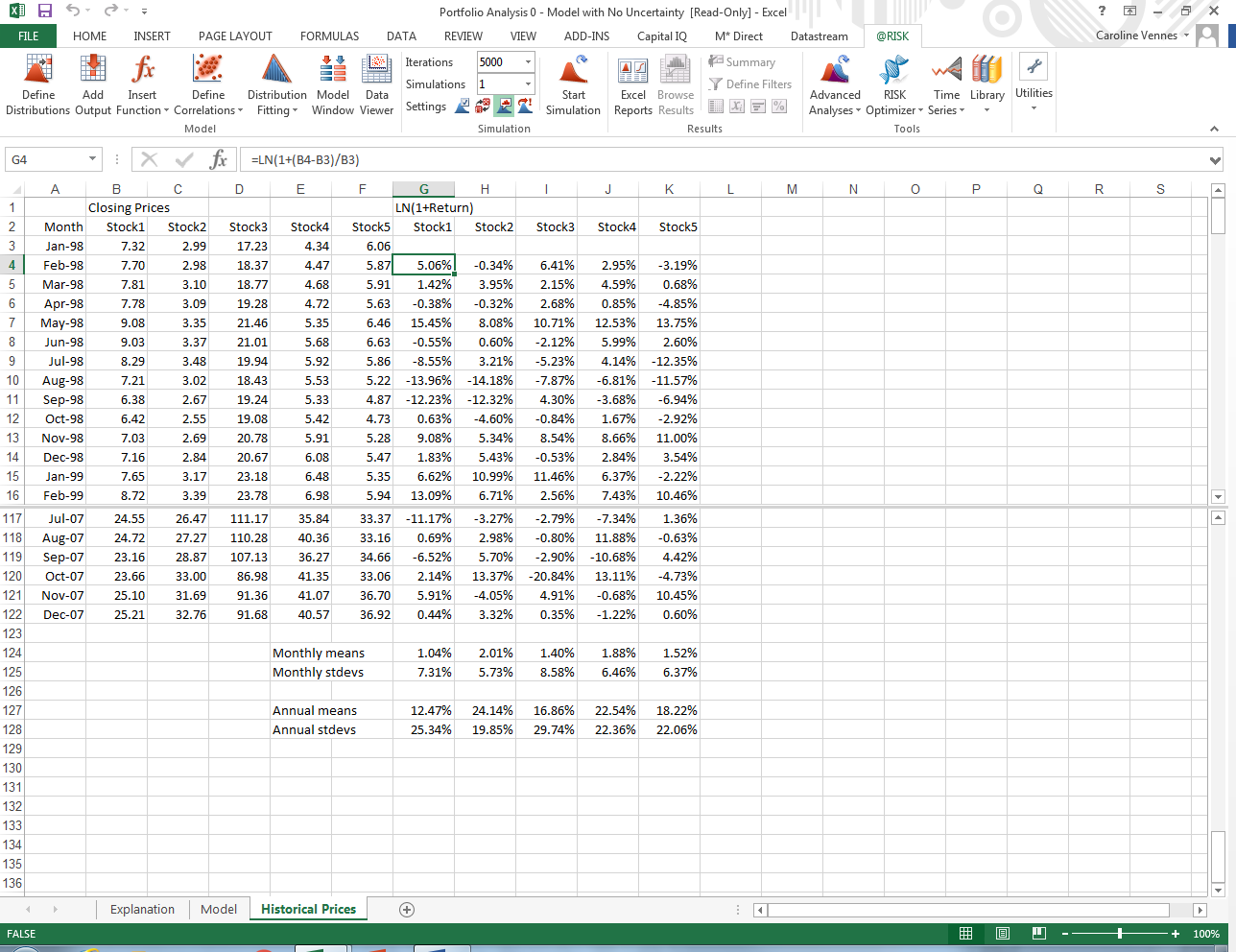


This is a deterministic model



