

Review for 10-27-16

Performance of a Fund:

Dollar-Weighted with Simple Interest

$$i = \frac{I}{A + \sum C_t(1-t)}$$

where $B = A + I + \sum C_t$

Time-Weighted under Compound Interest

$$(1+i) = (1+j_1)(1+j_2) \dots (1+j_m)$$

where

$$(1+j_k) = \frac{\text{ending balance}}{\text{beginning balance}}$$

over resp. time segments between contributions.

