Financial Modelling Templates

Treynor Performance Index

http://spreadsheetml.com/finance/treynorperformanceindex_compositeperformanceratio.shtml

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ConnectCode's Financial Modelling Templates

Have you thought about how many times you use or reuse your financial models? Everyday, day after day, model after model and project after project. We definitely have. That is why we build all our financial templates to be reusable, customizable and easy to understand. We also test our templates with different scenarios vigorously, so that you know you can be assured of their accuracy and quality and that you can save significant amount of time by reusing them. We have also provided comprehensive documentation on the templates so that you do not need to guess or figure out how we implemented the models.

All our template models are only in black and white color. We believe this is how a professional financial template should look like and also that this is the easiest way for you to understand and use the templates. All the input fields are marked with the '*' symbol for you to identify them easily.

Whether you are a financial analyst, investment banker or accounting personnel. Or whether you are a student aspiring to join the finance world or an entrepreneur needing to understand finance, we hope that you will find this package useful as we have spent our best effort and a lot of time in developing them.

ConnectCode

1. Treynor Performance Index

1.1 Treynor Performance Index

Treynor Performance Index, invented by Jack Treynor is also known as Treynor Composite Performance Measure or Treynor ratio. It is a measure of reward (or excess return) per unit of risk.

Treynor Performance Index = (Average Returns of Portfolio - Average Risk Free Rate) / Beta

The formula uses the portfolio's Beta as the unit of risk. Reward (or excess returns) is measured as the difference between the portfolio's return and the risk-free rate of return over a period. The higher the Treynor Performance Index, the better the portfolio's performance.

1.2 Treynor Performance Index Spreadsheet

1.2.1 TreynorPerformanceIndex Worksheet

The TreynorPerformanceIndex worksheet calculates the average annual returns of a portfolio over a 5 year period. It then uses the specified Average Annual Risk free rate and Beta to calculate the Treynor Performance Index.

	A	B	C	D	E
1					
2		Treynor Performance Index			
3					
4	Average Annual Risk free rate*				
5	5.00%				
6	Beta*				
7	1.00				
8					
9	Year*	Porfolio Returns*			
10	1991	10.00%			
11	1992	12.00%			
12	1993	13.00%			
13	1994	12.00%			
14	1995	11.00%			
15					
16	Average Annual Returns		11.60%		
17	Treynor Performance Index		0.07		

1.2.2   TreynorMultiplePorfolios Worksheet

The TreynorMultiplePorfolios worksheet calculates the Treynor Performance Index for up to 5 portfolios.

	A	B	C	D	E	F	H	I	J	K
1										
2	Treynor Composite Performance Measure									
3							Copyright© 2009, ConnectCode. All rights reserved.			
4						Portfolio 1	Portfolio 2	Portfolio 3	Porfolio 4	Porfolio 5
5	Average rate of return for a portfolio during a period (Rp)*					12.00%	12.00%	0.00%	0.00%	0.00%
6	Average rate of return on a risk free investment during a period (Rf)*					7.00%	8.00%	0.00%	0.00%	0.00%
7	Porfolio's relative volatility (Beta B)*					1.00	0.90	1.00	1.00	1.00
8	Portfolio's risk premium return per unit of risk (T)					5.00%	4.44%	0.00%	0.00%	0.00%

1.2.2.1   Inputs

Rp - Average rate of return for a portfolio during a period
Rf - Average rate of return on a risk free investment during a period
Beta B - Porfolio's relative volatility

1.2.2.2   Outputs

T - Portfolio's risk premium return per unit of risk