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2019

Yang, G., Liu, Y., & Pan, G. (2019). Weighted covariance matrix estimation. *Computational Statistics & Data Analysis*, 139, 82–98. doi:10.1016/j.csda.2019.04.017

<https://hdl.handle.net/10356/144459>

<https://doi.org/10.1016/j.csda.2019.04.017>

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Weighted covariance matrix estimation

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Abstract

The paper proposes a cross-validated linear shrinkage estimation for population covariance matrices. Moreover we also propose a novel weighted estimator based on the thresholding and shrinkage methods for high dimensional datasets. It is applicable to a wider scope of different structures of covariance matrices. Some theoretical results about the cross-validated shrinkage method and weighted covariance estimation methods are also developed. The finite-sample performance of the proposed methods is illustrated through extensive simulations and real data analysis.

Keywords: Thresholding, Shrinkage, Adaptive thresholding, Weighted, Bridge function.

2010 MSC: 62H05, 62H12, 62H99

1. Introduction

Estimation of the covariance matrix or its inverse plays a significant role in multivariate statistical analysis. There exists numerous literature investigating such a problem. It is well known that the sample covariance matrix is a consistent estimator of the population covariance matrix when the dimension p is fixed. However, the dimension of data in an era of big data increases rapidly among many areas, including gene data, e.g., Rothman et al. [14], economy data, e.g., Xue et al. [21], Fan et al. [8] and climate data, e.g., Bickel and Levina [2], etc. In those cases, the convention methods based on the low dimension setting are no longer applicable, especially when p is much larger than the sample size n . There are two main approaches in finding a proper covariance matrix estimation in the high dimensional setting.

The first approach is the shrinkage method pioneered by Ledoit and Wolf [10] without assuming a particular structure for the population covariance matrices. There are a series of methods proposed since their paper. The linear shrinkage method proposed by Ledoit and Wolf [10] is to find an optimal trade-off between the identity matrix I and the sample covariance matrix S_n so that the expected quadratic loss between their linear combination and the population covariance matrix is minimum. Moreover, using random matrix theory, Ledoit and Wolf ([11, 12]) proposed a class of rotation-equivariant covariance estimator. This class of estimators was motivated by the idea in Stein [15], i.e., pulling up the small eigenvalues of the sample covariance matrix and pulling down the large ones by an amount that is determined individually for each eigenvalue. Fisher and Sun [9] developed an improved Stein-type shrinkage estimators for the high-dimensional multivariate normal covariance. One can see more extensions in Ledoit and Wolf [13], Wang et al. [19], etc.

The second approach is to propose tailored estimators for the population covariance matrices with some special structures. Among others, Bickel and Levina [1] and Wu and Pourahmadi [20] proposed the regularized estimation for either banding or tapering covariance matrices. Bickel and Levina [2] and El Karoui [7] further proposed the hard thresholding estimation for sparse covariance matrices. Based on the seminal work of Bickel and Levina [2], Rothman et al. [14] consider thresholding estimation with some general thresholding functions. Cai and Liu [4] constructed an

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adaptive thresholding estimator within a less restrictive set for sparse covariance matrices. For easier presentation, we refer to these two kinds of methods as shrinkage and thresholding methods, respectively.

Both types of methods have pros and cons. Theoretically, the thresholding method only keeps the large covariances and omits the small ones, so that the variation of the covariance estimates can be reduced. the corresponding consistency in terms of the spectral norm (L_2) and the entry-wise maximum norm (L_∞) can be established. While, for the shrinkage method, it is applicable for more general settings. For example, the linear shrinkage method aims to find an optimal tradeoff between bias and variance. In this case, its consistency in terms of L_∞ norm is hard to achieve. From our simulation results, we also observe that when the sparsity is strong enough (one may see Σ_2 defined in the section of the simulation studies), the thresholding estimators proposed by Rothman et al. [14] and Cai and Liu [4] perform much better than the shrinkage estimators. However, without any special structures, as in Table 4 below shows, both linear (Lediot and Wolf [10]) and nonlinear (Lediot and Wolf ([11, 12])) shrinkage estimators outperform the thresholding based estimators. However, which type of method is preferred when the underlying covariance matrices have some weak structure such as $\Sigma = \Sigma_1 + \Sigma_2$, where Σ_1 has strong sparsity and Σ_2 does not have any special structure? Is there an alternative method that can be applied in such a case?

The main contribution of this article is to propose a cross-validated linear shrinkage estimation for population covariance matrices and a new weighted estimator based on the thresholding and shrinkage methods such that it is applicable in a wider area. Furthermore, we propose a cross-validated linear shrinkage estimation. Our proposed linear shrinkage method performs better than some other shrinkage methods in many cases and enjoys fast computation time than nonlinear shrinkage method. In addition, we also propose an implementable algorithm in finding such an estimator by cross validation.

The rest of the article is organized as follows. Section 2 provides the methodology and the implementable algorithm. Section 3 introduces the theoretical properties of proposed estimators. Simulation results and real data analysis are illustrated in Section 4. We relegate all the proof details to the Appendix.

2. Methodology

Before introducing the main results, we first introduce some basic notations for easier description. Let $X_1, \dots, X_n \in \mathbb{R}^p$ be i.i.d. random vectors with mean 0 and covariance matrix Σ , $X = (X_1, \dots, X_n)^\top \in \mathbb{R}^{n \times p}$ be the corresponding data matrix, and $S_n = X^\top X/n = (s_{ij})$ be the sample covariance matrix. Let $D = (\sigma_{ii}) = \text{diag}(\Sigma)$ and $D_n = (s_{ii}) = \text{diag}(S_n)$, where σ_{ii} and s_{ii} are the i -th diagonal entry of Σ and S_n , respectively. Denote the population correlation matrix and the sample correlation matrix respectively by

$$R^\Sigma = (r_{ij}) = D^{-1/2} \Sigma D^{-1/2}, \quad R_n^\Sigma = (r_{n,ij}) = D_n^{-1/2} S_n D_n^{-1/2}.$$

Define $s_0 = \max_{1 \leq i \leq p} \sum_{j=1}^p I(\sigma_{ij} \neq 0)$ and $s_R = \max_{1 \leq i \leq p} \sum_{j=1}^p I(r_{ij} \neq 0)$ to be the maximum number of nonzero elements on each row of the population covariance matrix and the correlation matrix, respectively.

Moreover, for any $A_1, A_2 \in \mathbb{R}^{p \times p}$, $\|A_1\|_F$, $\|A_1\|_2$ and $\langle A_1, A_2 \rangle = \text{tr}(A_1 A_2^\top)$, are the Frobenius norm, the spectral norm and the inner product of matrices, respectively. Use I to denote the identity matrix with different dimension in different situations. We also set $\mathcal{T} = \{(i, j) | \sigma_{ij} \neq 0, i \neq j\}$. Note that under Condition (C3) below $\mathcal{T}$ is also the same as $\{(i, j) | r_{ij} \neq 0, i \neq j\}$, and s_0 and s_R are the same.

