



Andreas Krause

Performance evaluation

Outline

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

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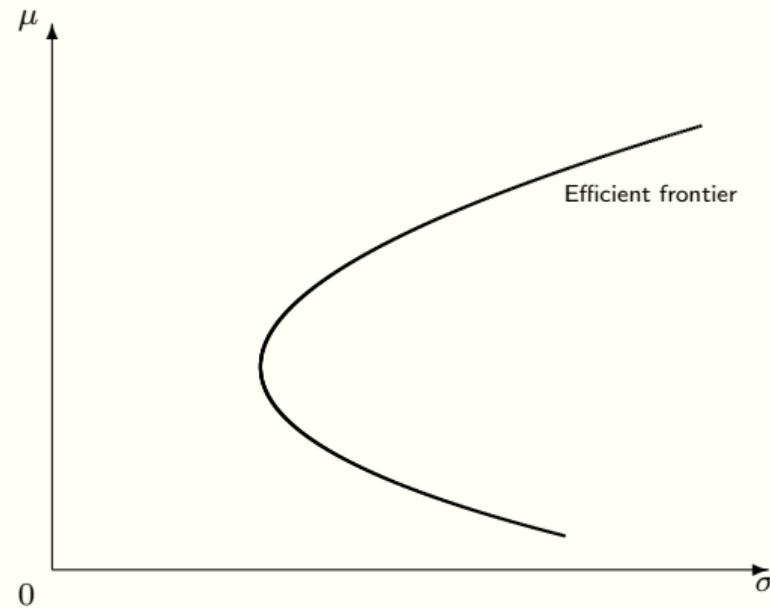
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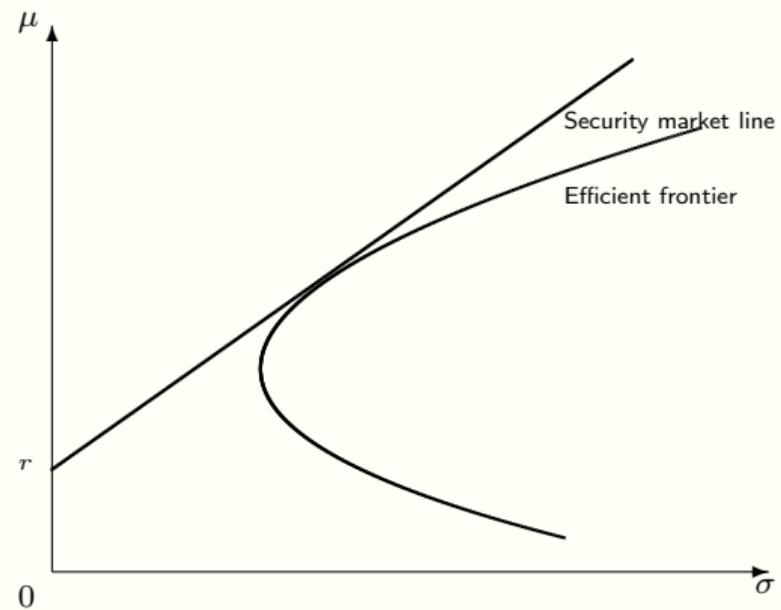
Portfolio selection



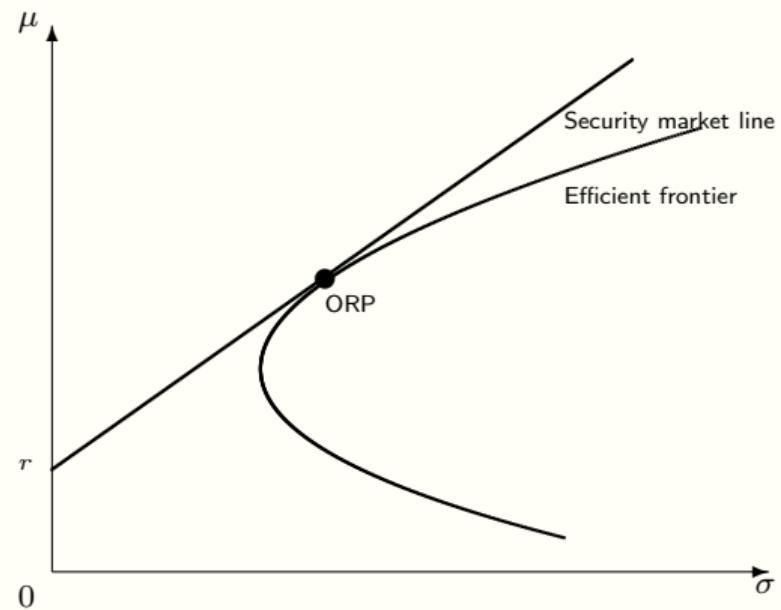
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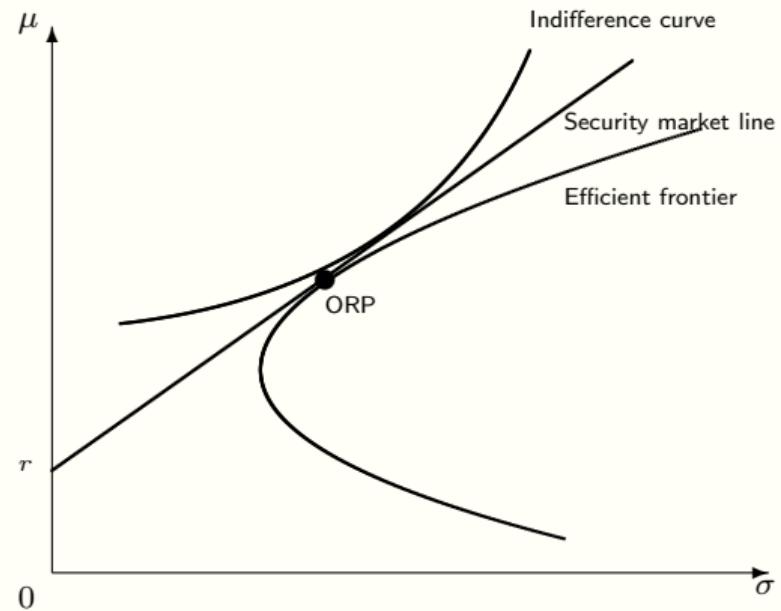
