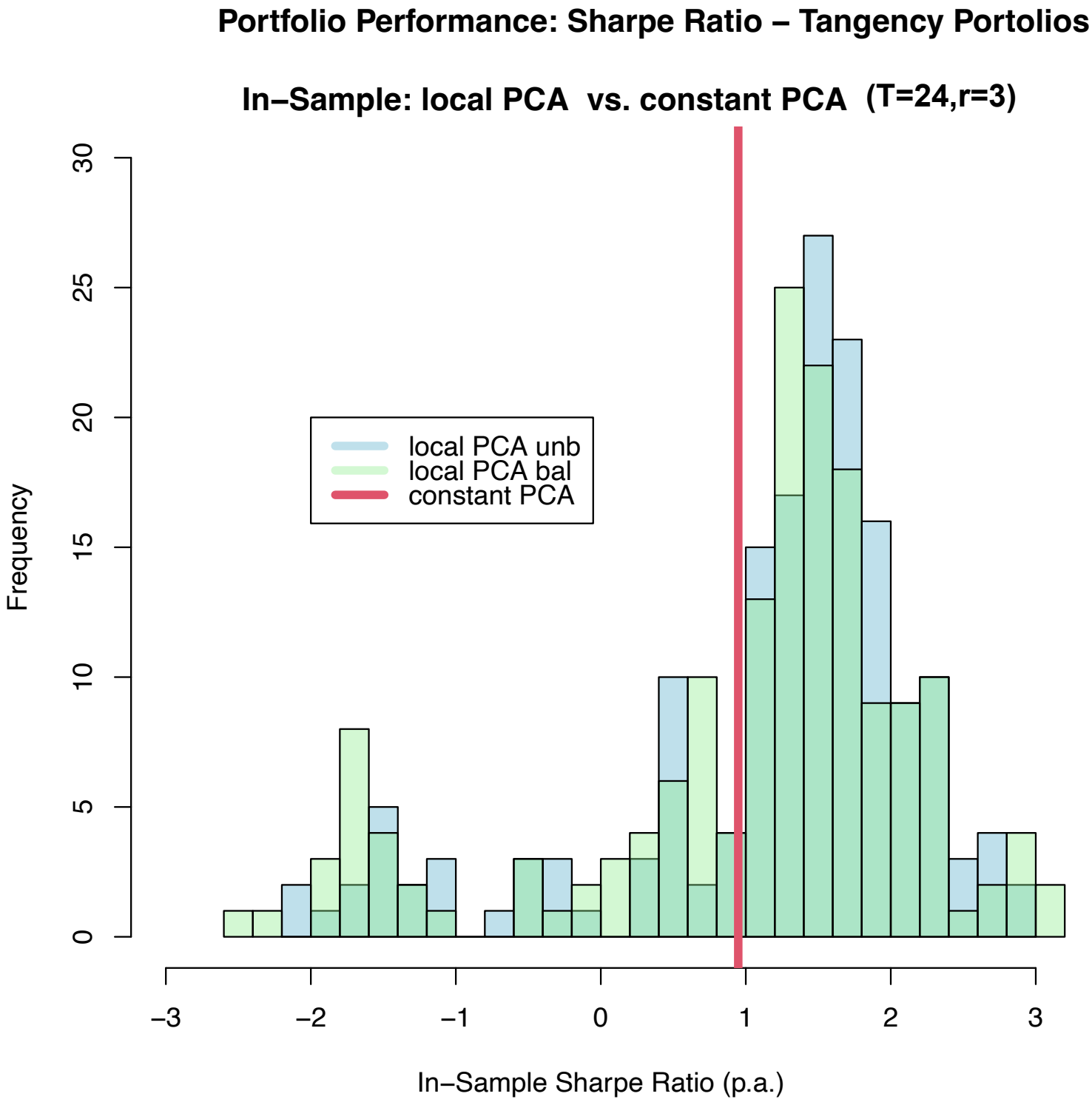
Portfolio Performance: Sharpe Ratio – Tangency Portolios
In–Sample: local PCA vs. constant PCA (T=24,r=3)
local PCA unb
local PCA bal
constant PCA
Frequency
0
5
10
15
20
25
30
–3
–2
–1
0
1
2
3
In–Sample Sharpe Ratio (p.a.)