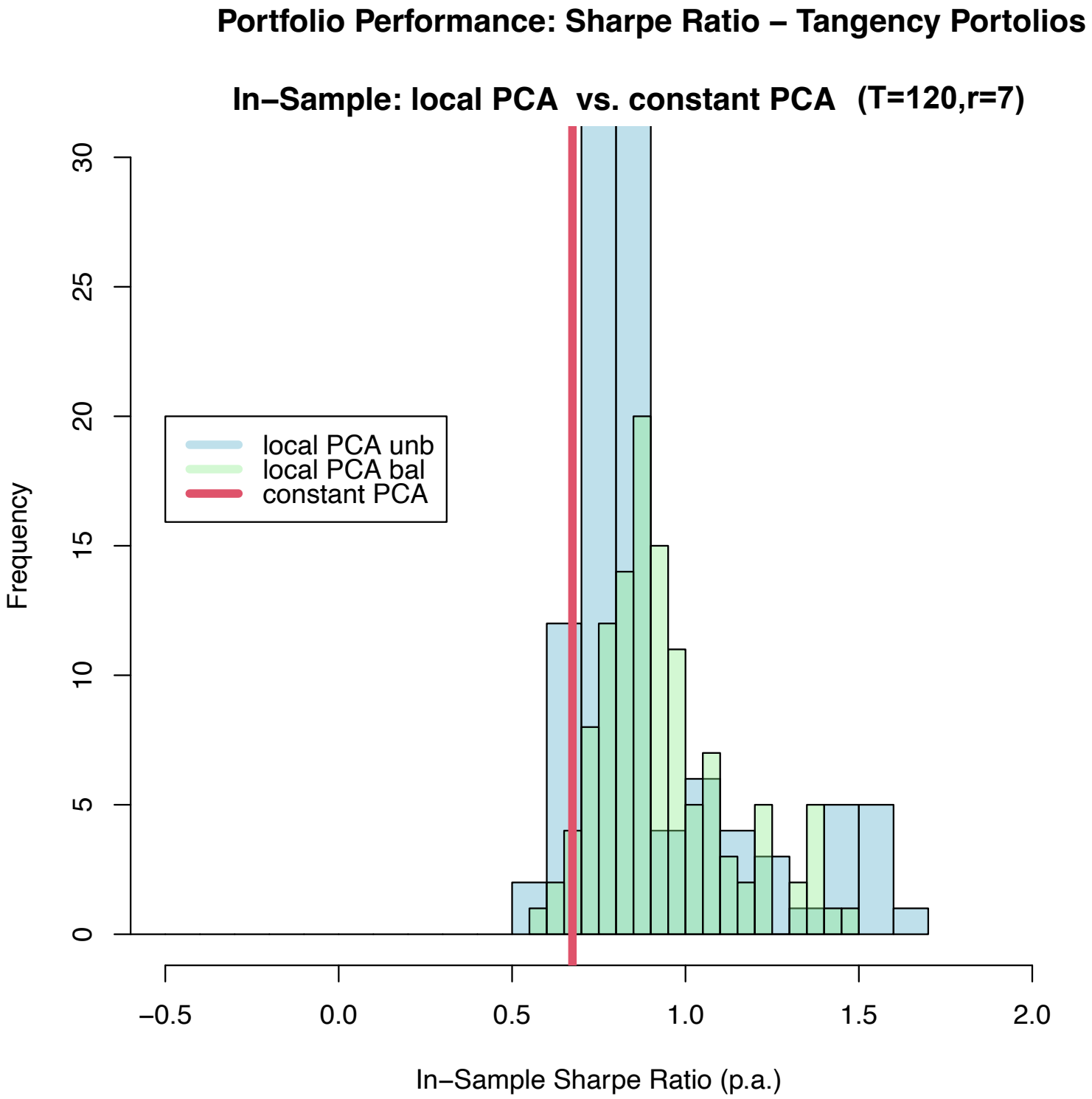
Portfolio Performance: Sharpe Ratio – Tangency Portolios
In–Sample: local PCA vs. constant PCA (T=120,r=7)
local PCA unb
local PCA bal
constant PCA
Frequency
0
5
10
15
20
25
30
−0.5
0.0
0.5
1.0
1.5
2.0
In–Sample Sharpe Ratio (p.a.)