2.1. Cross-validated linear shrinkage

This section is to propose a cross-validated based linear shrinkage method. Unlike Ledoit and Wolf [10] we would like to propose the shrinkage target to be a diagonal matrix D_n , which consists of the respective variances of the entries of the population vector instead of the identity matrix as in Touloumis [16].

Thus, we aim at finding an optimal trade-off between D_n and S_n (recall the definition of D_n in section 2). More explicitly we consider the following linear shrinkage strategy:

$$\arg \min_{0 < \tau < 1 - \varepsilon'} E[\|(1 - \tau)D_n + \tau S_n - \Sigma\|_F^2],$$

where ε' is a small positive constant. In our simulation studies, we take $\varepsilon' = 0.05$. From Proposition 1 in Appendix, the above optimization problem is equivalent to

$$\arg \min_{0 < \tau < 1 - \varepsilon'} E[\|\tau S_{n,\text{off}} - \Sigma_{\text{off}}\|_F^2], \quad (1)$$

where A_{off} represents the matrix of A with the diagonal entries removed. Rewriting (1), it becomes

$$\arg \min_{0 < \tau < 1 - \varepsilon'} \sum_{i \neq j} E(\sigma_{ij} - \tau s_{ij})^2. \quad (2)$$

Solving it yields the oracle estimator of τ ,

$$\tau^o = \frac{\sum_{i \neq j} \sigma_{ij} E s_{ij}}{\sum_{i \neq j} E s_{ij}^2} = \frac{\sum_{(i,j) \in \mathcal{T}} \sigma_{ij} E s_{ij}}{\sum_{i \neq j} E s_{ij}^2}. \quad (3)$$

Hence, the oracle estimator of Σ is given as

$$\Sigma_{sh}^o = D_n + \tau^o S_{n,\text{off}}. \quad (4)$$

We use the idea of cross validation to estimate τ^o . Denote the set $X_1, \dots, X_n$ as $U_1, \dots, U_{n_1}, V_1, \dots, V_{n_2}$, where $n_1 + n_2 = n$, $n_1 = \lfloor cn \rfloor$, $n_2 = n - n_1$ and $0 < c < 1$ is a constant. We set $c = 0.6$, and one can also find c by cross validation. Let $S_n^{(1)} = (s_{ij}^{(1)}) = \sum_{k=1}^{n_1} U_k U_k^\top / n_1$ and $S_n^{(2)} = (s_{ij}^{(2)}) = \sum_{k=1}^{n_2} V_k V_k^\top / n_2$. We propose the following optimization problem:

$$\hat{\tau} = \arg \min_{i \neq j} \sum (s_{ij}^{(2)} - \tau s_{ij}^{(1)})^2. \quad (5)$$

Thus, if $\hat{\tau} \leq 0$, then $\hat{\tau}^e = 0$, and if $\hat{\tau} \geq 1 - \varepsilon'$, then $\hat{\tau}^e = 1 - \varepsilon'$, else

$$\hat{\tau}^e = \frac{\sum_{(i,j) \in \mathcal{T}} s_{ij}^{(2)} s_{ij}^{(1)}}{\sum_{i \neq j} (s_{ij}^{(1)})^2}, \quad (6)$$

and

$$\widehat{\Sigma}_{sh}^e = D_n + \hat{\tau}^e S_{n,\text{off}}, \quad (7)$$

where the set $\mathcal{T}$ is easy to be estimated by the thresholding method. Indeed, from the proof of the Theorem 2 in Rothman et al. (2009) one can see that the set $\mathcal{T}$ can be detected with probability 1 under the condition $\sqrt{n}(\tau - \lambda) \rightarrow \infty$, where $|\sigma_{ij}| > \tau$ for all i, j and $\lambda = O(\sqrt{\log p/n})$. Our Condition C3 also ensures this condition. This condition does not require the signal to be strong and it could tend to zero with a slow convergence rate.

In order to make the empirical estimator more precisely, we also give an improved estimator of τ^o by permuting the data X . To be specific, let $X_m := (U_m^\top, V_m^\top)$, where $U_m^\top := (U_{1,1}^m, \dots, U_{1,n_1}^m)$ is obtained by randomly sampling without replacement n_1 column from original $X^\top$ and $V_m^\top$ is the remaining n_2 columns from $X^\top$, and hence denote the corresponding sample covariance matrix by $S_{n,m}^{(1)} = (s_{ij,m}^{(1)})$ and $S_{n,m}^{(2)} = (s_{ij,m}^{(2)})$, respectively. Define

$$\tilde{\tau}_{sh}^e = \frac{1}{M} \sum_{m=1}^M \frac{\sum_{(i,j) \in \mathcal{T}} s_{ij,m}^{(2)} s_{ij,m}^{(1)}}{\sum_{i \neq j} (s_{ij,m}^{(1)})^2} := \frac{1}{M} \sum_{m=1}^M \hat{\tau}_m^e \quad (8)$$

as the average over M different resamples. In our simulation studies, we take $M = 50$. Also, we have the empirical estimator of Σ ,

$$\tilde{\Sigma}_{sh}^e = D_n + \tilde{\tau}_{sh}^e S_{n,\text{off}}. \quad (9)$$

Compared with the linear shrinkage method (Ledoit and Wolf [10]), nonlinear shrinkage (Ledoit and Wolf [11]) and the method proposed in Touloumis [16], our proposed estimator (9) performs much better. One can see more in Table 3 below.

2.2. Weighted method

This section is to propose a new weighted method based on both the shrinkage and thresholding methods to estimate the population covariance matrices.

We first consider the population correlation matrix as in Cai and Liu [4] and Cui et al. [3]. To this end, define the set of correlation matrices

$$\mathcal{U}_R^*(c(p), q) = \left\{ R^\Sigma : R^\Sigma > 0, \max_i \sum_{j=1}^p |r_{ij}|^q \leq c(p) \right\}, \quad (10)$$

for $0 \leq q < 1$. It is easy to see that $\mathcal{U}_R^*(c(p), q)$ covers the sets proposed by Rothman et al. [14] and Cai and Liu [4]. One may use the thresholding methods if a population correlation matrix belongs to the set $\mathcal{U}_R^*(c(p), q)$.

The idea behind our weighted method is as follows. Write

$$R^\Sigma = \rho R^\Sigma + (1 - \rho) R^\Sigma, \quad (11)$$

where $0 < \rho < 1$. We hope to find an appropriate ρ such that $\rho R^\Sigma \in \mathcal{U}_R^*(c(p), q)$ even if a population correlation matrix R^Σ does not belong to $\mathcal{U}_R^*(c(p), q)$ for a given $c(p)$ and q . In this manner, once ρ is found out we can estimate ρR^Σ and $(1 - \rho) R^\Sigma$ by the thresholding based method and the shrinkage based method, respectively.

