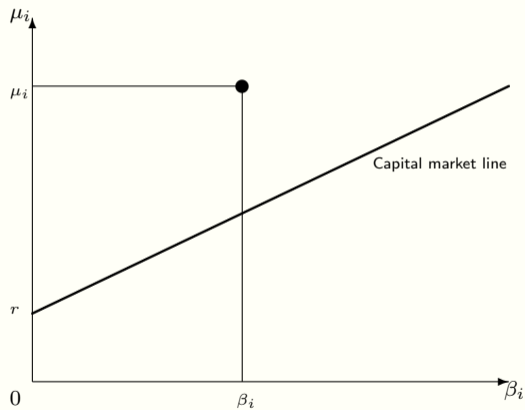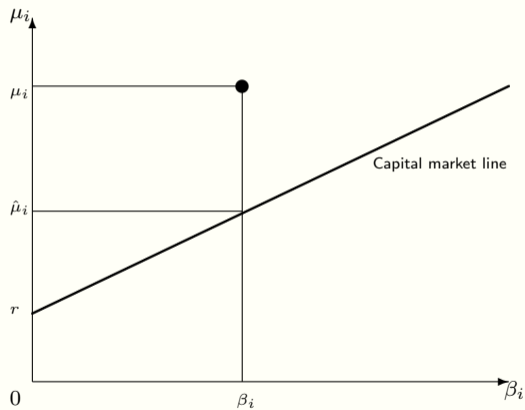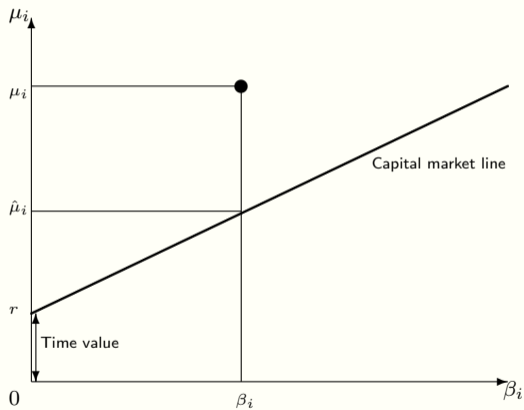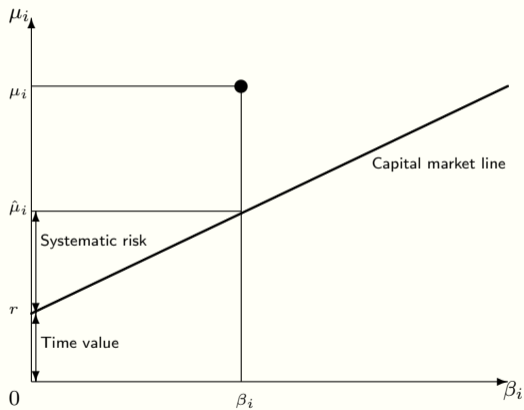
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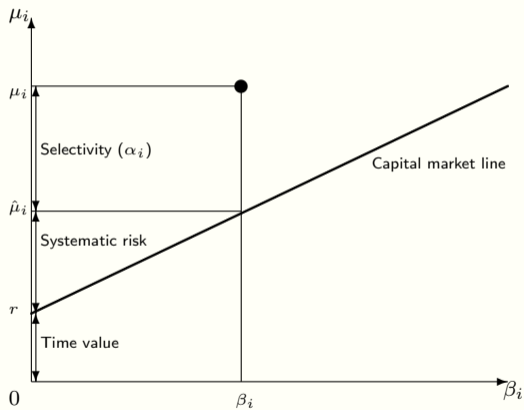
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Exploiting market inefficiencies
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Portfolio return decomposition
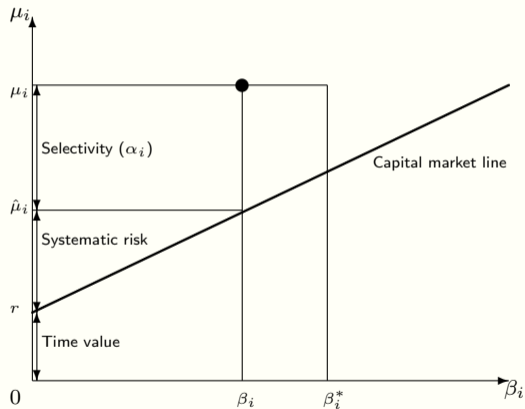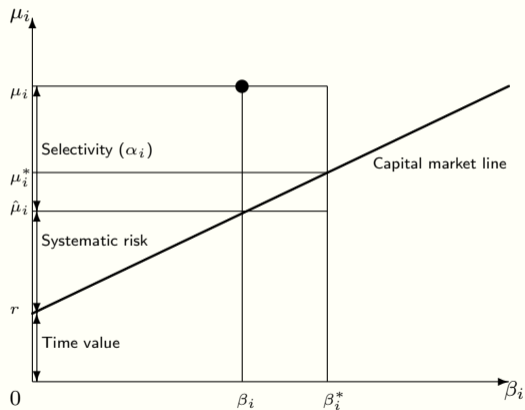OO●O

Summary
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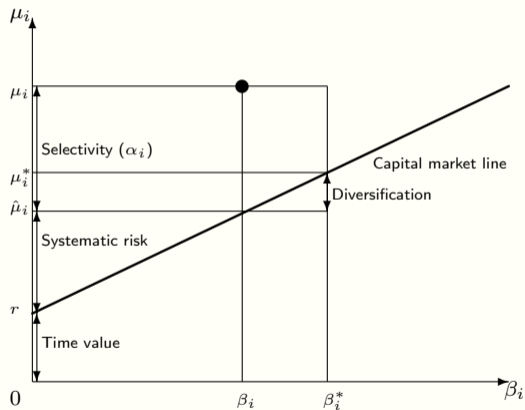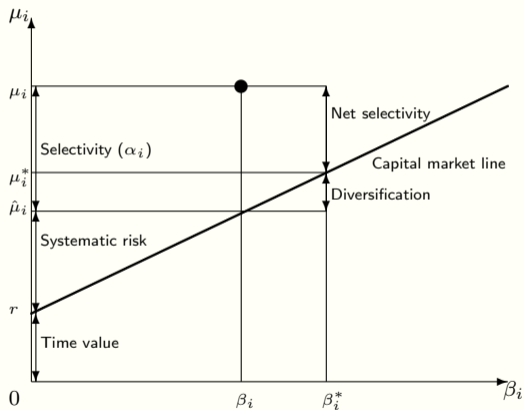# Determining net selectivity

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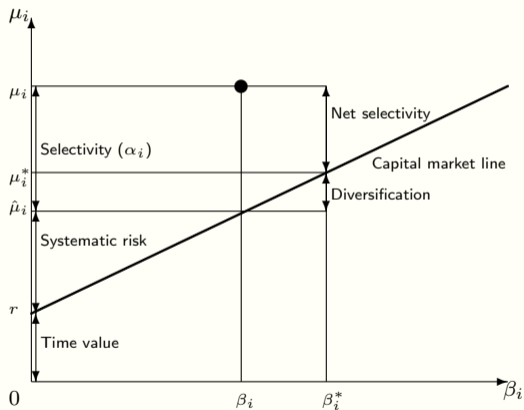
Net selectivity

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