

(86)

✓ Step ① Find the rate of
(ROR) return for each stock.

(86) Step ② Find the average rate
 of return. (AROR)

Step ③ How many AROR ~~(70)~~_{n1}
 will be +ve?
 Discard: ~~no stock~~ AROR < 0 X How many AROR ~~(16)~~_{n2}
 will be -ve?

Step ④ - ~~(n1)~~ AROR > 0

AROR. ~~(50)~~
~~(n1)~~
Find n.d.

✓ Step ⑤

{ Combined mean ✓
 Combined v.d. ✓

Stock 1 $\frac{\text{---}}{\bar{x}_1}$ ρ_1	Stock 2 $\frac{\text{---}}{\bar{x}_2}$ (n2) ρ_2
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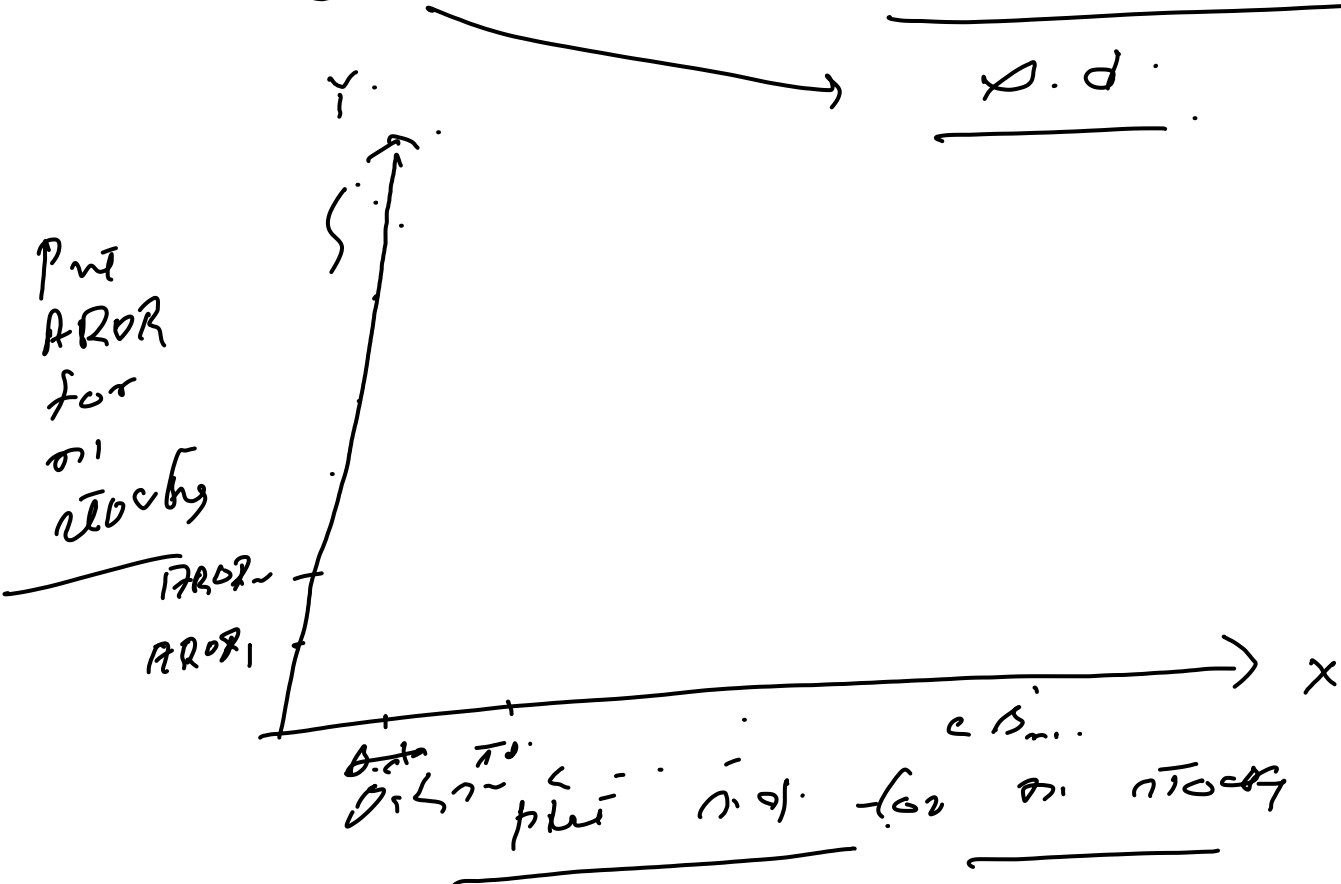
$$\begin{array}{l} \overline{x_1} = 100 \\ \overline{x_2} = 65 \\ p_1 = 5 \end{array} \quad \begin{array}{l} \overline{x_1} = 100 \\ \overline{x_2} = 65 \\ p_2 = 3 \end{array} \quad \begin{array}{l} \overline{x_1 + x_2} = 100 + 80 \\ \overline{x_1 + x_2} = 180 \end{array}$$

$\bar{D}^2$ = Combined variance.