To this end, in practice, one has to find a consistent estimator of $\max_i \sum_{j=1}^p |r_{ij}|^q$ to decide whether a population correlation matrix R^Σ or ρR^Σ belongs to the set $\mathcal{U}_R^*(c(p), q)$. Two natural estimators of $\max_i \sum_{j=1}^p |r_{ij}|^q$ are $\max_i \sum_{j=1}^p |r_{n,ij}|^q$ and $\max_i \sum_{j=1}^p |s_\lambda(r_{n,ij})|^q$, the corresponding sample estimator and the thresholding version of the sample estimator, respectively. Here the thresholding function $s_\lambda : \mathbb{R} \rightarrow \mathbb{R}$ satisfies three conditions $|s_\lambda(z)| \leq |z|$; $s_\lambda(z) = 0$ for $|z| \leq \lambda$ and $|s_\lambda(z) - z| \leq \lambda$ for all $z \in \mathbb{R}$ (one may see Rothman et al. [14]).

We conduct simulations to investigate the performance of these two estimators, which turn out bad estimators. To this end, we consider estimation of two (near) sparsity models $R^\Sigma = (r_{ij})$ with $r_{ij} = 0.7^{|i-j|}$ or $r_{ij} = (1 - \frac{|i-j|}{5})_+$ when $(p, n) = (100, 100)$, both of which belong to $\mathcal{U}_R^*(c(p), q)$ and can use the thresholding method. Table 1 below displays the estimated errors of these two estimators, i.e.,

$$\left| \max_i \sum_{j=1}^p |r_{ij}|^q - \max_i \sum_{j=1}^p |r_{n,ij}|^q \right|$$

and

$$\left| \max_i \sum_{j=1}^p |r_{ij}|^q - \max_i \sum_{j=1}^p |s_\lambda(r_{n,ij})|^q \right|.$$

From Table 1, we see that for different $0 < q < 1$, all the estimated values are not precise enough, especially for small q . Moreover, the selection of q is also difficult to determine in practice.

Table 1: The estimated errors for different q

	q	0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9
1	$r_{ij} = 0.7^{ i-j }$	70.65	55.27	43.56	34.76	28.02	22.80	18.73	15.54	13.07
	$r_{ij} = (1 - \frac{ i-j }{5})_+$	33.22	37.38	34.33	29.85	25.52	21.74	18.57	15.94	13.78
2	$r_{ij} = 0.7^{ i-j }$	9.67	6.51	4.37	4.58	4.11	3.49	2.92	2.43	2.09
	$r_{ij} = (1 - \frac{ i-j }{5})_+$	22.69	16.08	11.34	7.92	5.44	3.80	2.77	2.18	2.03

We have seen that these two estimators are not precise although using the thresholding estimator may not increase the order of $c(p)$ when $c(p)$ is replaced with $(c(p) + 2.03)$ if $q = 0.9$ is used from Table 1. We next see whether these two estimators can help select an appropriate ρ so that $\rho R^\Sigma \in \mathcal{U}_R^*(c(p), q)$. Recall that Rothman et al. [14] obtained the convergence rate $\|s_\lambda(\Sigma_n) - \Sigma\|_2 = O_P(c(p)(\frac{\log p}{n})^{\frac{1-q}{2}})$. We set below

$$c(p) = C \left(\frac{n}{\log p} \right)^{\frac{1-q}{2} - \epsilon}, \quad (12)$$

for $0 \leq q < 1$, where $C > 0$ is a constant and $0 < \epsilon < \frac{1-q}{2}$ is an arbitrarily small value. This $c(p)$ is used throughout the paper. Define

$$\bar{\rho} = \left(\frac{c(p)}{\max_i \sum_{j=1}^p |r_{ij}|^q} \right)^{\frac{1}{q}}. \quad (13)$$

One should note that $\bar{\rho}$ is the maximum value of ρ which belongs to $0 \leq \rho \leq 1$ such that $\rho R^\Sigma \in \mathcal{U}_R^*(c(p), q)$. We still use $\max_i \sum_{j=1}^p |r_{n,ij}|^q$ and $\max_i \sum_{j=1}^p |s_{\lambda}(r_{n,ij})|^q$ to estimate $\max_i \sum_{j=1}^p |r_{ij}|^q$ so that we are able to obtain the estimators of $\bar{\rho}$ via (13), denoted by ρ_1 and ρ_2 , respectively. Use the same setting as in the example in Table 1. Ideally, ρ_1 and ρ_2 should be close to one in view of (11) and the (near) sparsity structures of two population covariance matrices used. However, from Table 2 one can see that the estimator ρ_1 is still close to 0, and ρ_2 performs slightly better than ρ_1 , but still far from one. This indicates the above two estimators fail in selecting an appropriate ρ .

Table 2: The estimator of ρ .

	q	0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9
ρ_1	$r_{ij} = 0.7^{ i-j }$	0	0	0	0	0.01	0.03	0.05	0.07	0.09
	$r_{ij} = (1 - \frac{ i-j }{5})_+$	0	0	0	0	0.01	0.03	0.05	0.06	0.09
ρ_2	$r_{ij} = 0.7^{ i-j }$	0	0	0.04	0.09	0.14	0.19	0.23	0.27	0.29
	$r_{ij} = (1 - \frac{ i-j }{5})_+$	0	0	0	0.03	0.07	0.13	0.18	0.23	0.26
ρ_3	$r_{ij} = 0.7^{ i-j }$	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93
	$r_{ij} = (1 - \frac{ i-j }{5})_+$	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87

Based on these observations, we see that it may be hard to estimate such a ρ directly. To avoid the estimation of $\max_i \sum_{j=1}^p |r_{ij}|^q$, we construct a “bridge function” $g(s)$, which depends on s_R , the maximum of the numbers of the nonzero elements in each row of R^Σ such that

$$\max_i \rho^q \sum_{j=1}^p |r_{ij}|^q \leq \rho^q \cdot g(s_R). \quad (14)$$

We treat $\rho^q \cdot g(s_R)$ as the term $c(p)$ involved in $\mathcal{U}_R^*(c(p), q)$. Thus, we set

$$\rho = \left(\frac{c(p)}{g(s_R)} \right)^{\frac{1}{q}},$$

where $g(s_R) > c(p)$. In Table 2, we denote the estimator of $\bar{\rho}$ through “bridge” function by ρ_3 , and we see that it performs much better than estimating $\sum_{j=1}^p |r_{ij}|^q$ directly. To obtain ρ_3 in practice, one can refer to (25) or (27) below.

Ideally, we hope to find an optimal ρ to minimize

$$E \|R^\Sigma - \rho \widehat{R}_1^\Sigma - (1 - \rho) \widehat{R}_2^\Sigma\|_F^2, \quad (15)$$

where $\widehat{R}_1^\Sigma$ and $\widehat{R}_2^\Sigma$ are the estimator of R^Σ obtained by the thresholding method and new proposed linear shrinkage method, respectively.