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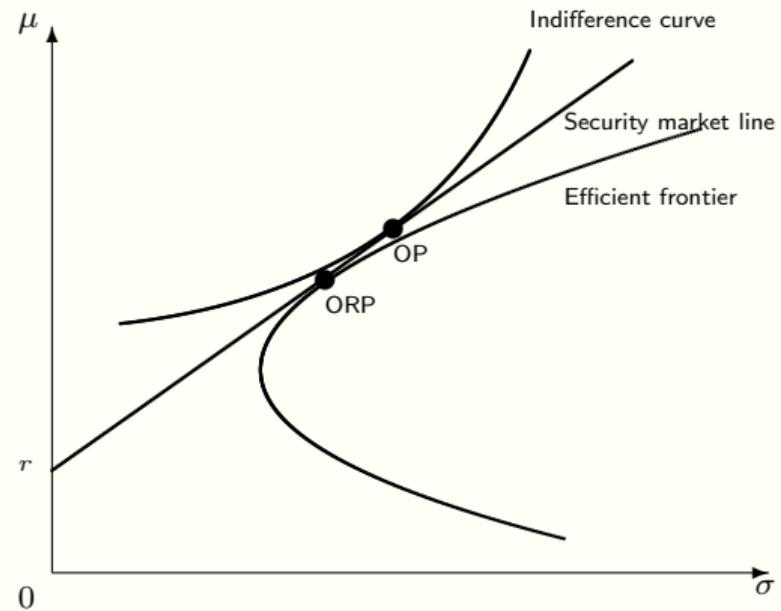
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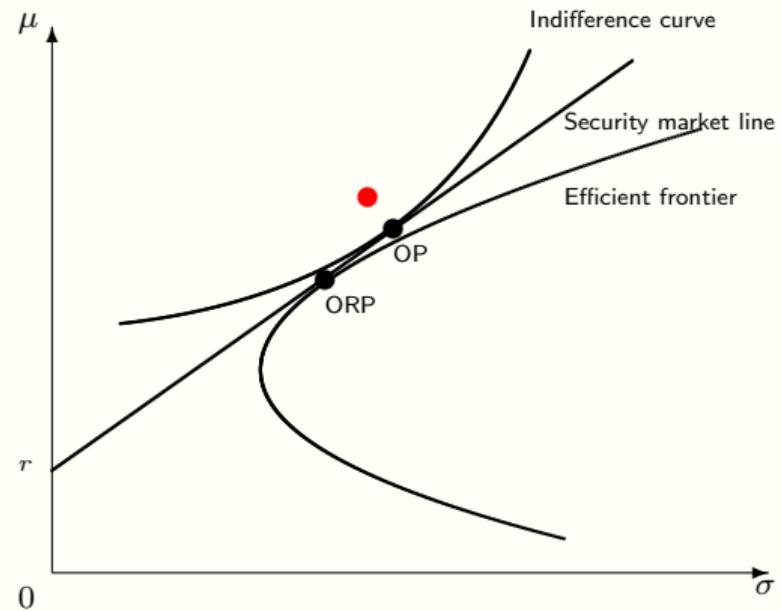
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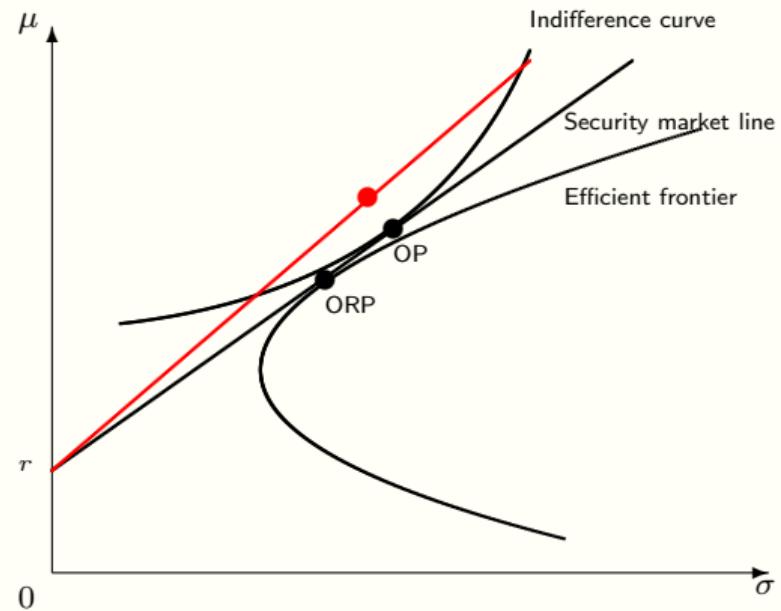
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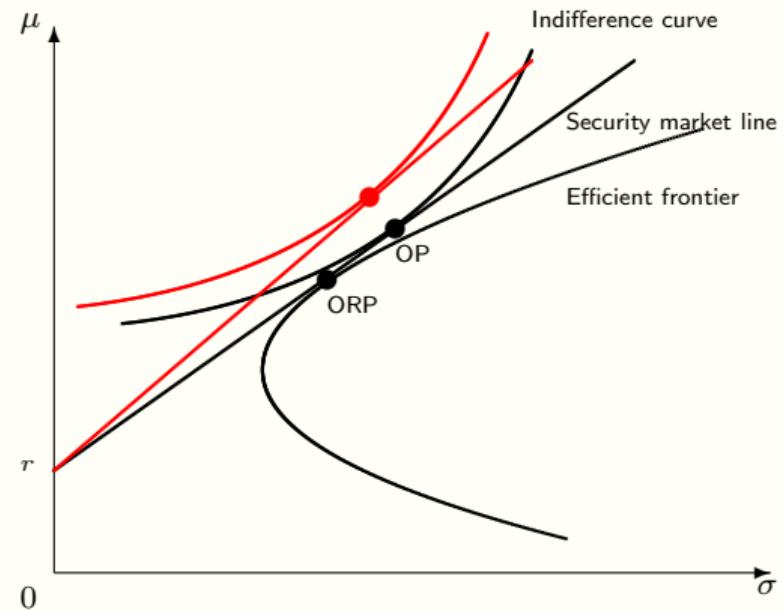