$$= \frac{n_1 \sigma_1^2 + n_2 \sigma_2^2 + n_1 d_1^2 + n_2 d_2^2}{n_1 + n_2}$$

Where $d_1 = \bar{x}_1 - \bar{x}$ $d_2 = \bar{x}_2 - \bar{x}$

(iii) Stock having true AROR



We consider the stocks for
2nd Quadrant

Coefficient of variation

$$= \frac{SD}{mean} = \frac{SD}{AROR}$$

Step: Compute return &
turnover for 2nd Quadrant
stocks

86
{ 50
20

Saurav

100

Sachi

100

R

100

$$L.V. CV_1 = \frac{D_1}{R_1}$$

	R ₁	R ₂	R ₃	R ₄
1	✓	✓	✓	✓
2	✓	✓	✓	✓
3	✓	✓	✓	✓
4	✓	✓	✓	✓
100				
	$\bar{R}_1$	$\bar{R}_2$	$\bar{R}_3$	$\bar{R}_4$

$\sigma_1, \sigma_2, \sigma_3, \sigma_4$

$$\frac{Std}{mean}$$

mean
Per cm

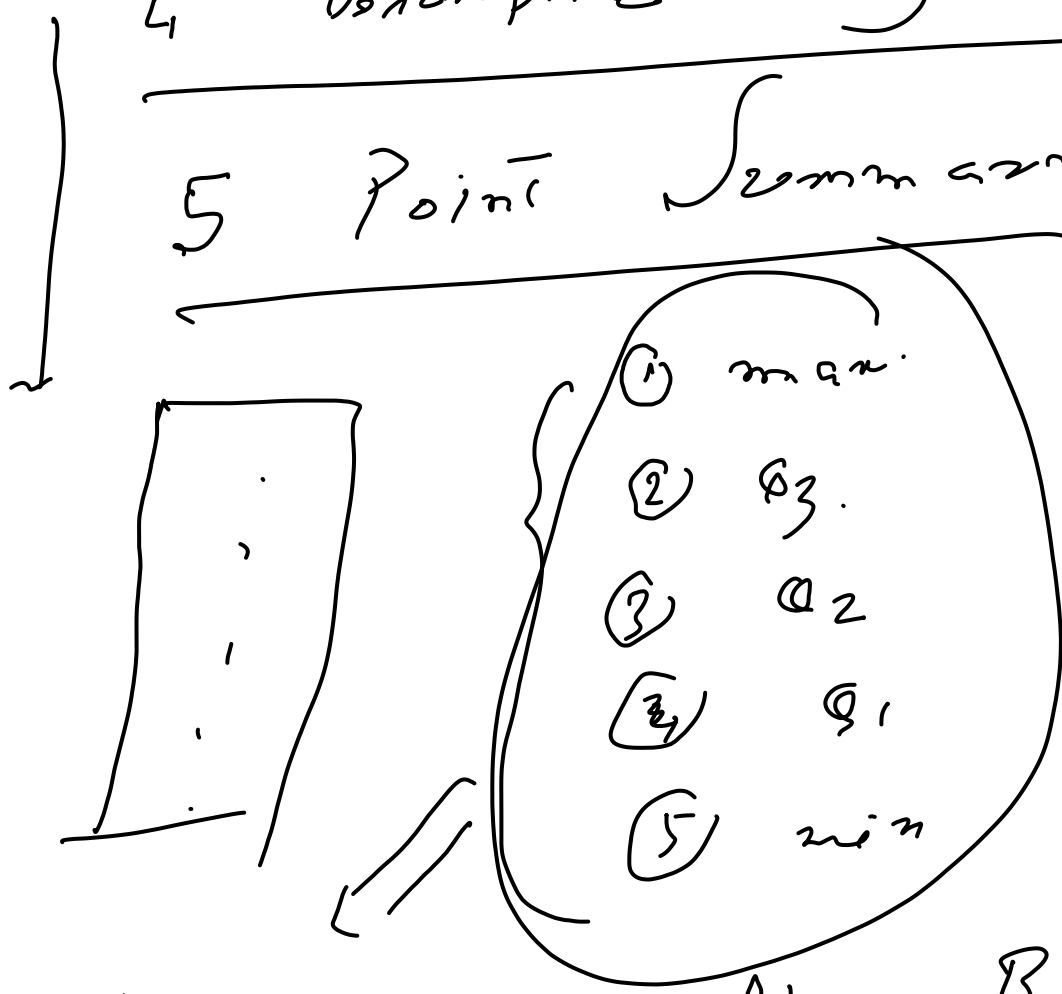
	CV
Saurav	✓
Sachi	✓
Dravi	✓
Kumar	✓

Stock 1

Stock 86

4 Descriptive measures.

5 Point Summary



plot one graph Box Plot

Importance of five point

Summary.

- (1) To understand the concentration (Pattern) of data. [or 1st]
- (2) To get the idea of outlier.

Importance of mean & S.D

- ① location, Dispersion.
- ② It measures also used for finding outliers.

Importance of Skewness & Kurtosis.

- ① For the filtering purpose. it is a good measure.
- ② For understanding the asymmetries, we apply the concept of Skewness, Kurtosis & (S.E)