2.3. Estimation of the weighted method

Let $L(s_R) = (\frac{c(p)}{g(s_R)})^{\frac{1}{q}}$. In view of (15) we propose the following optimization problem to obtain the corresponding oracle estimator of $g(s)$:

$$\begin{aligned} g^o(s_R) &= \arg \min_g E \|R^\Sigma - L(s_R) \widehat{R}_1^\Sigma - [1 - L(s_R)] \widehat{R}_2^\Sigma\|_F^2 \\ \text{subject to} & \quad g(s_R) \geq c(p), \end{aligned} \quad (16)$$

139 where $\widehat{R}_1^\Sigma = (r_{1,ij})$ is a thresholding based estimator of the correlation matrix and the shrinkage estimator

$$\widehat{R}_2^\Sigma = D_n^{-\frac{1}{2}} \widehat{\Sigma}_{sh}^e D_n^{-\frac{1}{2}} \quad (17)$$

140 with $\widehat{\Sigma}_{sh}^e$ is given in (7). For definiteness, we use the soft thresholding method, i.e.,

$$r_{1,ij} = s_\lambda(r_{n,ij}) = \text{sign}(r_{n,ij})(|r_{n,ij}| - \lambda)_+, \quad (18)$$

141 where $\lambda = O(\sqrt{(\log p)/n})$. Other methods can be similarly discussed. (16) is equivalent with

$$L^o(s_R) = \arg \min_{0 \leq L(s_R) < 1} E \|R^\Sigma - \widehat{R}_2^\Sigma - L(s_R) \cdot (\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma)\|_F^2. \quad (19)$$

142 Solving (19) yields,

$$L^o(s_R) = \frac{E \langle R^\Sigma - \widehat{R}_2^\Sigma, \widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma \rangle}{E \|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2}. \quad (20)$$

143 Recalling (11), we can set the oracle estimator of ρ to be

$$\rho^o(s_R) = \begin{cases} 1 & \text{if } s_R \leq c(p), \\ L^o(s_R) & \text{else,} \end{cases} \quad (21)$$

144 so that the oracle estimator of Σ is defined as

$$\widehat{\Sigma}_w^o = \rho^o(s_R) D_n^{1/2} \widehat{R}_1^\Sigma D_n^{1/2} + (1 - \rho^o(s_R)) \widehat{\Sigma}_{sh}^e. \quad (22)$$

145 **Remark 1.** For any population correlation matrices R , we denote its thresholding estimator and new shrinkage
 146 estimator by $\widehat{R}_1$ and $\widehat{R}_2$, respectively. It is easy to see $\rho \widehat{R}_2$ is still the unique shrinkage estimator of ρR once ρ is given.
 147 While, for the thresholding estimator, $\rho \widehat{R}_1 = s_{\rho\lambda}(\rho R)$, may not be the optimal one. This is because the threshold $\rho\lambda$
 148 may be slightly different. Thus, we also consider the following optimization problem

$$(\rho^o, \widehat{R}_1^o) = \arg \min_{\rho, \widehat{R}_1} \|R - \rho \widehat{R}_2 - \widehat{R}_1\|_F^2 + \lambda \|\widehat{R}_1\|_1,$$

149 which is able to select the threshold automatically. By plenty of simulations, we find that it performs worse than (19)
 150 in practice.

151 We next proceed to find an estimator of ρ^o . Motivated by the idea of cross validation we propose the following
 152 approach to estimate it. Denote $X_1, \dots, X_n$ by $U_1, \dots, U_{n_1}, V_1, \dots, V_{n_2}$, where $n_1 + n_2 = n$, U and V have no overlap.
 153 Use $R_n^{(1)} = (r_{ij}^{(1)})$ and $R_n^{(2)} = (r_{ij}^{(2)})$ to denote the corresponding sample correlation matrix according to U and V , respec-
 154 tively. Based on the subset U , we construct estimators of R^Σ by the thresholding method and the new proposed linear
 155 shrinkage method, and denoted by $\widehat{R}_1^{\Sigma^{(1)}}$ and $\widehat{R}_2^{\Sigma^{(1)}}$, respectively. Thus, we propose following optimization problem:

$$\widehat{L}^e = \arg \min_L \|R_n^{(2)} - \widehat{R}_2^{\Sigma^{(1)}} - L(\widehat{R}_1^{\Sigma^{(1)}} - \widehat{R}_2^{\Sigma^{(1)}})\|_F^2, \quad (23)$$

156 and solve it to yield

$$\widehat{L}^e = \frac{E \langle R_n^{(2)} - \widehat{R}_2^{\Sigma^{(1)}}, \widehat{R}_1^{\Sigma^{(1)}} - \widehat{R}_2^{\Sigma^{(1)}} \rangle}{E \|\widehat{R}_1^{\Sigma^{(1)}} - \widehat{R}_2^{\Sigma^{(1)}}\|_F^2}. \quad (24)$$

157 It follows that

$$\hat{\rho}^e(\hat{s}) = \begin{cases} 1 & \text{if } \hat{s} \leq c(p), \\ \widehat{L}^e & \text{else,} \end{cases} \quad (25)$$

158 where $\hat{s} = \max_{1 \leq i \leq p} \sum_{j=1}^p I(s_\lambda(r_{n,ij}) \neq 0)$ and $s_\lambda(\cdot)$ is defined in (18). One can see more from Rothman et al. [14]. It is
 159 easy to see that equations (23)-(25) are the empirical versions corresponding to equations (19)-(21). Thus,

$$\widehat{\Sigma}_w^e = \hat{\rho}^e(\hat{s}) D_n^{\frac{1}{2}} \widehat{R}_1^\Sigma D_n^{\frac{1}{2}} + (1 - \hat{\rho}^e(\hat{s})) \widehat{\Sigma}_{sh}^e, \quad (26)$$

where $\widehat{R}_1^\Sigma$ and $\widehat{\Sigma}_{sh}^e$ are given in (18) and (7), respectively. Moreover we can improve the estimator of $L^o(s_R)$ by taking an average of the M resamples. Let

$$\tilde{L}^e = \frac{1}{M} \sum_{l=1}^M \widehat{L}_l^e, \quad (27)$$

where $\widehat{L}_l^e$ is obtained from (23) the l th resamples, and hence $\tilde{\rho}^e(s)$ is obtained. The corresponding average version of $\widehat{\Sigma}_w^e$ is given as

$$\widetilde{\Sigma}_w^e = \tilde{\rho}^e(\hat{s}) D_n^{\frac{1}{2}} \widehat{R}_1^\Sigma D_n^{\frac{1}{2}} + (1 - \tilde{\rho}^e(\hat{s})) \widetilde{\Sigma}_{sh}^e, \quad (28)$$

where $\widehat{R}_1^\Sigma$ and $\widetilde{\Sigma}_{sh}^e$ are obtained from whole samples defined as in (18) and (9) below and $\hat{s}$ has the same definition as in (25). In the simulation, we usually take $n_1 = [0.6n]$. One can also select the split location, n_1 , by the following criterion:

$$h(n_1) = \left\| \frac{1}{M} \sum_{l=1}^M \left(R_{n,l}^{(2)} - \widehat{R}_{2,l}^{\Sigma^{(1)}} - L(\widehat{R}_{1,l}^{\Sigma^{(1)}} - \widehat{R}_{2,l}^{\Sigma^{(1)}}) \right) \right\|_F^2, \quad (29)$$

where $\widehat{R}_{1,l}^{\Sigma^{(1)}}$ and $\widehat{R}_{2,l}^{\Sigma^{(1)}}$ are the estimators by the thresholding method and the new proposed linear shrinkage estimator below according to n_1 samples in the l -th trial, respectively, and $R_{n,l}^{(2)}$ is the sample covariance matrix of the remaining $n_2 = n - n_1$ samples in the l -th trail. We suggest to select n_1 over $(0.4n, 0.5n, 0.6n, 0.7n, 0.8n)$.

