

## **Calculating Arithmetic Mean Returns: It Is Harder than It Looks!**

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Arithmetic mean investment returns are commonly used in financial models. The returns may be used as part of a process to forecast expected wealth, or they may be used as parameters in formulas to develop structured securities or value stock options. But calculating arithmetic means from an actual investment history turns out to be a relatively complex process. This session will discuss the range of arithmetic means that can emerge from a given history, and provide a formula for the distribution of possible arithmetic mean return values.