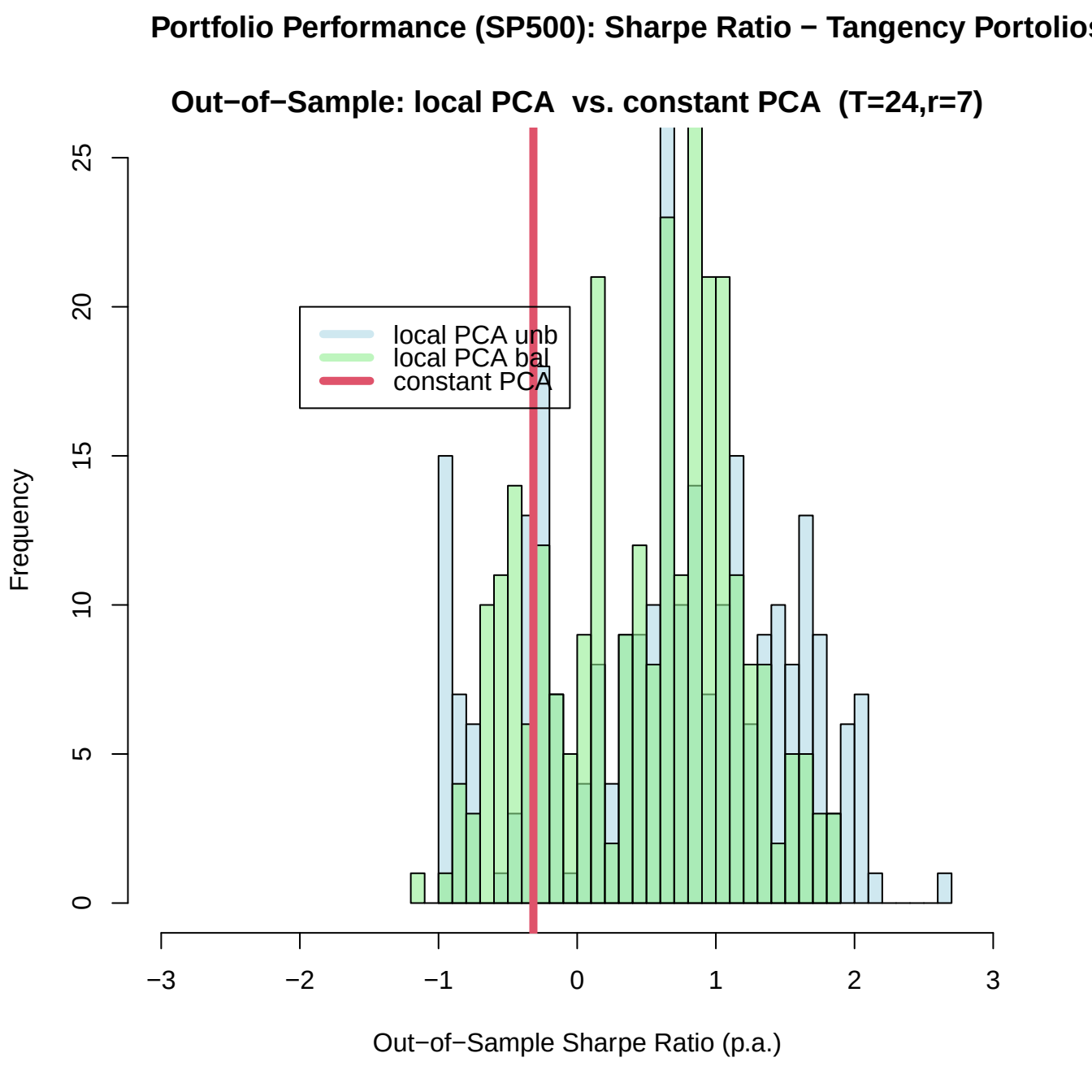
Portfolio Performance (SP500): Sharpe Ratio − Tangency Portolios
Out−of−Sample: local PCA vs. constant PCA (T=24,r=7)
local PCA unb
local PCA bal
constant PCA
Frequency
0
5
10
15
20
25
−3
−2
−1
0
1
2
3
Out−of−Sample Sharpe Ratio (p.a.)