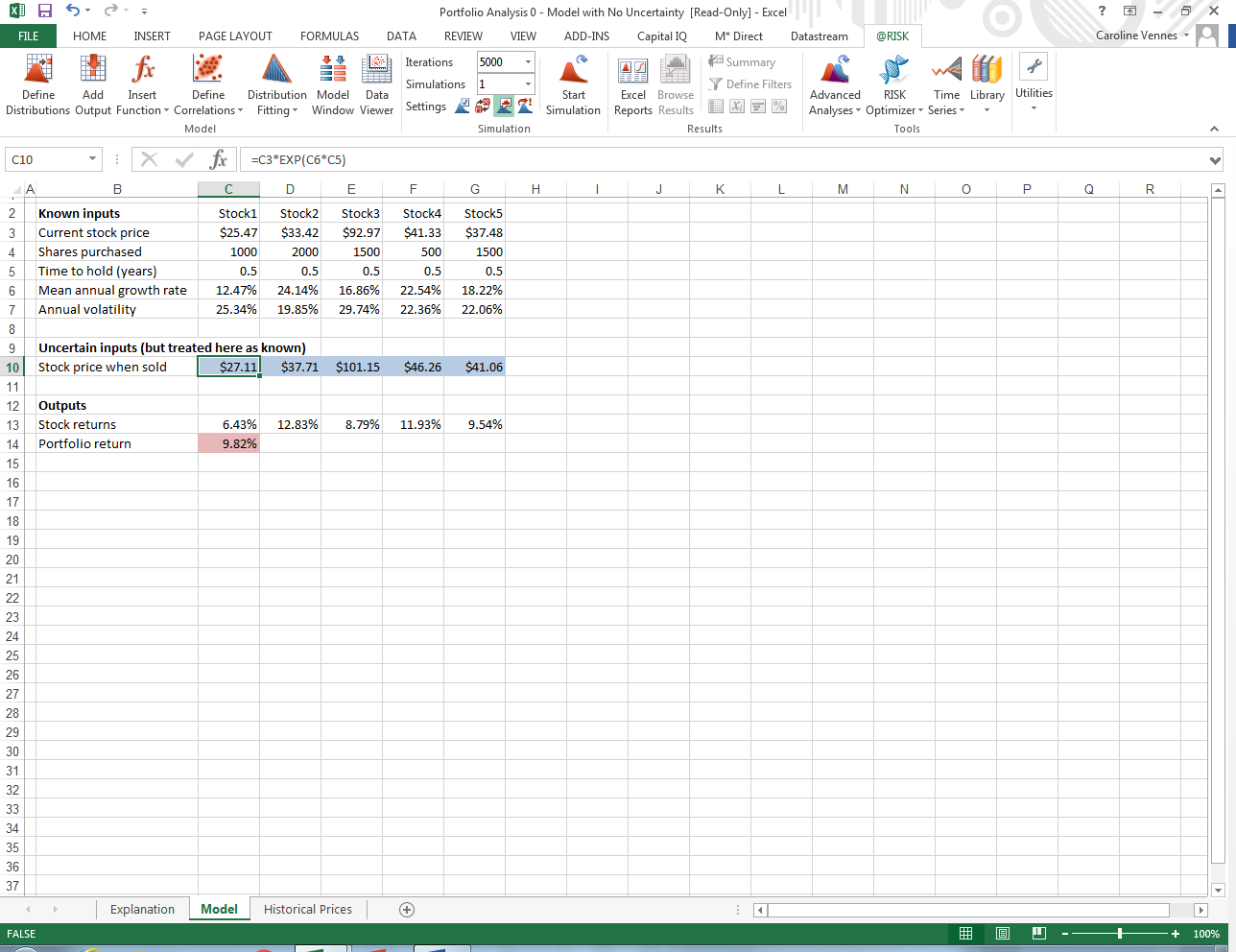
Continuously compounded return: ln(1+(b4-b3)/b3)

