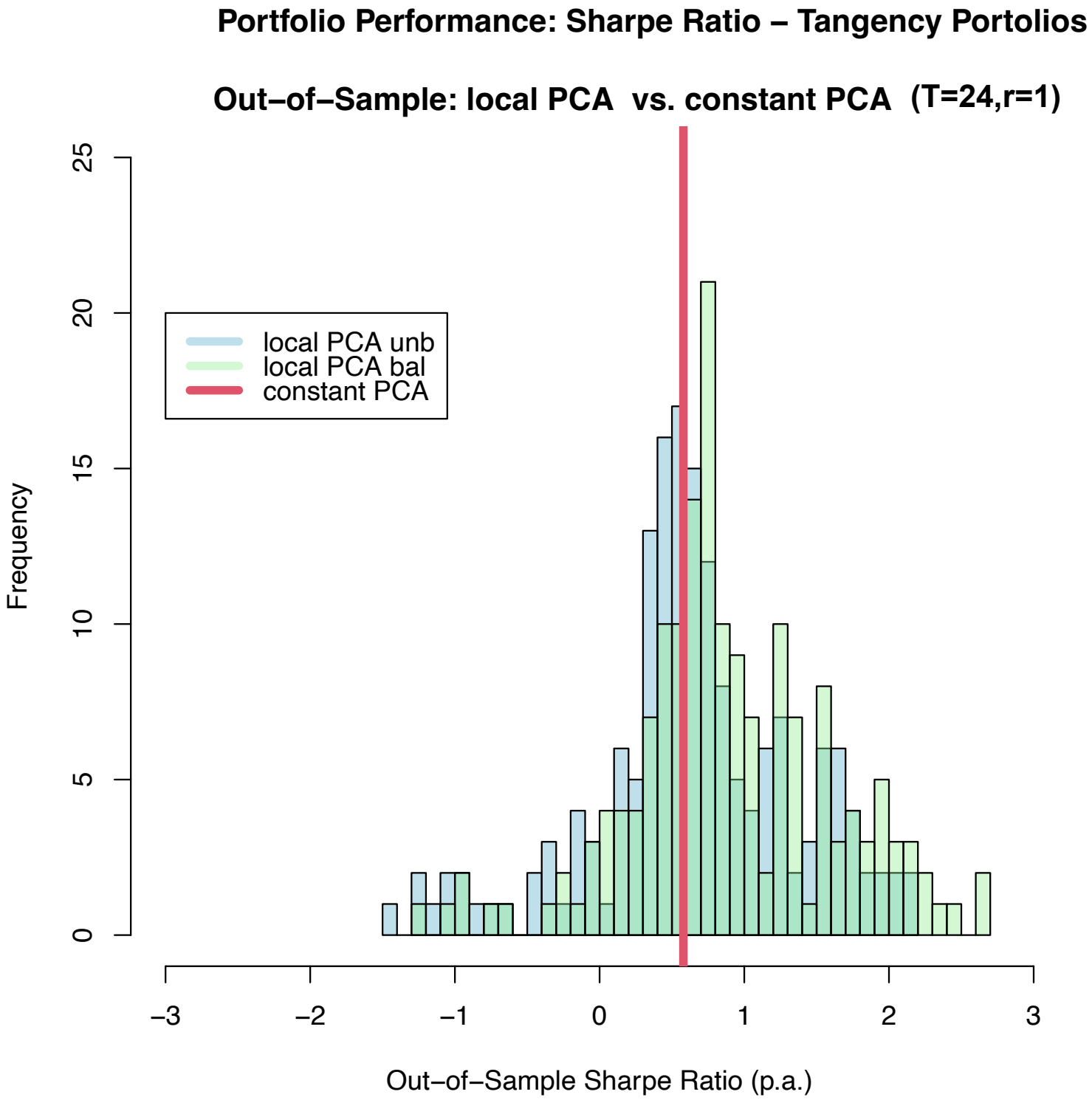
Portfolio Performance: Sharpe Ratio – Tangency Portolios
Out–of–Sample: local PCA vs. constant PCA (T=24,r=1)
local PCA unb
local PCA bal
constant PCA
Frequency
0
5
10
15
20
25
–3
–2
–1
0
1
2
3
Out–of–Sample Sharpe Ratio (p.a.)