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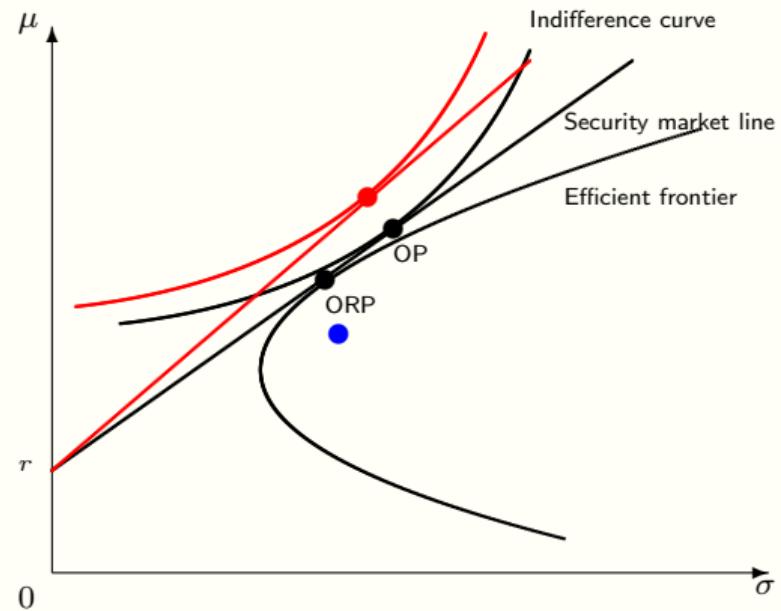
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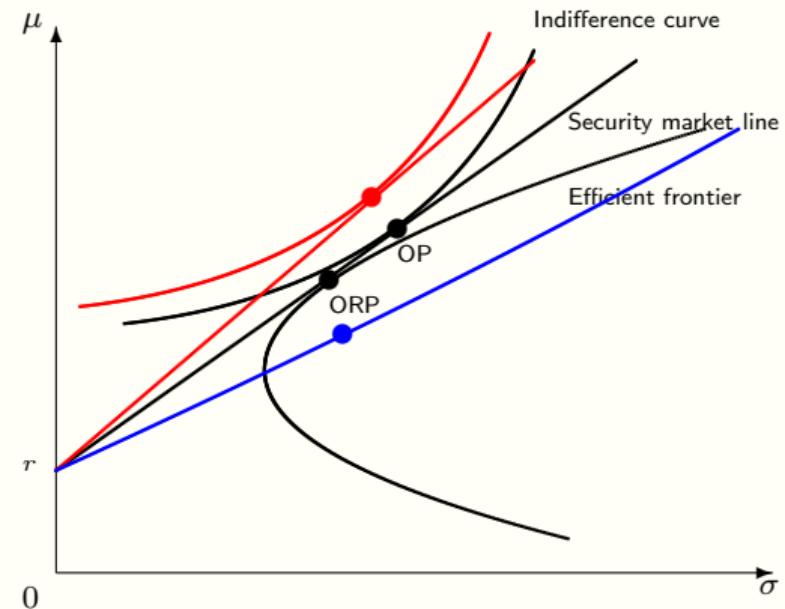
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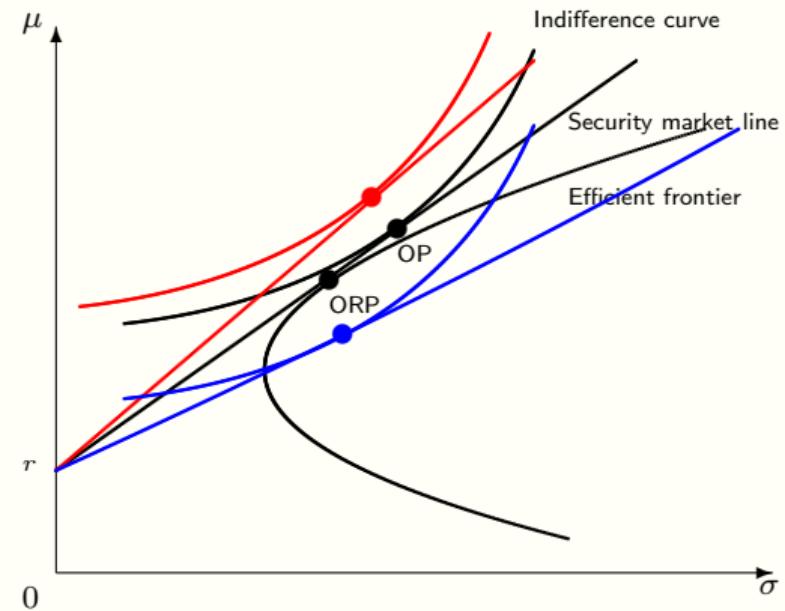
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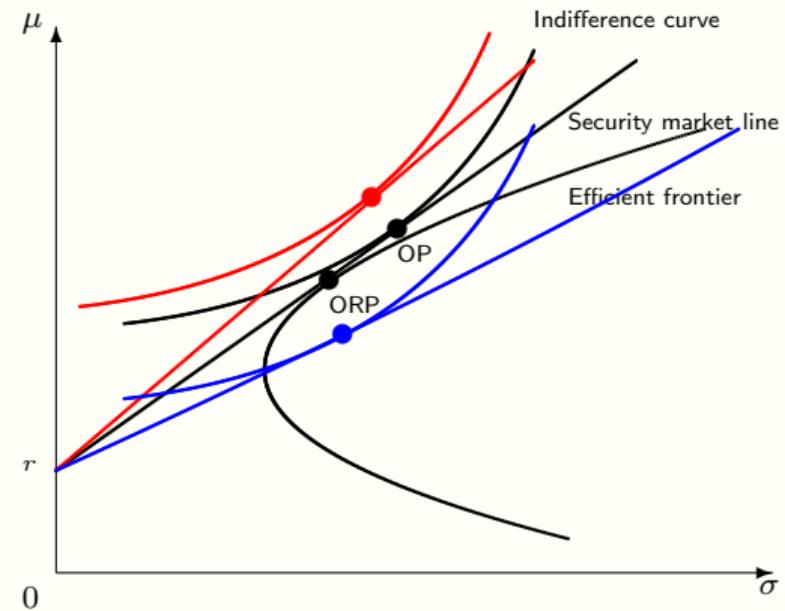
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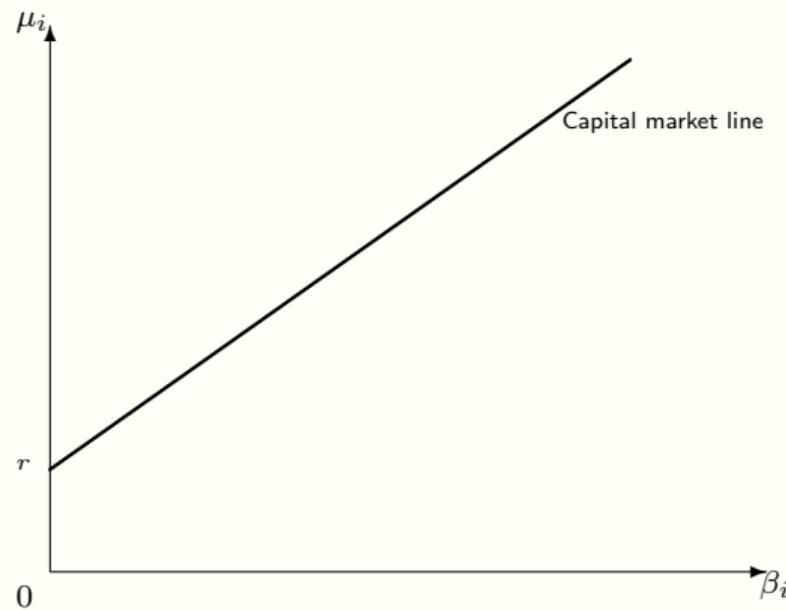