2.4. Implementable algorithm

This part is to propose an implementable algorithm for the weighted approach. Since we want to obtain (28), we conduct $M = 50$ permutations. For simplicity, in the l -th permutation, we denote $\{X_1, \dots, X_n\}$ by P and randomly choose subsets $P_1 = \{X_1^{(l)}, \dots, X_{n_1}^{(l)}\}$, $P_2 = \{X_{n_1+1}^{(l)}, \dots, X_n^{(l)}\}$ from P , where $P_1 \cup P_2 = P$ and $n_1 = 0.6n$.

Algorithm

1. By the method proposed by Rothman et al. [14], the estimators of $\mathcal{T}$ and s_0 can be obtained, denoted by $\widehat{\mathcal{T}}$ and $\hat{s}$. If $\hat{s} < c(p)$, let $\tilde{\rho}^e = 1$ and plug it into (28), where $c(p) = C(n/(\log p))^{(1-q)/2-\epsilon}$ as in (12). In practice, we set $C = 2$, $q = 0.1$ and $\epsilon = 0.05$.
2. According to (9) and (18), we can have the corresponding $\tilde{\tau}_{sh}^e$, $\widetilde{\Sigma}_{sh}^e$ and $\widehat{R}_1^\Sigma$ from whole samples $\{X_1, \dots, X_n\}$.
For l -th iteration:
3. Let $S_{n,l}^{(1)}$ be the sample covariance matrix based on P_1 , and $\widetilde{\Sigma}_{2,l}^e = D_{n,l}^{(1)} + \tilde{\tau}_{sh}^e S_{n,l,\text{off}}^{(1)}$, where $D_{n,l}^{(1)}$ and $S_{n,l,\text{off}}^{(1)}$ is the diagonal and the off-diagonal matrix of $S_{n,l}^{(1)}$ respectively. Hence, $\widehat{R}_{2,l}^{\Sigma^{(1)}} = (D_{n,l}^{(1)})^{-1/2} \widetilde{\Sigma}_{2,l}^e (D_{n,l}^{(1)})^{-1/2}$ is obtained. Also, Let $R_{n,l}^{(1)} = (D_{n,l}^{(1)})^{-1/2} S_{n,l}^{(1)} (D_{n,l}^{(1)})^{-1/2}$ and $\widehat{R}_{1,l}^{\Sigma^{(1)}} = s_\lambda(R_{n,l}^{(1)})$, where $s_\lambda(\cdot)$ is the soft thresholding function defined in (18).
4. Let $S_{n,l}^{(2)}$ be the sample covariance matrix based on P_2 , and denote the corresponding sample correlation matrix by $R_{n,l}^{(2)}$. Solving $\widehat{L}_l^e = \arg \min_L \|R_{n,l}^{(2)} - \widehat{R}_{2,l}^{\Sigma^{(1)}} - L(\widehat{R}_{1,l}^{\Sigma^{(1)}} - \widehat{R}_{2,l}^{\Sigma^{(1)}})\|_F^2$, so that $\hat{\rho}_l^e$ can be obtained as in (25).
5. We repeat Step 3 to Step 4 for $M = 50$ permutations, so that $\tilde{\rho}^e = \frac{1}{M} \sum_{l=1}^M \hat{\rho}_l^e$. Hence, the estimator of the population covariance matrix $\widetilde{\Sigma}_w^e$ is given as in (28).

Remark 2. One can also use adaptive threshold method in Step 3 to obtain the corresponding estimator. From the above algorithm, we see that the estimators $\hat{s}$, $\widehat{R}_1^\Sigma$, $\widehat{R}_2^\Sigma$, $\tilde{\tau}_{sh}^e$ and $\tilde{\rho}^e$ is obtained separately. Thus, it is fast when implemented this algorithm.

Remark 3. Since we mainly focus on the covariance matrices estimation we have not mentioned the inverse correlation matrices estimation in the subsequent parts. But we think the weighted method can be also applicable to the inverse correlation matrices estimation. This is because Ledoit and Wolf [10] and Ledoit and Wolf [11] proposed the shrinkage method to estimate the inverse correlation matrices, which do not depend on any special structures. On the other hand, Cai et al. [5] proposed a kind of CLIME estimator for the inverse correlation matrices that depend on some special structures. Thus one can also propose a corresponding method to do the inverse correlation matrices estimation by the weighted idea.

3. Theoretical Properties

This section is to consider the asymptotic properties of the new proposed shrinkage estimator and the weighted estimator defined in (7) and (26), respectively. Throughout the paper, for two sequence of real numbers $\{a_n\}$ and $\{b_n\}$, we write $a_n = O(b_n)$ if there exists a positive constant C such that $|a_n| \leq C|b_n|$ holds for all sufficiently large n , $a_n = o(b_n)$ if $\lim_{n \rightarrow \infty} a_n/b_n = 0$, $a_n = \Omega(b_n)$ if there exists a constant c such that $c|b_n| \leq |a_n|$ holds for all sufficiently large n and $a_n \asymp b_n$ if there exists a positive constant c and C such that $c|b_n| \leq |a_n| \leq C|b_n|$ holds for all sufficiently large n . Also, the subscript P in above notation means the corresponding conclusion hold with high probability, i.e., with probability $1 - o(1)$ hold.

We first specify some necessary conditions for further analysis: For $X_i = (X_{i1}, \dots, X_{ip})^\top$ define $Y_{ij} = X_{ij} / \sqrt{\text{var}(X_{ij})}$.

Conditions

(C1) (Exponential-type tails) Suppose that there exists some $\eta > 0$ such that

$$E \exp(tY_{ij}) \leq K_1$$

for all $|t| < \eta$ and i, j .

(C2) (Polynomial-type tails) Suppose that $X_i = \Sigma^{\frac{1}{2}} Z_i$, where $Z_i = (z_{i1}, \dots, z_{ip}) \in \mathbb{R}^p$ and z_{ij} are i.i.d random variables with mean 0 and finite fourth moment. In addition, for some $\ell \geq 1$, there is

$$E|Y_{ij}|^{4\ell} \leq K_1$$

for all i, j .

