

Table 3-x Examples of Portfolio Insurance, Static Insurance and Continuous Rebalancing

Insured stock portfolio value at alternative stock index levels, using static portfolio insurance. ^a			Insured stock portfolio value at alternative index levels, using dynamic portfolio insurance with continuous rebalancing. ^a				
Index Level <i>S</i>	Put Option <i>p</i>	Portfolio Value <i>S + p</i>	Index Level <i>S</i>	T-Bill Price Xe^{-rT}	Stock Portfolio Weight <i>w</i> ₁	T-Bill Weight <i>w</i> ₂	Portfolio Value
59.87	36.21	96.08	59.87	96.08	0.001	1.000	96.08
63.02	33.06	96.08	63.02	96.08	0.002	0.999	96.08
66.34	29.75	96.09	66.34	96.08	0.005	0.996	96.09
69.83	26.29	96.13	69.83	96.08	0.014	0.990	96.13
73.51	22.70	96.21	73.51	96.08	0.034	0.975	96.21
77.38	19.03	96.41	77.38	96.08	0.072	0.945	96.41
81.45	15.38	96.83	81.45	96.08	0.136	0.892	96.83
85.74	11.87	97.61	85.74	96.08	0.231	0.809	97.61
90.25	8.67	98.92	90.25	96.08	0.355	0.696	98.92
95.00	5.94	100.94	95.00	96.08	0.496	0.560	100.94
100.00	3.79	103.79	100.00	96.08	0.638	0.416	103.79
105.00	2.29	107.29	105.00	96.08	0.758	0.289	107.29
110.25	1.27	111.52	110.25	96.08	0.852	0.183	111.52
115.76	0.65	116.42	115.76	96.08	0.918	0.106	116.42
121.55	0.31	121.86	121.55	96.08	0.959	0.056	121.86
127.63	0.13	127.76	127.63	96.08	0.981	0.026	127.76
134.01	0.05	134.06	134.01	96.08	0.992	0.011	134.06
140.71	0.02	140.73	140.71	96.08	0.997	0.004	140.73
147.75	0.01	147.75	147.75	96.08	0.999	0.001	147.75
155.13	0.00	155.13	155.13	96.08	1.000	0.000	155.13
162.89	0.00	162.89	162.89	96.08	1.000	0.000	162.89

** Note, add the following to the bottom of the Tables: To value the European put, it is assumed: the index pays no dividends; $r = .08$; $\sigma = .2$; $X = 100$; and $t^* = .5$.