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Using the CAPM as a benchmark

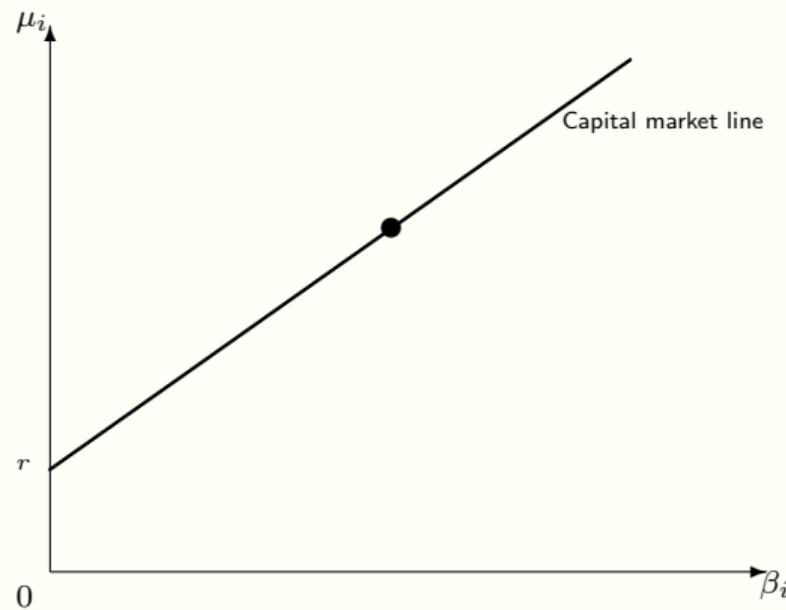
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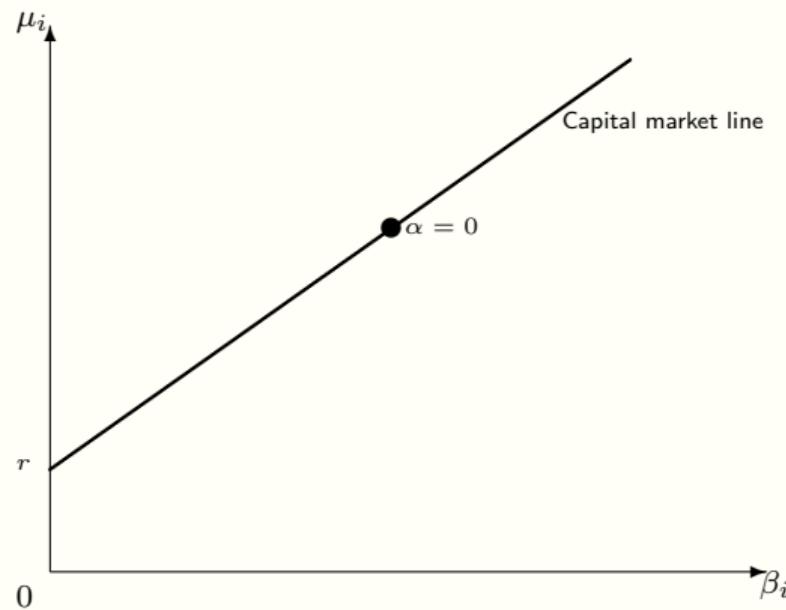
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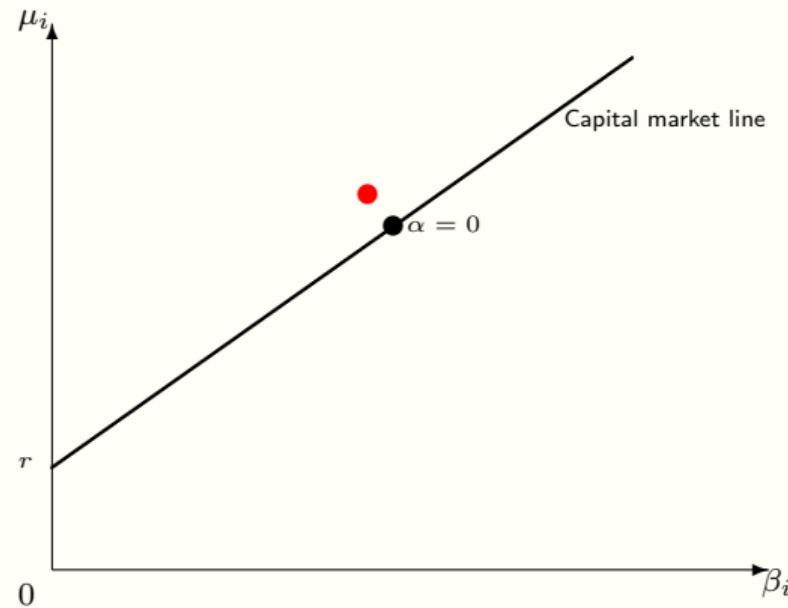
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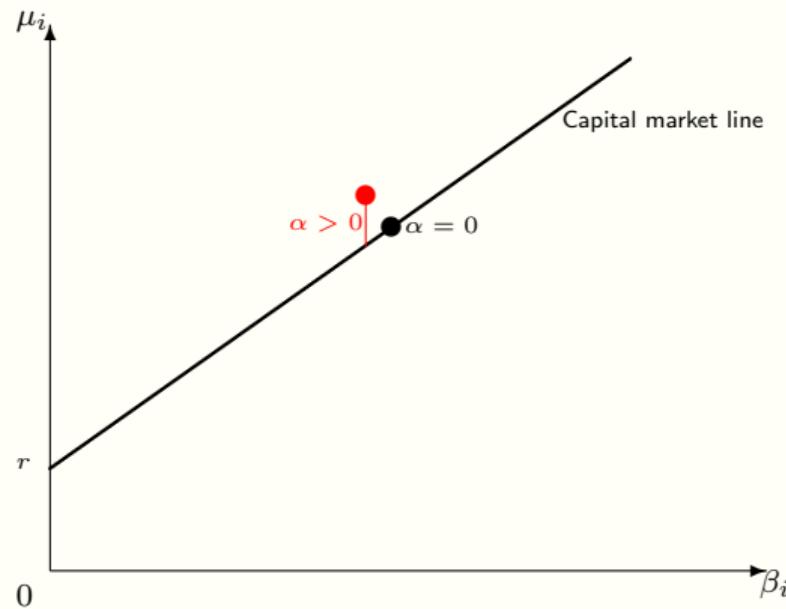