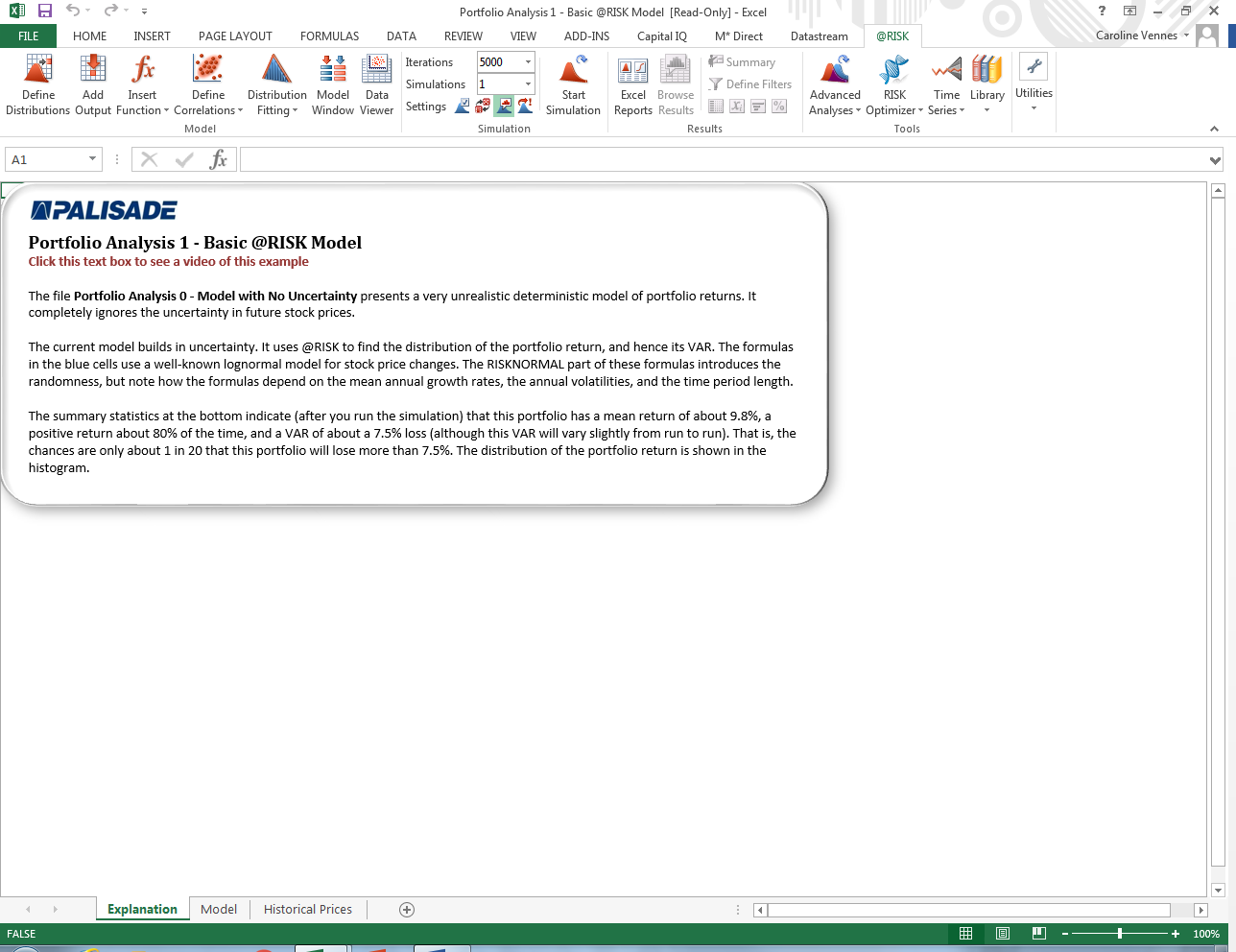
Invest a dollar in discrete return of 5% = 1\*1.05 = 1.05