(C3) $p^\alpha \asymp n$ for $\alpha > 0$, assume the nonzero off-diagonal entries $r_{ij} = \Omega(p^{-\xi})$ and the maximum entry $\sigma_{ij} = O(p^\zeta)$, for $0 < \xi < \alpha/4$, $\zeta \geq 0$ and $4\xi + 4\zeta < \alpha$. Further, $\min \text{var}(X_{ik}X_{jk}) > c > 0$.

(C4) Let $|\mathcal{T}| \asymp p^{\gamma_1}$, $|\mathcal{T}^c| \asymp p^{\gamma_2}$ and $|\mathcal{T}| + |\mathcal{T}^c| = p^2 - p$, where $0 \leq \gamma_2 \leq 2$ and $\gamma_1 < 2 - \alpha - 2\xi - 2\zeta$ or $2 \geq \gamma_1 > 2 - \alpha + 2\xi + 2\zeta$. Let $\theta_1 = \alpha - 4\xi - 2\varepsilon_1 - 4\zeta > 0$, $\theta_2 = \alpha + 2 - \gamma_1 - \varepsilon_1 - 4\zeta > 0$ and $\theta'_2 = \alpha + \gamma_1 - \gamma_2 - 2\xi - \varepsilon_1 - 2\zeta > 0$ for some small $\varepsilon_1 > 0$.

(C5) $\mu_1 \leq C$, where μ_1 is the largest eigenvalue of R^Σ .

Remark 4. Condition (C1) and (C2) are the moment conditions for X , which are similar to Cai and Liu [4] and Cui et al. [3]. We see that under the Condition (C3), $\mathcal{T}$ and s_0 can be detected with probability tend to 1, that is

$$P(\mathcal{T} = \widehat{\mathcal{T}}) = 1 - o(1), \quad (30)$$

where $\widehat{\mathcal{T}}$ is the set detected by the method proposed by Rothman et al. [14]. For the proof of (30), one can also refer to Theorem 2 in Rothman et al. [14]. Further, the constraint $4\xi + 4\zeta < \alpha$ keeps $s_R = s_0$. Condition $\min \text{var}(X_{ik}X_{jk}) > c > 0$ is also proposed in Cai and Liu [4]. From Condition (C4), we see that our proposed new linear shrinkage method aims at wider scope population covariance matrices. Additionally, it covers the cases of $|\mathcal{T}| = 0$ and $|\mathcal{T}| = p^2 - p$, i.e., the identity and totally dense cases, respectively. Combining Condition (C3) with (C4), we see that the condition between p and n is much weaker than that in the shrinkage methods. Condition (C5) states that all eigenvalues of R^Σ is bounded away from infinity.

Set $\mathcal{A} = \{\mathcal{T} = \widehat{\mathcal{T}}\}$. In the following we consider all the conclusions when the event $\mathcal{A}$ happens (otherwise use (30)). We first consider convergence of the cross-validated linear shrinkage to the oracle linear shrinkage estimator.

Theorem 1. Suppose that Conditions (C3), (C4) and (C5) hold.

1. Under Condition (C1), $\hat{\tau}^e$ tends to τ^o with high probability, and

$$\|\widehat{\Sigma}_{sh}^e - \Sigma_{sh}^o\|_2 = O_P\left(p^{-\varepsilon_1} \max\left(\sqrt{\frac{p}{n}}, 1\right) \|\Sigma\|_2\right),$$

for some $\varepsilon_1 > 0$, where $\hat{\tau}^e$, τ^o , $\widehat{\Sigma}_{sh}^e$ and Σ_{sh}^o are defined in (6), (3), (7) and (4), respectively.

2. Under Condition (C2), the above conclusions still holds as long as $\ell > \max\{2/\theta_1, 2/\theta_2, 2/\theta'_2\}$.

Comparing with the condition $p/n \leq K$ in Ledoit and Wolf [10] or $p/n \rightarrow c \in (0, \infty)$ as n tends to ∞ in Ledoit and Wolf ([11, 12]), our result is less restrictive. For the estimators defined in (8) and (9), we also have

Corollary 1. *Under conditions of Theorem 1, we have $\tilde{\tau}^e$ tends to τ^o with high probability. Further, $\|\tilde{\Sigma}_{sh}^e - \Sigma_{sh}^o\|_2 = O_P(p^{-\varepsilon_1} \max(\sqrt{p/n}, 1) \|\Sigma\|_2)$ or some $\varepsilon_1 > 0$, where $\tilde{\Sigma}_{sh}^e$ is given in (9).*

From Corollary 1, we see that $D_n + \tilde{\tau}^e S_{n, \text{off}}$ is a proper shrinkage estimator of Σ , hence $\widehat{R}_2^\Sigma = D_n^{-1/2}(D_n + \tilde{\tau}^e S_{n, \text{off}})D_n^{-1/2}$. Also, by soft thresholding method, we have the estimator $s_\lambda(R_n^\Sigma)$, denoted as $\widehat{R}_1^\Sigma$. In order to obtain the results of weighted estimator, we propose one more condition:

(C6) Let $\theta_1^* := \alpha - 8\xi - 4\zeta - 2\varepsilon_1 > 0$, and $\theta_2^* := 2 - 4\xi - \gamma_1 - 4\zeta - \varepsilon_1 > 0$ and $\theta_2^{*'} := 2 - 4\xi - \gamma_2 - 4\zeta - \varepsilon_1 > 0$ for some small $\varepsilon_1 > 0$.

By solving (19), we have the following theorem:

Theorem 2. *Suppose that Conditions (C3), (C5) and (C6) hold.*

1. *Under Condition (C1), $\hat{\rho}^e(\hat{s})$ tends to $\rho^o(s_R)$ for any $s_R \in (c(p), p)$ with high probability. Further,*

$$\|\widehat{\Sigma}_w^e - \widehat{\Sigma}_w^o\|_2 \leq_P C p^{-\varepsilon_1} \left(\max \left\{ \sqrt{\frac{s_R \log p}{n}} \max(\sigma_{ij}), \max(\sigma_{ij}), \sqrt{\frac{p}{n}} \|\Sigma\|_2 \right\} \right).$$

Here $\hat{\rho}^e(\hat{s})$, $\rho^o(s_R)$, $\widehat{\Sigma}_w^e$ and $\widehat{\Sigma}_w^o$ are defined in (25), (21), (26), (22), respectively.