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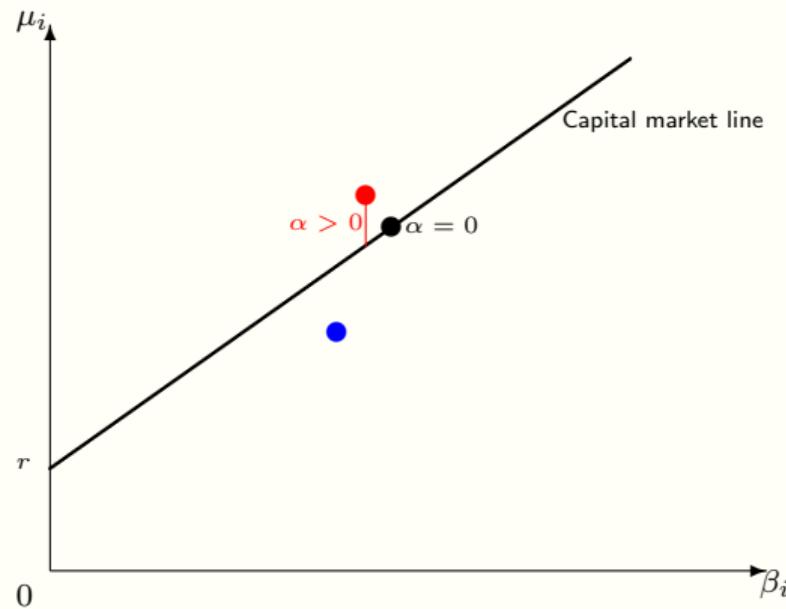
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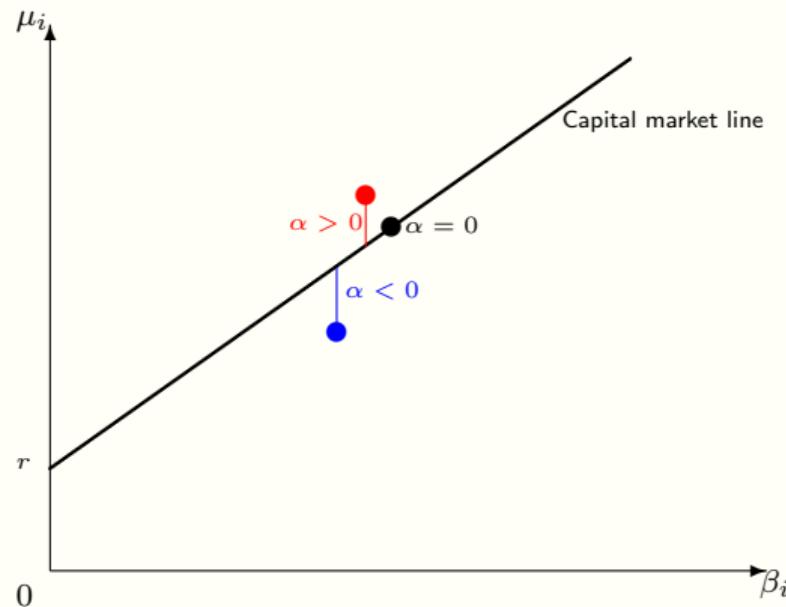
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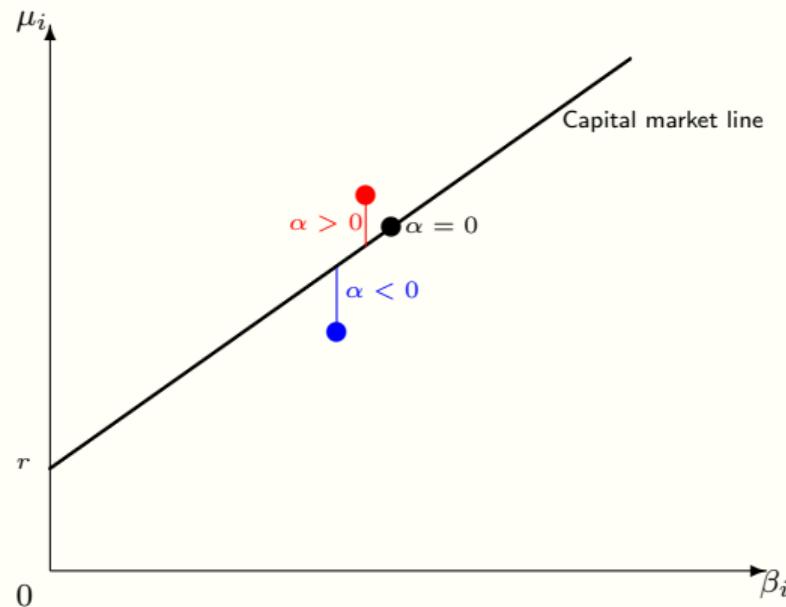
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- ▶ The CAPM gives the **excess return** of an asset