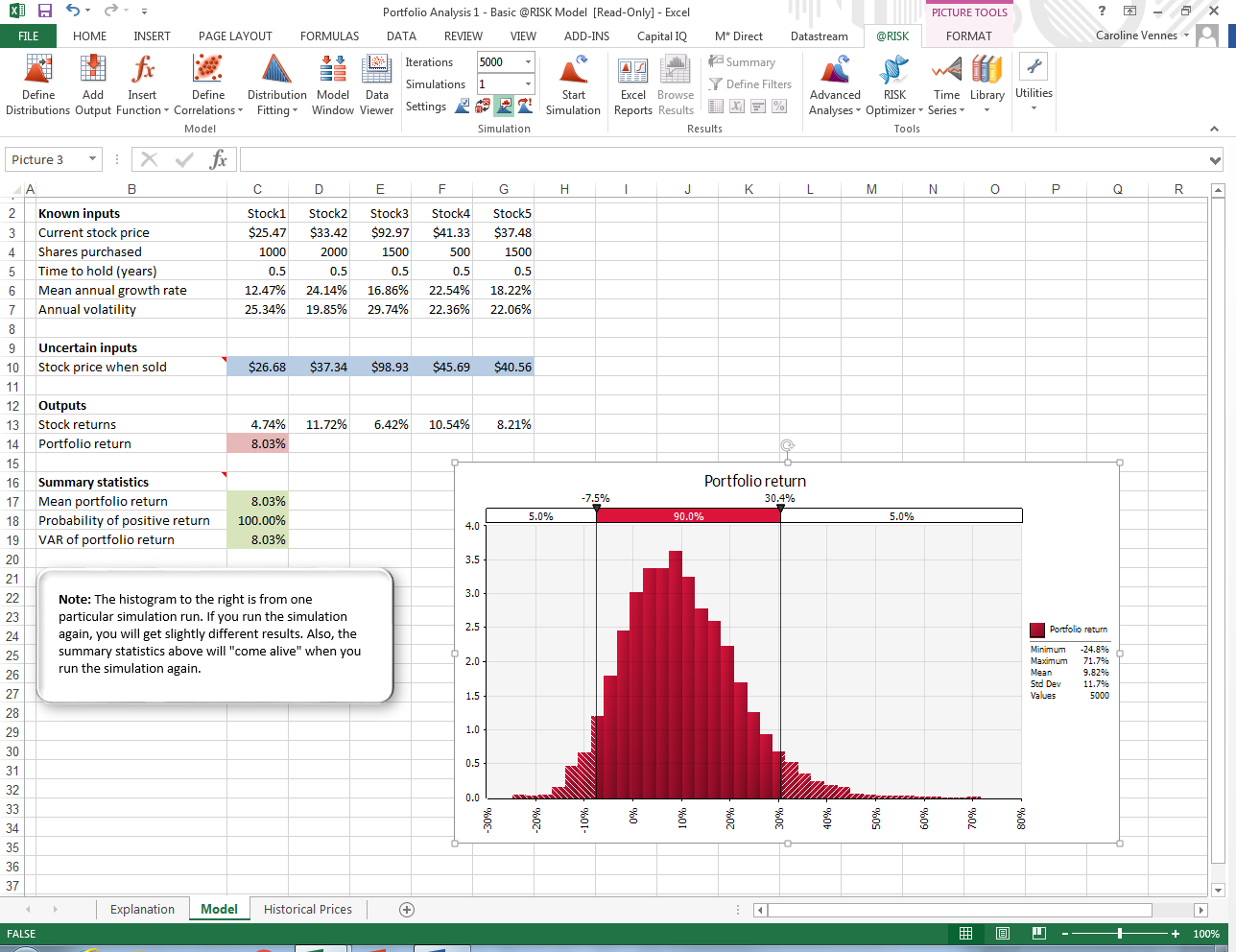
Continuous compounding = ln(1+0.05)/T = 1.048/T

Annual std dev = monthly std dev\*square root of 12

Stock price when sold





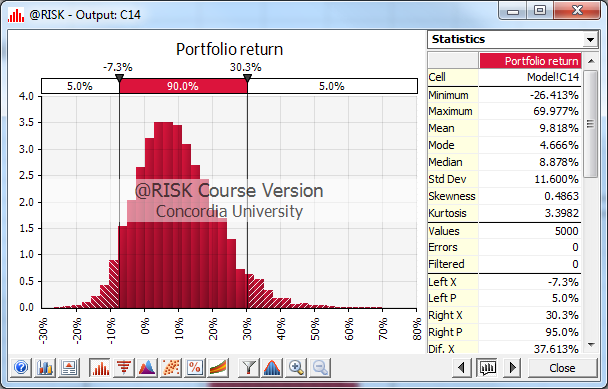


Inject some randomness:

