Investment Portfolio : Time Weighted Rate of Return

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Investment Time Weighted Rate of Return

Performance measures are designed to produce numbers that represent returns. They are designed to give information for evaluating the effectiveness of management or strategy.

In this memorandum, we look at the basic idea of how portfolio return is computed and apply it to portfolio activity. We will examine the strength and limitation of various calculation methods and explain the calculation behind the time weighted rate of return, the industry standard for portfolio performance measurement.

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