as the **excess return of the market**, adjusted for **systematic risk**
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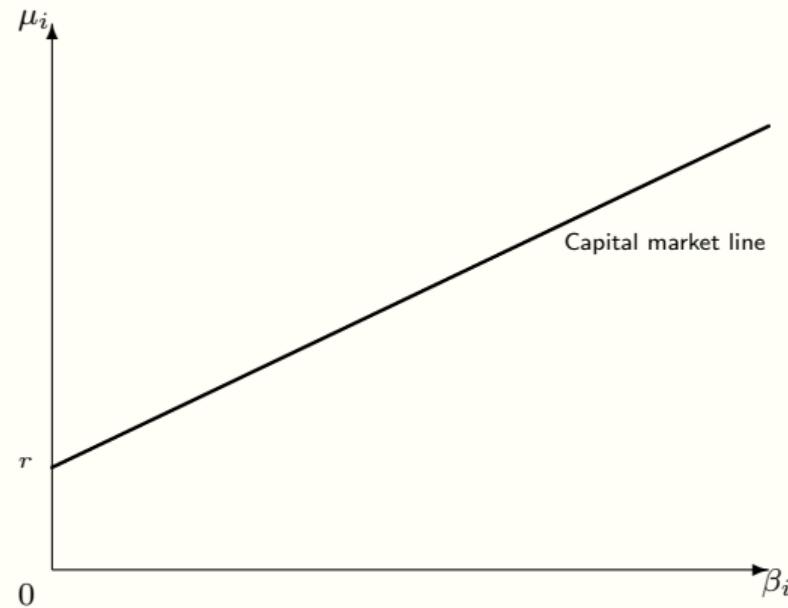
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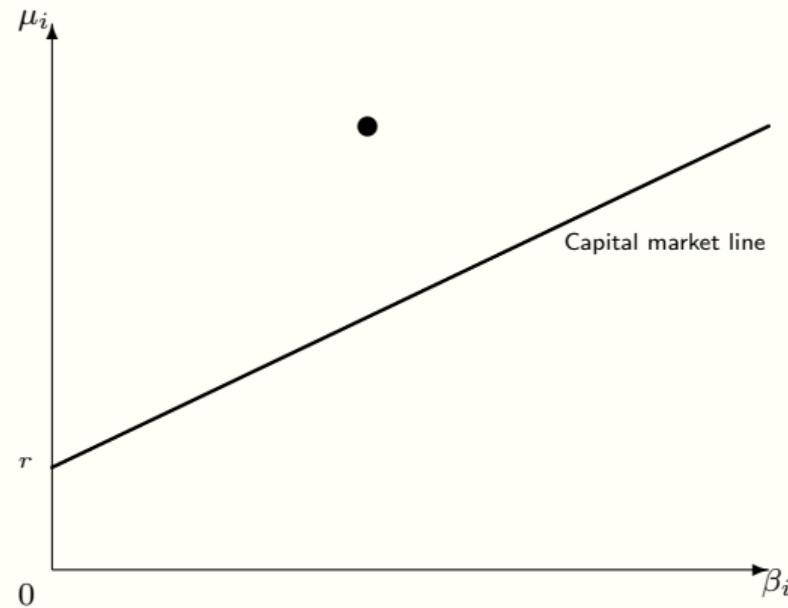
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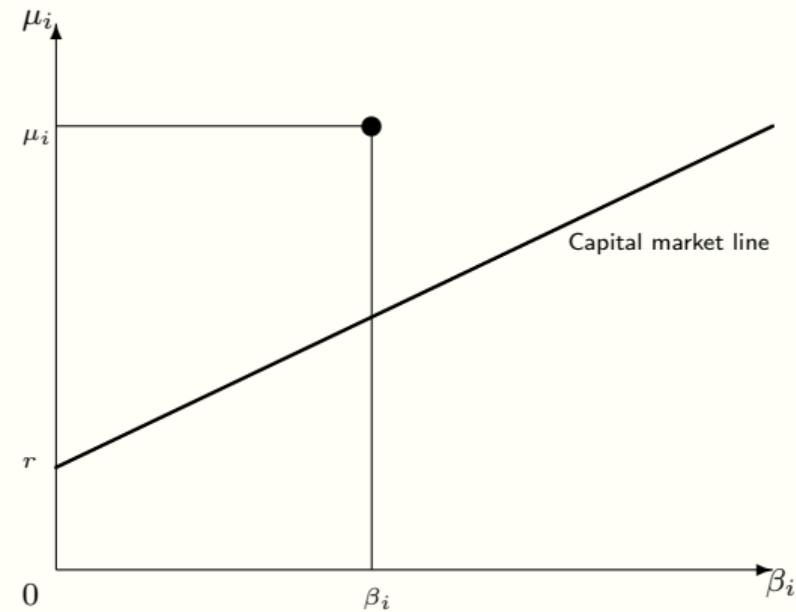
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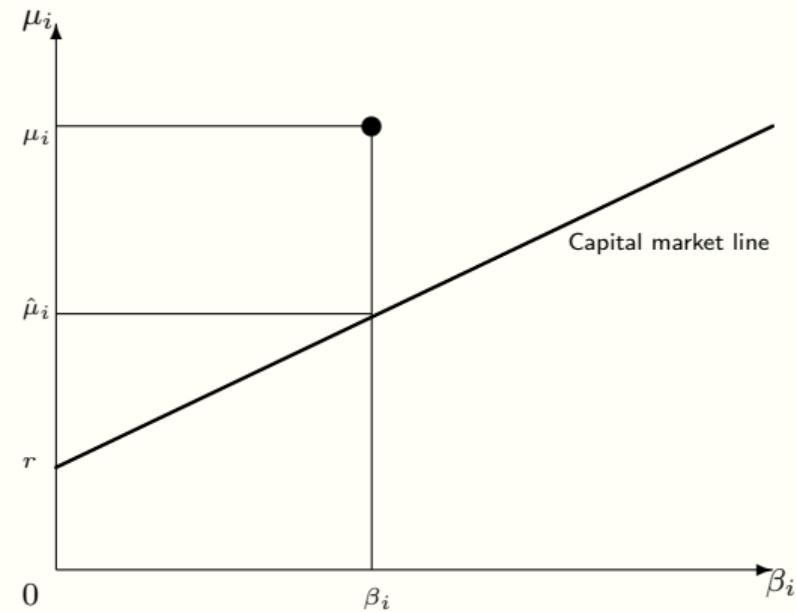
