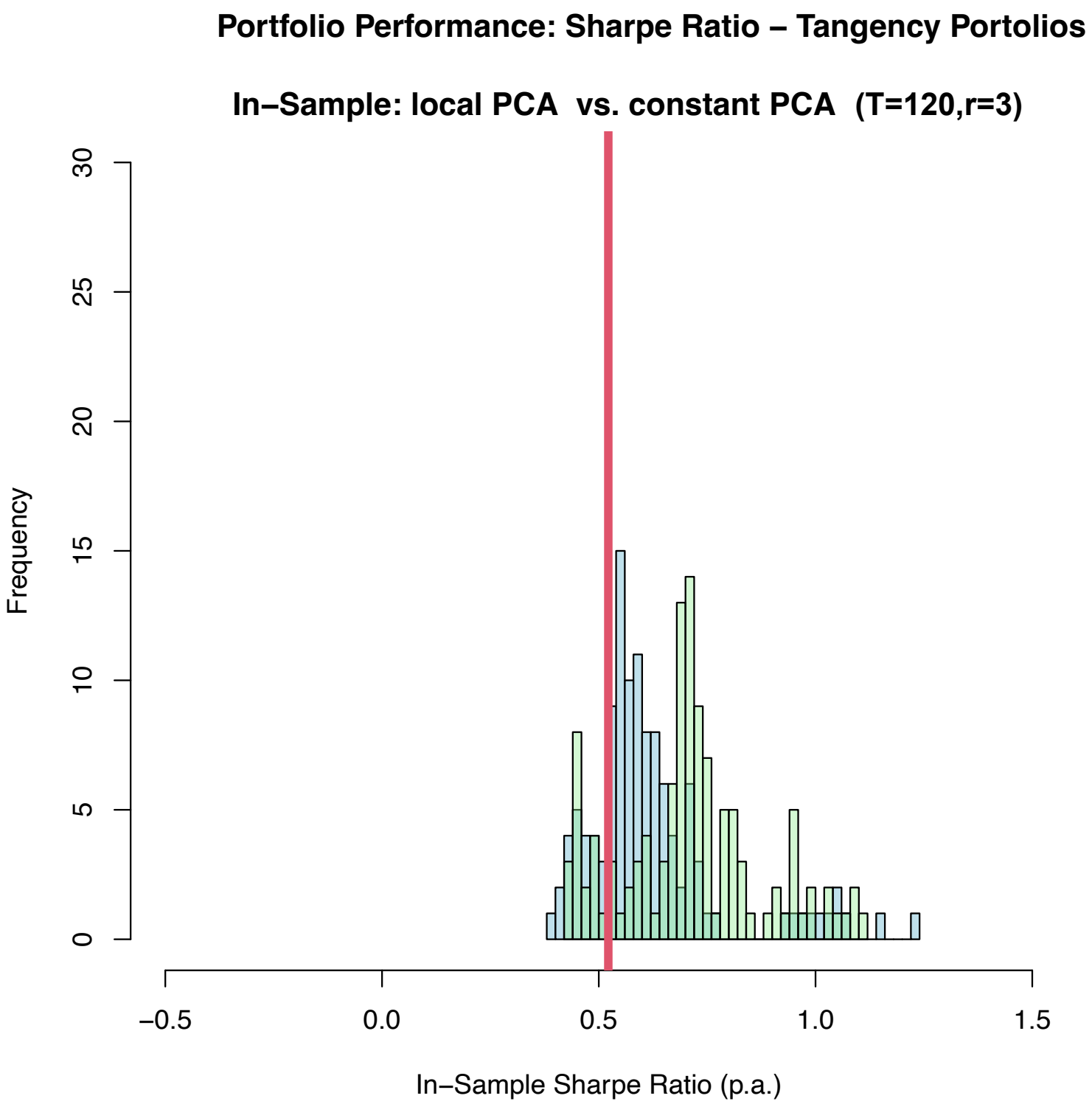
Portfolio Performance: Sharpe Ratio – Tangency Portolios
In–Sample: local PCA vs. constant PCA (T=120,r=3)
Frequency
0
5
10
15
20
25
30
–0.5
0.0
0.5
1.0
1.5
In–Sample Sharpe Ratio (p.a.)