Drawdown

Lesson: zerotoinvest.com/en/lesson/drawdown/

Name _____ Date _____

EXERCISE 1

A portfolio falls 25 percent. What gain is needed to get back to where it started?

Your answer

EXERCISE 2

And after minus 60 percent?

Your answer

EXERCISE 3

Your portfolio falls from $20,000 to $13,000. What percent decline, and what gain is needed?

Your answer

EXERCISE 4

After minus 50 percent, the portfolio then earns 7 percent a year. Roughly how long does the recovery take?

Your answer

Tip: the calculators on zerotoinvest.com help you check your answers.

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Solutions: Drawdown

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Exercise 1. $1 \div 0.75 - 1 = 33.3$ percent.

Exercise 2. $1 \div 0.4 - 1 = 150$ percent.

Exercise 3. Decline 35 percent. Needed: $20{,}000 \div 13{,}000 - 1 = 53.8$ percent.

Exercise 4. A doubling is needed: $\ln 2 \div \ln 1.07 = 10.2$ years.

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