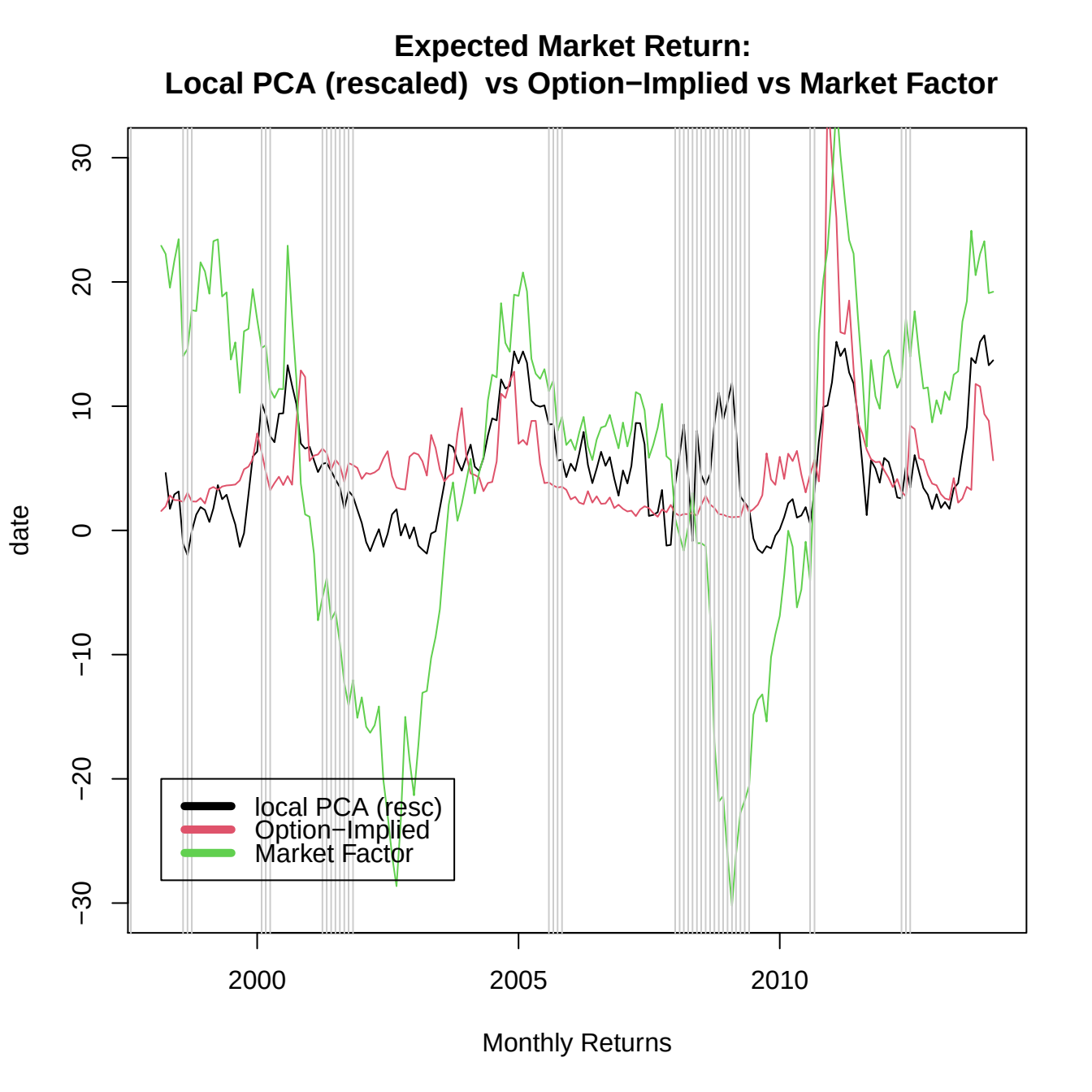
Expected Market Return:
Local PCA (rescaled) vs Option−Implied vs Market Factor
date
30
20
10
0
−10
−20
−30
2000
2005
2010
Monthly Returns
local PCA (resc)
Option−Implied
Market Factor