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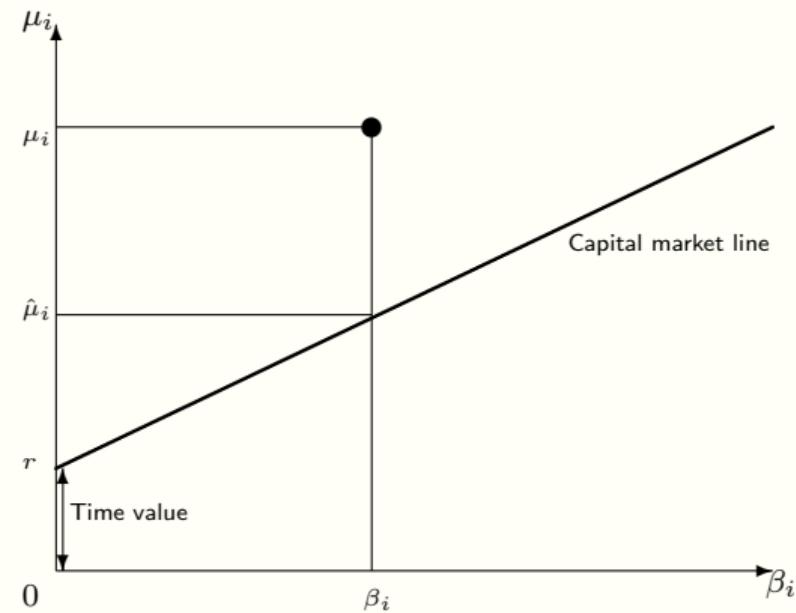
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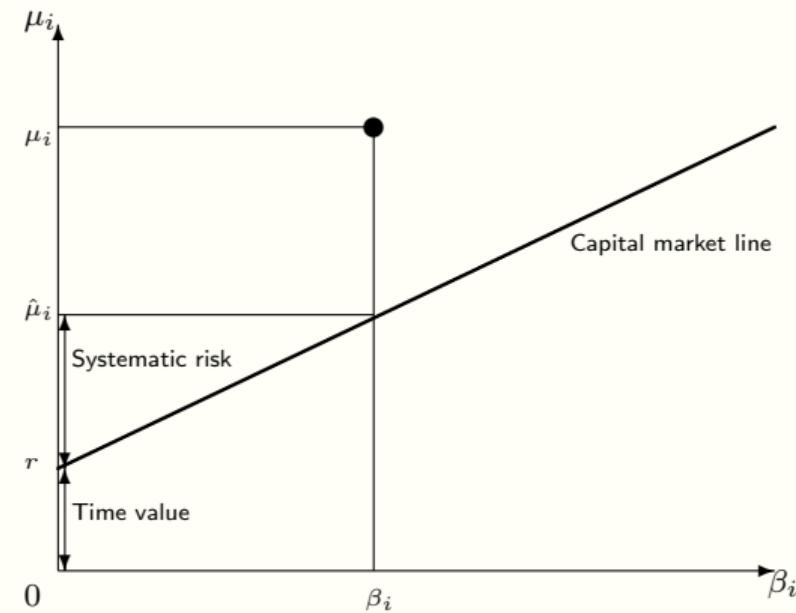
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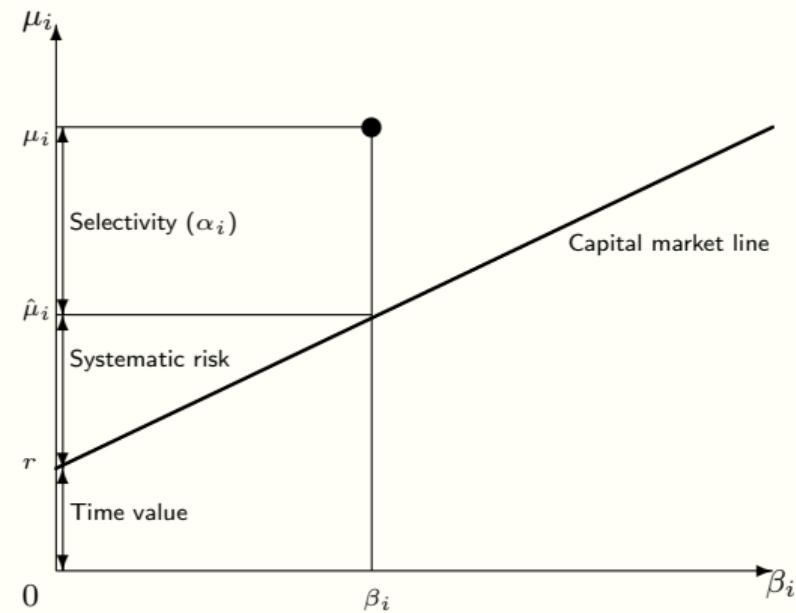
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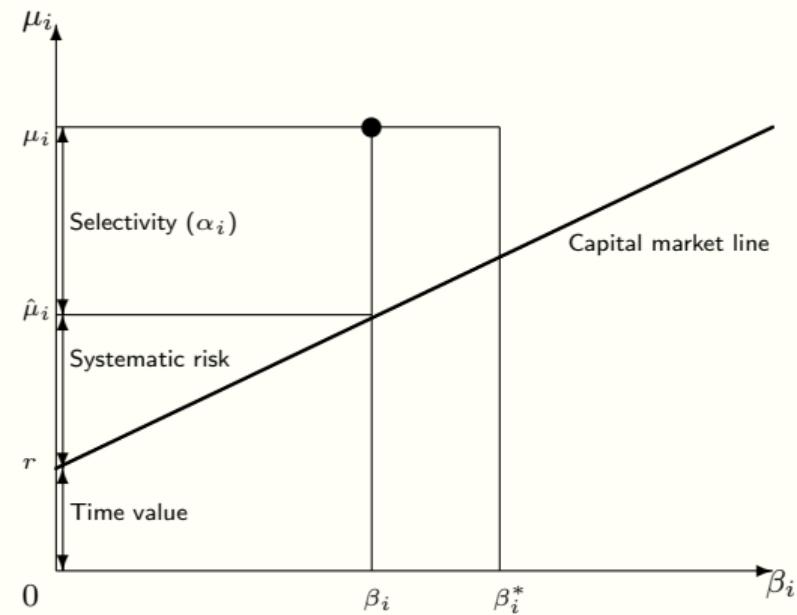