Stock price when sold =C3\*EXP((C6-0.5\*C7^2)\*C5+C7\*SQRT(C5)\*RiskNormal(0,1))

VAR of portfolio return =RiskPercentile(C14,0.05)

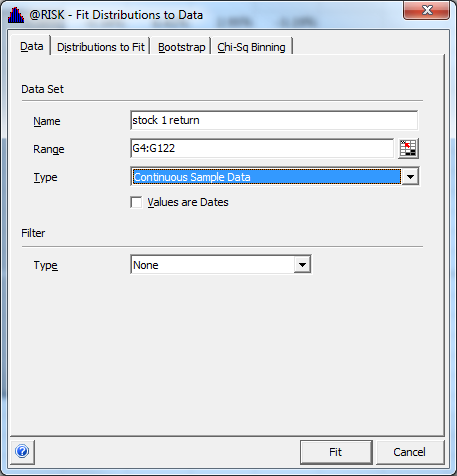
START SIMULATION



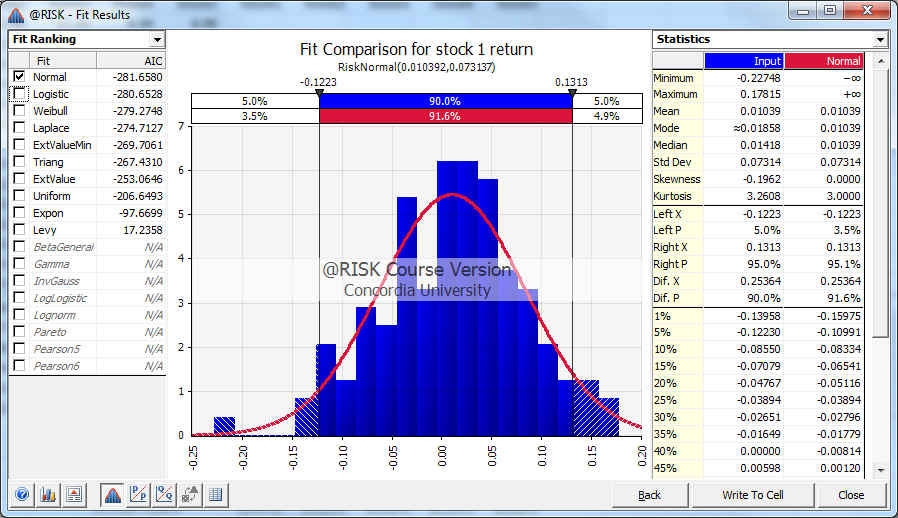
HISTORICAL PRICES

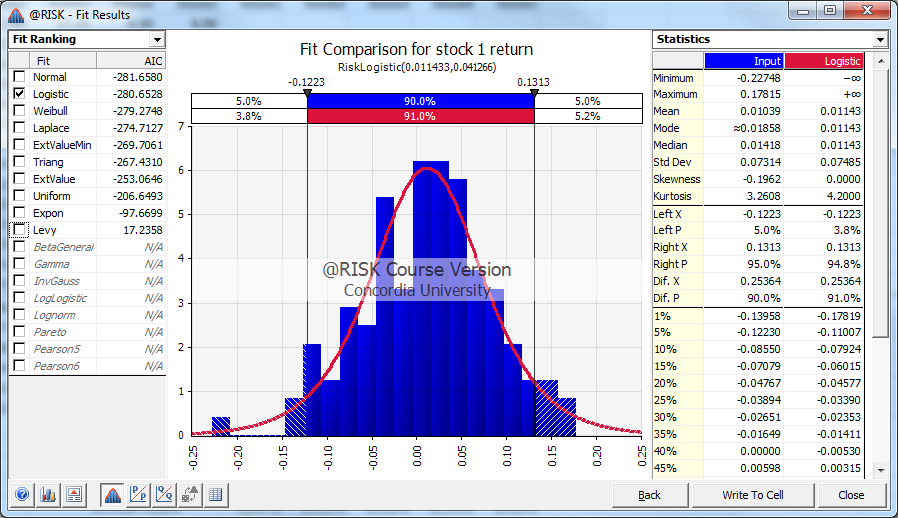
Select G4+ click on DISTRIBUTION FITTING = FIT

