

4-9-2016

A Dynamic Pricing Portfolio Weighting Model For the Industrials Sector(XLI) From 2010-2015

Follow this and additional works at: https://ecommons.udayton.edu/stander_posters

Recommended Citation

"A Dynamic Pricing Portfolio Weighting Model For the Industrials Sector(XLI) From 2010-2015" (2016). *Stander Symposium Posters*. 754.

https://ecommons.udayton.edu/stander_posters/754

This Book is brought to you for free and open access by the Stander Symposium at eCommons. It has been accepted for inclusion in Stander Symposium Posters by an authorized administrator of eCommons. For more information, please contact frice1@udayton.edu, mschlangen1@udayton.edu.



Weighting Strategies for Industrials Sector Stocks

By: Rory Houser

Advisor: Dr. Robert Dean & Dr. Trevor Collier

Study Purpose:

- Develop Capture Ratio Weighting Strategies for XLI Sector (Industrials)

Weighting Model:

$$W_i = \frac{U_i/D_i}{\sum U_i/D_i}$$

$$WU_i = U_i / \sum U_i$$

$$WD_i = D_i / \sum D_i$$

Where:

- W_i = % invested in i th stock
- U_i/D_i Upside Downside Capture Ratio
- U_i = Upside Capture Ratio
- D_i = Downside Capture Ratio

Periods of Analysis: 2010-2015, 2010-2016

Sectors Analyzed:

- XLI= Industrials Sector
- Number of stocks per sector = 10

Table 1: XLI Cumulative Return

	1/4/2010 - 1/2/2015	1/4/2010 - 1/4/2016
Up/Down Capture Ratio	129.98%	117.74%
Upside	116.68%	110.15%
Downside	136.35%	124.81%
XLI US Equity	99.54%	84.68%
SPY US Equity	81.27%	77.38%

Conclusions:

- XLI Up Down Capture Ratio outperforms both the XLI Sector and SPY for both time periods
- Upside Capture Ratio outperforms both XLI and SPY
- Downside Capture Ratio outperforms both XLI and SPY
- Downside Ratio provides maximum performance