

Download This Paper (Delivery.cfm/SSRN_ID1596641_code341156.pdf?abstractid=907270&mirid=1)

Open PDF in Browser (Delivery.cfm/SSRN_ID1596641_code341156.pdf?abstractid=907270&mirid=1&type=2)

★ Add Paper to My Library

Share:    

On Testing the Equality of the Multiple Sharpe Ratios, with Application on the Evaluation of Ishares

32 Pages
Posted: 8 Jun 2006
Last revised: 27 Apr 2010

Pui-lam Leung (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=638307)
The Chinese University of Hong Kong (CUHK) - Department of Statistics

Wing-Keung Wong (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=341156)
Asia University, Department of Finance

Date Written: May 1, 2006

Abstract

Extending the work of Jobson and Korkie (1981), Lo (2002) and Memmel (2003), this paper applies the technique of the repeated measures design to develop the Multiple Sharpe ratio test statistic to test the hypothesis of the equality of the multiple Sharpe ratios. We also work out the asymptotic distribution of the statistic and its properties. To demonstrate the superiority of our proposed statistic over the traditional pair-wise Sharpe ratio test, we illustrate our approach by testing the equality of Sharpe ratios for the eighteen iShares. Whereas the pair-wise Sharpe ratio test show that the performance of all the 18 iShares are indistinguishable, our test results reject the equality of the Sharpe ratios in each year as well as in the entire sample; implying that the 18 iShares perform differently in each year as well as in the entire sample, with some outperforming others in the market. The test in our paper provides investors with a tool to evaluate their portfolio performances and enables them to make wiser decisions in their investments.

Keywords: MANOVA, Asymptotic distribution, delta-method, iShares

JEL Classification: C0, D81, G10

[Suggested Citation](#) >

[Show Contact Information](#) >

Download This Paper (Delivery.cfm/SSRN_ID1596641_code341156.pdf?abstractid=907270&mirid=1)

Open PDF in Browser (Delivery.cfm/SSRN_ID1596641_code341156.pdf?abstractid=907270&mirid=1&type=2)

76 References

1. D Achour , R Brown , Y Roy
Investment Performance of Canadian Real Estate Stocks Using Sharpe's Performance Index
Managerial and Decision Economics , volume 5 , issue 3 , p. 183 - 186 Posted: 1984
Crossref (https://doi.org/10.1002/mde.4090050309)
2. C Ackermann , R Mcenally , D Ravenscraft
The Performance of Hedge Funds: Risk, Return, and Incentives
Journal of Finance , volume 54 , issue 3 , p. 833 - 874 Posted: 1999
Crossref (https://doi.org/10.1111/0022-1082.00129)

3. V Agarwal , N Y Naik
Risk and Portfolios Decisions Involving Hedge Funds
Review of Financial Studies , volume 17 , issue 4 , p. 1347 - 1382 Posted: 2004
Crossref (https://doi.org/10.1093/rfs/fdh032)
We use cookies that are necessary to make our site work. We may also use additional cookies to analyze, improve and personalize our content and your digital experience. For more information, see our [Cookie Policy](#) (https://www.elsevier.com/legal/cookiepolicy)

[Cookie Settings](#)

[Accept all cookies](#)

Load more

0 Citations

Fetch Citations



Do you have a job opening that you would like to promote on SSRN?

Place Job Opening (<https://www.ssrn.com/index.cfm/en/Announcements-Jobs/>)

Paper statistics

DOWNLOADS	925
ABSTRACT VIEWS	7,352
RANK	50,723

21 Citations

76 References

PlumX Metrics



[Recommended Papers](https://plu.mx/ssrn/a/?ssrn_id=907270)

Prospect and Markowitz Stochastic Dominance (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=789164&rec=1&srcabs=907270&pos=1)

By Wing-keung Wong (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=341156) and Raymond Honfu Chan (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=511508)

Does Risk Seeking Drive Asset Prices? A Stochastic Dominance Analysis of Aggregate Investor Preferences (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=320767&rec=1&srcabs=907270&pos=2)

By Thierry Post (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=298341) and Haim Levy (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=336145)

Preferences Over Meyer's Location-Scale Family (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=789144&rec=1&srcabs=907270&pos=3)

By Wing-keung Wong (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=341156) and Chenghu Ma (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=12530)

View more >

Feedback

Submit a Paper > (<https://hq.ssrn.com/submission.cfm>)

SSRN Quick Links

SSRN Rankings

About SSRN

f (<https://www.facebook.com/SSRNcommunity/>)

in (<https://www.linkedin.com/company/493409?>

trk=tyah&trklInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%3

t (<https://twitter.com/SSRN>)

(<http://www.elsevier.com/>)

Copyright (<https://www.ssrn.com/index.cfm/en/dmca-notice-policy/>) Terms and Conditions (<https://www.ssrn.com/index.cfm/en/terms-of-use/>)

Privacy Policy (<https://www.elsevier.com/legal/privacy-policy>)

All content on this site: Copyright © 2023 Elsevier Inc., its licensors, and contributors. All rights are reserved, including those for text and data mining, AI training, and similar technologies. For all open access content, the Creative Commons licensing terms apply.

We use cookies to help provide and enhance our service and tailor content.

To learn more, visit [Cookie Settings](#).



(<http://www.relx.com/>)

(<https://papers.ssrn.com/sol3/updateInformationLog.cfm?process=true>)