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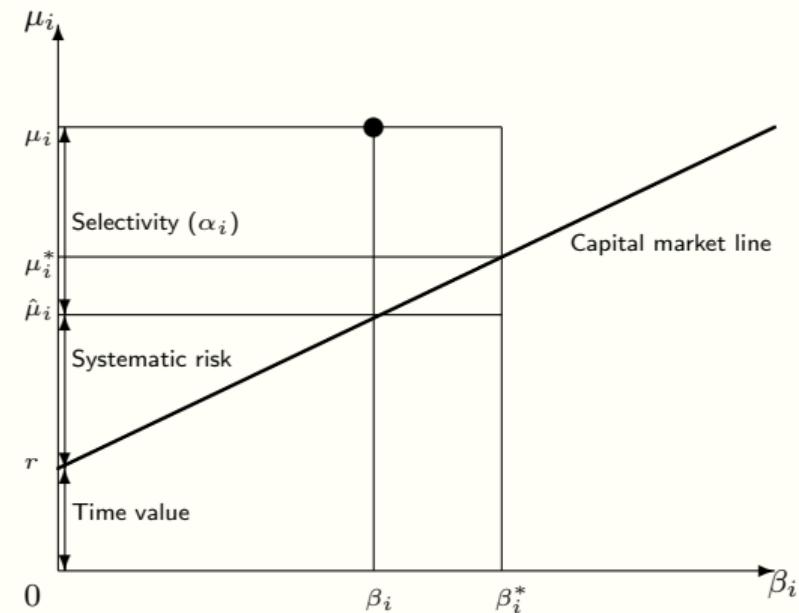
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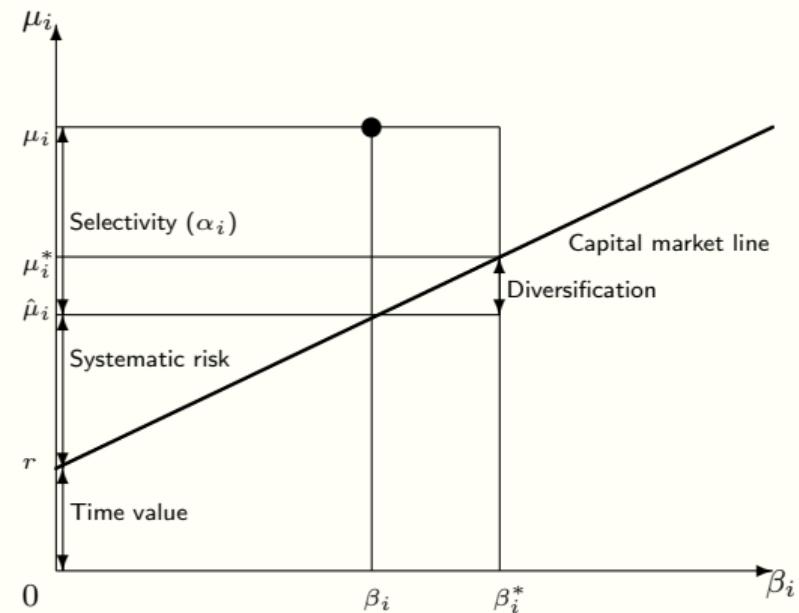
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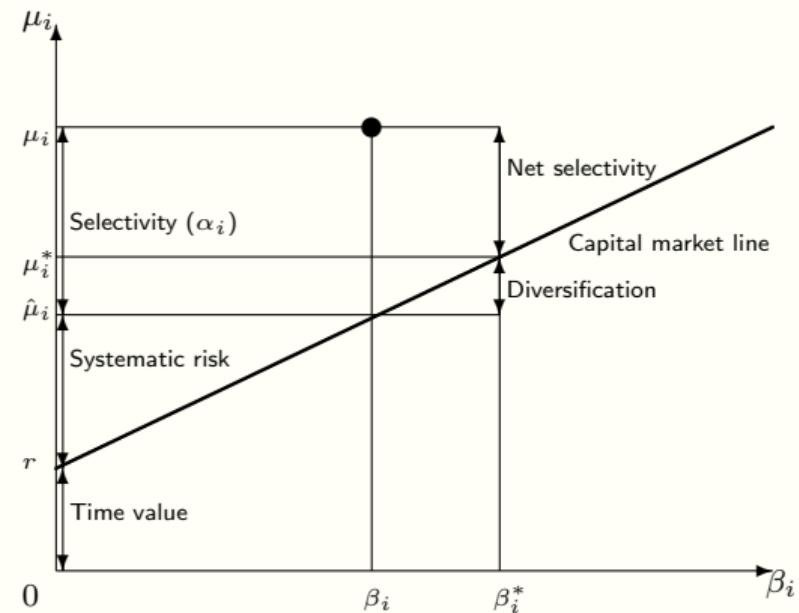
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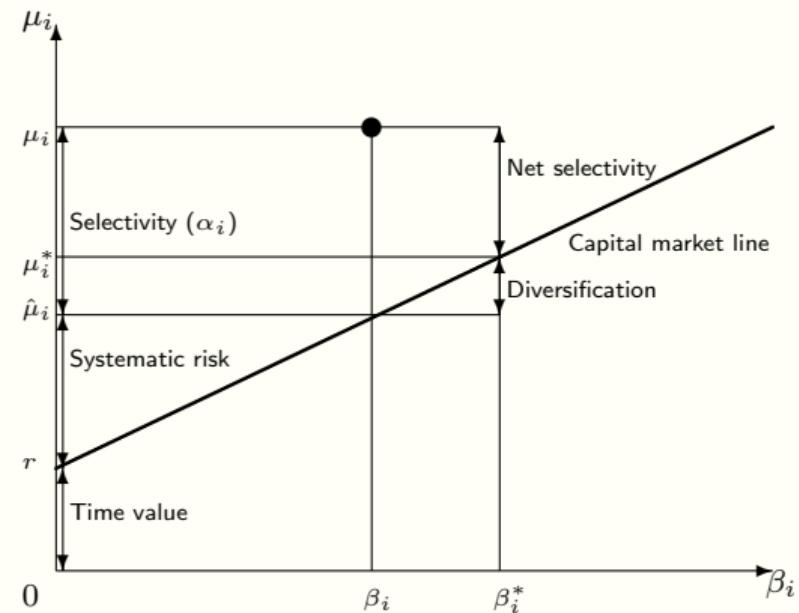
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