Random Walker

File Graph

Random Walk Model

$$\frac{\Delta s}{s} = e^{\mu \Delta t + \sigma \Delta X} - 1 + \frac{k \Delta t}{s}$$

Parameters

9.7070	μ = expected return
19.4756	σ = standard deviation
100	s_0 = initial portfolio value
0	k = yearly savings or withdrawals
5	t = number of years
1/250	Δt = time interval

Parameter Estimation Set

0	% cash
0	% bonds
100	% stocks

☐ Calculate real return relative to CPI plus 0 %

☐ Subtract investment expenses of 0 basis points

Graphing Options

○ One walk at a time ○ Density ◉ Cumulative density

To set other graphing options use the Graph menu

Press the enter/return key to draw a new graph

http://homepage.mac.com/j.norstad/finance

Version 2.0

(To see data values, move the mouse over the curve and pause.)