Update name + range



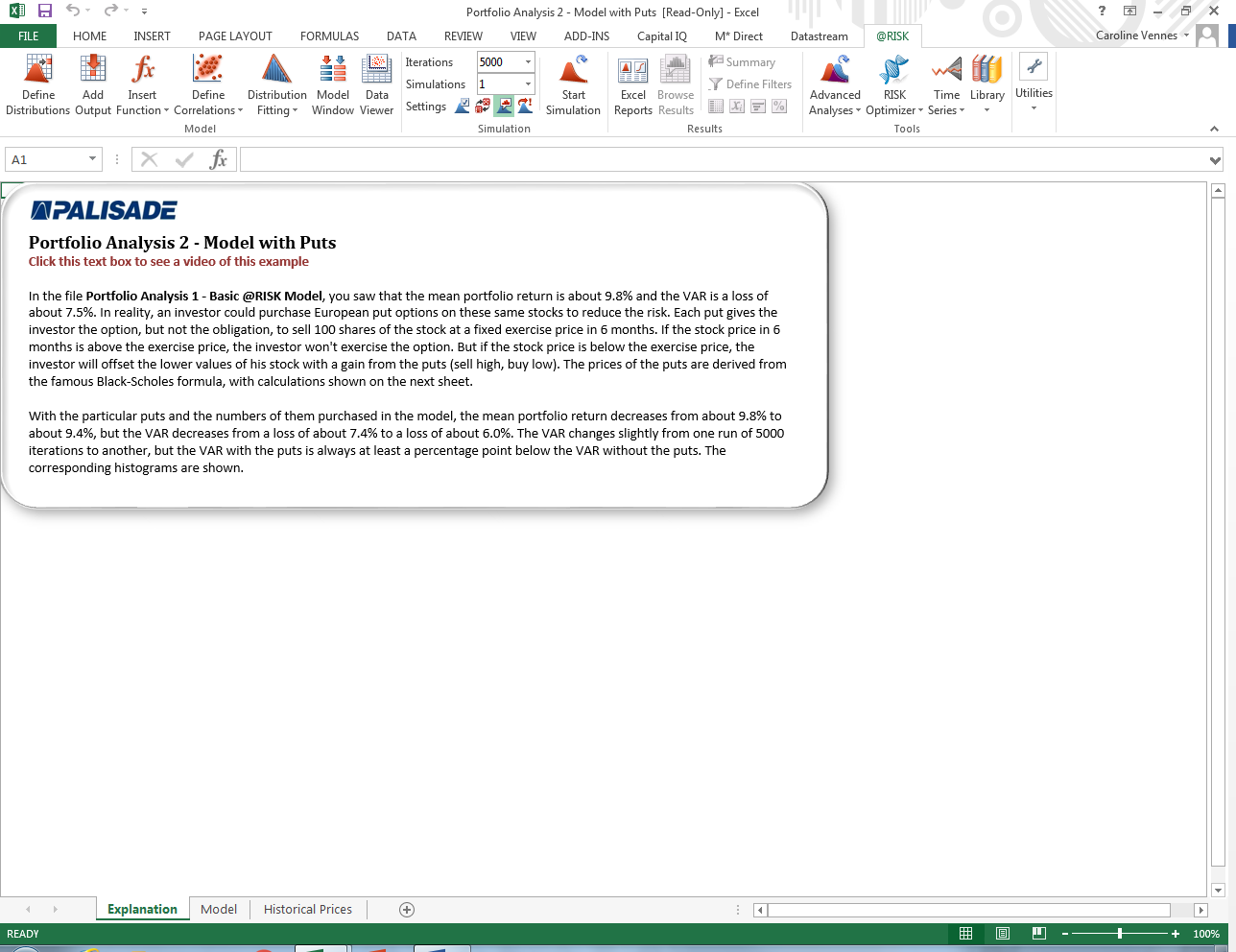
+ FIT





The one with the lowest AIC is the best one (Normal with -281)

Click WRITE TO CELL + NEXT + OK



Go to blank cell

Define correlation matrix

Add inputs + select 4 boxes of Stock price at expiration

Add random correlation number in boxes

Then click OK