2. *Under Conditions (C2), the above conclusions still holds as long as $\ell > \max\{\frac{2}{\theta_1^*}, \frac{2}{\theta_2^*}, \frac{2}{\theta_2^{*'}}\}$.*

Corollary 2. *Under conditions of Theorem 2 $\tilde{\rho}^e$ still converges to ρ^o with high probability. Further, the bound of $\|\widehat{\Sigma}_w^e - \widehat{\Sigma}_w^o\|_2$ is the same as that in Theorem 2, where $\widehat{\Sigma}_w^e$ is given in (26).*

4. Simulation studies

This section is to investigate the finite sample performance of the proposed methods and compare with other existing methods in literature. We generate data $X = \Gamma Z$, where $\Sigma = \Gamma \Gamma^\top$, $Z \in R^{n \times p}$ is a random matrix consisting of i.i.d random variables either $N(0, 1)$ or t_{20} . Similar to Bickel and Levina [2], we consider $p = 30, 100, 200$ for $n = 100$. As discussed in Rothman et al. [14], there are many options in thresholding functions. In what follows, we use the soft thresholding function, i.e., $s_\lambda(z) = \text{sign}(z)(|z| - \lambda)_+$. Here, we use the universal thresholds as in Rothman et al. [14] (Proposed 1) and adaptive thresholds as in Cai and Liu [4] (Proposed 2) to test the performances. All the simulation studies are replicated for 100 times.

4.1. Simulation design

First, we consider the same covariance model $\Sigma = U D U^\top := \Sigma_1$, where D is a diagonal matrix with 20% 1, 40% 3 and 40% 10, U is a random orthogonal matrix, as in Ledoit and Wolf [10, 11], to verify that the new proposed shrinkage estimator performs better than the linear and nonlinear shrinkage methods in many cases, denoted as LW1 and LW2, respectively. In addition, we also compare our method with the method proposed in Touloumis [16] (Tou), which is also aim to find a trade off between S_n and D_n . In Table 3, we evaluate the spectral norm of the difference between the estimated covariance matrix and the true one. From Table 3, one can see that the new proposed linear shrinkage method is competitive, and hence can be applied in the next step, i.e., the weighted estimation.

In the next step, we also consider the model with strong sparsity, i.e., $\Sigma = (1 - \frac{|i-j|}{5})_+ := \Sigma_2$, which is similar as Cui et al. [3]. For comparison, we also consider some other methods proposed in Bickel and Levina [2] (BL), Ledoit and Wolf [10] (LW1) Ledoit and Wolf [12] (LW2) and Cai and Liu [4] (CL). For each scenario, we evaluate the Spectral norm of the difference between the estimated covariance matrix and the true one. Table 4 illustrates the performances when the underlying covariance matrix enjoys strong sparsity (Σ_2) and without any structure known in advance (Σ_1). One can see that our proposed weighted covariance estimator is able to achieve the same result as the thresholding methods when $\Sigma = \Sigma_2$, and performs much better than the shrinkage methods in most cases.

Table 3: Performance of new linear shrinkage method

p	Proposed	LW1	LW2	Tou	Proposed	LW1	LW2	Tou
	$N(0, 1)$				t_{20}			
30	5.050	5.077	4.469	8.399	4.838	5.503	5.204	8.354
100	5.682	5.957	6.291	7.763	5.767	6.578	7.635	7.613
200	5.722	5.723	5.964	6.986	6.033	6.654	8.840	6.881

Table 4: $\Sigma = \Sigma_1$ and $\Sigma = \Sigma_2$

p	Proposed 1	Proposed 2	BL	LW1	LW2	CL
	$\Sigma_1, N(0, 1)$					
30	5.174	5.155	5.824	5.125	4.647	5.769
100	5.840	5.866	7.222	5.962	6.311	7.455
200	6.086	6.072	7.847	5.826	5.927	7.529
	Σ_1, t_{20}					
30	5.030	4.953	6.151	5.495	5.290	5.813
100	5.846	5.763	8.210	6.711	7.931	7.297
200	7.006	6.809	11.598	6.993	10.833	7.350
	$\Sigma_2, N(0, 1)$					
30	0.815	0.838	0.816	0.937	0.795	0.839
100	0.919	0.973	0.917	1.100	1.183	1.005
200	1.087	1.075	1.098	1.128	1.152	1.090
	Σ_2, t_{20}					
30	0.785	0.787	0.796	1.021	0.939	0.787
100	0.946	0.946	0.963	1.170	1.321	0.961
200	1.056	1.017	1.108	1.246	1.854	1.060

Furthermore, in order to demonstrate the merit of the proposed weighted methods, the cases with weak sparsity are also taken into consideration. Specifically, we also consider the covariance model $\Sigma = a\Sigma_1 + b\Sigma_2$, where (a, b) is randomly chosen from sequence $(1, 1.1, \dots, 5)$. Since the results for different choice of (a, b) are similar, we only take $(a, b) = (1.4, 2.3)$ and $(a, b) = (4.6, 1.2)$ in simulation results, and denote the corresponding covariance matrix by Σ_3 and Σ_4 , respectively. Table 5 reports the performance of those methods as Table 1 and it indicates that it performs better than the remaining methods for t_{20} and is competitive to the shrinkage method proposed by Ledoit and Wolf [12] for normal distribution.

Last but not least, as in Ledoit and Wolf [10, 11], we define Percentage Relative Improvement in Average Loss (PRIAL):

$$\text{PRIAL}(\widehat{\Sigma}_n) = 100 \times \left\{ 1 - \frac{E\|\widehat{\Sigma}_n - \Sigma\|_F^2}{E\|S_n - \Sigma\|_F^2} \right\} \%,$$

where $\widehat{\Sigma}_n$ is an arbitrary estimator of Σ . For simplicity, we only consider the case of $\Sigma = \Sigma_4$ and t_{20} when p/n equal to 1/3, 3 and 10, respectively. Figures 1 - 3 display that our proposed methods perform much better than others.

From above analysis, we see that our proposed methods is competitive in most cases, especially in the case of t -distributions. What's more, comparing with the nonlinear shrinkage methods, the proposed methods are much faster.

Acknowledgments

Yang's research was supported by the National Nature Science Foundation of China grants 11471086 and 11871173, the National Social Science Foundation of China grants 16BTJ032, the National Statistical Scientific Center 2015LD02 and the Fundamental Research Funds for the Central Universities of Jinan University Qimingxing Plan 15JNQM019.

Table 5: $\Sigma = \Sigma_3$ and $\Sigma = \Sigma_4$

p	Proposed 1	Proposed 2	BL	LW1	LW2	CL
$\Sigma_3, N(0, 1)$						
30	8.168	8.210	9.709	8.044	7.955	9.630
100	9.515	9.585	14.197	9.045	9.332	11.927
200	9.620	9.733	21.643	9.072	9.068	12.258
Σ_3, t_{20}						
30	8.276	8.079	12.204	8.562	9.263	9.516
100	9.775	9.554	23.383	9.882	13.504	11.596
200	10.902	10.494	36.282	10.245	19.012	11.951
$\Sigma_4, N(0, 1)$						
30	23.711	24.124	31.850	23.939	22.263	27.270
100	27.305	27.349	66.225	27.448	28.955	34.791
200	26.394	26.322	103.984	26.459	27.139	35.204
Σ_4, t_{20}						
30	23.808	23.191	42.767	25.493	25.292	27.288
100	27.888	27.090	94.614	30.876	37.605	34.057
200	32.893	31.698	154.365	32.149	51.812	34.355

Figure 1: PRIAL when $p/n = 1/3$.

