

INVESTMENT FORENSICS

Portfolio Analyzer

Is your portfolio efficient?

This is a very simple analytical tool that is used once you know what your historical rate of return and standard deviation are. It's important to remember that you need to go back at least 7 to 10 years of history on a portfolio to determine the efficiency of your current holdings. A variance drag phantom tax over 1.5 requires immediate attention. At the same time anything .8 or lower means you have a very efficient portfolio.

Portfolio Analyzer

Starting Value *

\$3,000,000

The total value of the portfolio

Rate of Return *

8%

The expected rate of return of the portfolio

Standard Deviation *

12%

The standard deviation of the portfolio

Calculate

Portfolio Metric	Value
Rate of Return	8%
Standard Deviation	12%
Variance Drag Phantom Tax	1.5
Sharpe Ratio	0.5
Probability of Any Loss in the Next 12 Months	25.25%
Amount of Money at Risk in the Next 12 Months	\$596,672
Upper Return	32%
Lower Return	-16%

The standard deviation is way too high for this historical gain.

You want your standard deviation to be 80% of your historical return. What is yours?

