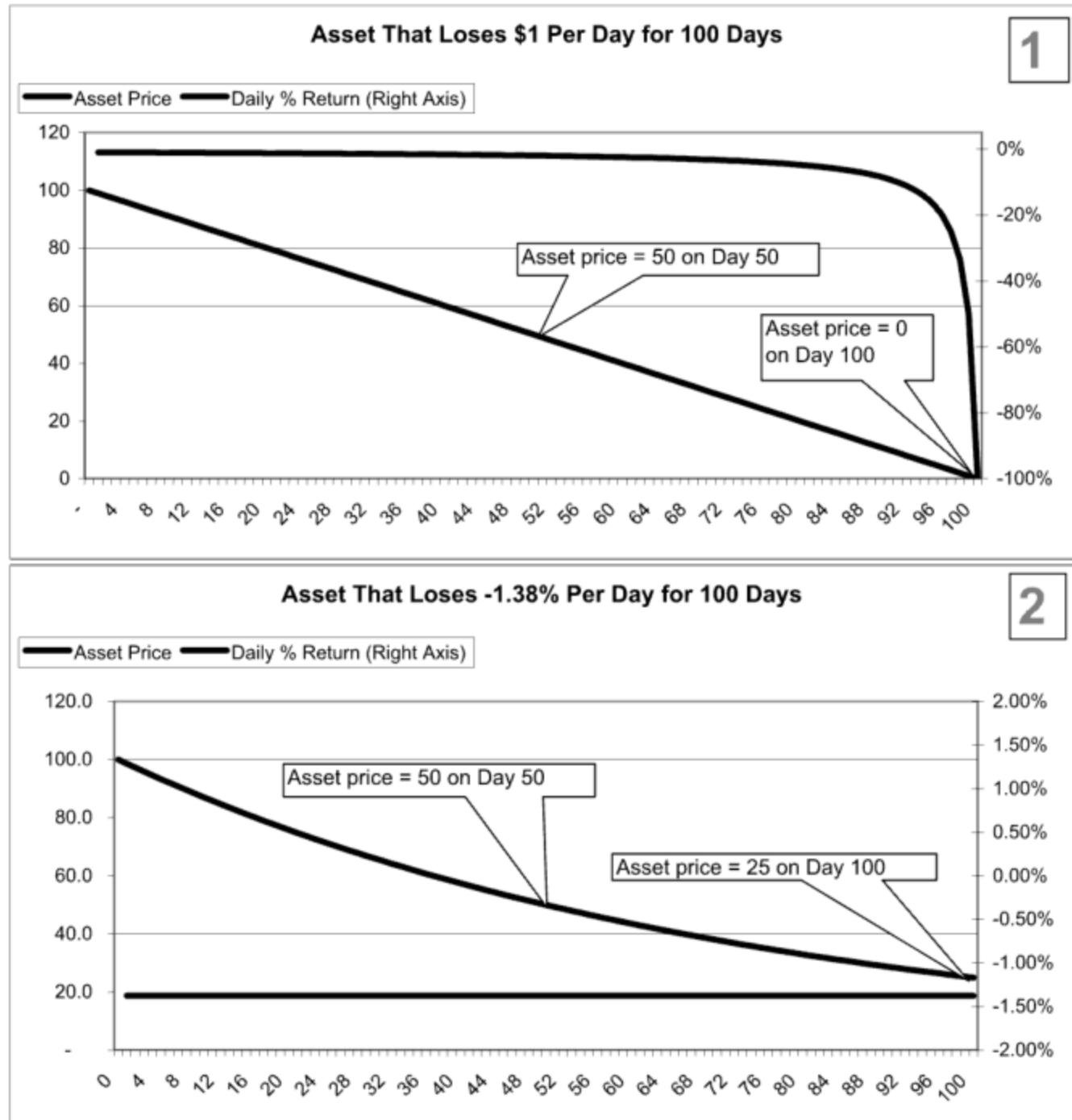


Annualization Charts



Narrative

Chart 1 displays an asset with a constant dollar loss. On day 1, the percent return (red line) is -1%. By day 90, the daily percent return is -8%. At day 100 it is -100%. Chart 2 displays an asset with a constant percentage daily loss. This is the logic of annualizing returns, which is employed by the charts program. At a constant rate of loss (represented by the red line), the asset does not decline linearly.

At day 50, the price of both assets is 50. Annualizing* the 50 days of performance will yield different results, depending on whether you are projecting dollar losses or % losses. Chart 2 is the method in general usage.

* I am assuming that years contain 100 days for the sake of simplicity.