**There are two main Matlab programs for applying the large-scale approach**

1. **Formation of the micro portfolios**

Program name: microport.m

Main outputs:

Matrix of portfolio returns

Vector of estimated average portfolio return

Main inputs:

Matrix of stock returns

Matrix of estimated average stock return

1. **Evaluation of models**

Program name: perfeval.m

Main outputs:

Estimated proportion of mispriced portfolios + volatility Decomposition into negative and positive mispricing

Vector of pricing errors

Vector of risk premia

Main inputs:

Matrix of factors

Matrix of factors included in the competing models

Matrix of portfolio *excess* returns\*

Vector of estimated average portfolio return\*

\*obtained from the previous program (microport.m)