Appendix

For easier presentation, set $\mathcal{T} = \{(i, j) | \sigma_{ij} \neq 0, i \neq j\}$, $\mathcal{T}^c = \{(i, j) | \sigma_{ij} = 0, i \neq j\}$, let $\mathcal{D} = \{(i, j) | i = j\}$, $|\mathcal{T}|$, $|\mathcal{T}^c|$ and $|\mathcal{D}|$ be the corresponding cardinalities. We also use C to denote the positive constants, which can change from line to line.

Before introducing the proof of the main theorems, we present some useful lemmas:

Figure 2: PRIAL when $p/n = 3$.

Figure 3: PRIAL when $p/n = 10$.

Lemma 1. Under Conditions (C1) or (C2), we have for some constant K ,

$$P\left(\max_{ij} |s_{ij} - \sigma_{ij}| > K \sqrt{\frac{\log p}{n}} \max_{ij}(\sigma_{ij})\right) = o(1).$$

Lemma 2. Under Conditions (C1) or (C2), we have for some constant K ,

$$P\left(\max_{ij} |r_{n,ij} - r_{ij}| > K \sqrt{\frac{\log p}{n}}\right) = o(1).$$

The proofs of Lemmas 1-2 follow from Cui et al. [3], and we omit them.

Lemma 3. Under Condition (C1), $\|S_n - \Sigma\| \leq \max(\delta, \delta^2)\|\Sigma\|$ with probability at least $1 - \exp(-ct^2)$, where $\delta = K\sqrt{p/n} + t/\sqrt{n}$, K and c are constant only depend on X_i .

Proof. See in Vershynin [17]. $\square$

Lemma 4. Under Condition (C2), $\|S_n - \Sigma\|_2 \leq \sqrt{\frac{p}{n}}\|\Sigma\|$ with high probability.

Proof. By $\|S_n - \Sigma\|_2 \leq \|\Sigma\| \cdot \|\Sigma^{-1/2} S_n \Sigma^{-1/2} - I\|_2$ and the results in Yin and Li [22] and Chen and Pan [6], the conclusion follows. $\square$

Lemma 5. Under Condition (C1) or (C2) and (C3), for $(i, j) \in \mathcal{T}$, we have $|E(s_{ij}^2) - s_{ij}^2| = O(p^{-(2\xi + \varepsilon_1)})$ with probability at least $1 - p^{-\ell(\alpha - 4\xi - 4\zeta - 2\varepsilon_1)}$.

Proof. Recall $Y_{ij} = X_{ij}/\sqrt{\text{var}(X_{ij})}$. Write

$$\begin{aligned} |(s_{12})^2 - E(s_{12})^2| &= \left| \left(\frac{1}{n} \sum_{k=1}^n X_{1k} X_{2k} \right)^2 - E \left(\frac{1}{n} \sum_{k=1}^n X_{1k} X_{2k} \right)^2 \right| \\ &\leq \frac{1}{n^2} \left| \left[\sum_{k=1}^n (X_{1k} X_{2k} - EX_{1k} X_{2k}) \right]^2 - E \left[\sum_{k=1}^n (X_{1k} X_{2k} - EX_{1k} X_{2k}) \right]^2 \right| \\ &\quad + 2 \frac{1}{n} \left| \sum_{k=1}^n (X_{1k} X_{2k} - EX_{1k} X_{2k}) \right| \cdot \left| \frac{1}{n} \sum_{k=1}^n EX_{1k} X_{2k} \right| \\ &\leq \frac{\sigma_{11}^2 \sigma_{22}^2}{n^2} \left| \sum_{k=1}^n Y_{1k} Y_{2k} - EY_{1k} Y_{2k} \right|^2 - E \left| \sum_{k=1}^n Y_{1k} Y_{2k} - EY_{1k} Y_{2k} \right|^2 \\ &\quad + 2 \frac{|\sqrt{\sigma_{11} \sigma_{22} \sigma_{12}}|}{n} \left| \sum_{k=1}^n Y_{1k} Y_{2k} - EY_{1k} Y_{2k} \right| \\ &\triangleq \sigma_{11}^2 \sigma_{22}^2 A + 2 |\sqrt{\sigma_{11} \sigma_{22} \sigma_{12}}| B. \end{aligned}$$

Let $\alpha_k = Y_{1k} Y_{2k} - EY_{1k} Y_{2k}$. Note that α_k are independent with mean 0. For term A , by Chebyshev's inequality and Rosenthal's inequality,

$$P\left(\left| \sum_{k=1}^n \alpha_k \right|^2 - E \left| \sum_{k=1}^n \alpha_k \right|^2 > n^2 \epsilon\right) \leq C \frac{E \left| \sum_{k=1}^n \alpha_k \right|^{2\ell}}{n^{2\ell} \epsilon^\ell} \leq \frac{C \sum_{k=1}^n E |\alpha_k|^{2\ell} + C \left(\sum_{k=1}^n E \alpha_k^2 \right)^\ell}{n^{2\ell} \epsilon^\ell} = O\left(\frac{1}{n^\ell \epsilon^\ell}\right). \quad (31)$$

Similarly, for term B , we have

$$P\left(\left| \sum_{k=1}^n \alpha_k \right| > n\epsilon\right) \leq \frac{C \cdot E \left[\left| \sum_{k=1}^n \alpha_k \right|^{2\ell} \right]}{n^{2\ell} \epsilon^{2\ell}} \leq \frac{C \sum_{k=1}^n E |\alpha_k|^{2\ell} + C \left(\sum_{k=1}^n E \alpha_k^2 \right)^\ell}{n^{2\ell} \epsilon^{2\ell}} = O\left(\frac{1}{n^\ell \epsilon^{2\ell}}\right). \quad (32)$$

For $(i, j) \in \mathcal{T}$, i.e., $\sigma_{12} \neq 0$. Recall $\max(\sigma_{ij}) = O(p^\zeta)$ in Condition (C3). We let $\epsilon = p^{-(2\xi+4\zeta+\varepsilon_1)}$ for some small $\varepsilon_1 > 0$ in (31). There is

$$P(A > \epsilon) = O(p^{-\ell(\alpha-2\xi-2\zeta-\varepsilon_1)}).$$

Let $\epsilon = p^{-(2\xi+2\zeta+\varepsilon_1)}$ for some small $\varepsilon_1 > 0$ in (32). We have

$$P(B > \epsilon) = O(p^{-\ell(\alpha-4\xi-4\zeta-2\varepsilon_1)}).$$

Thus, when $(i, j) \in \mathcal{T}$, there is $|E(s_{ij}^2) - s_{ij}^2| = O(p^{-(2\xi+\varepsilon_1)})$, with probability as least $1 - p^{-\ell(\alpha-4\xi-2\varepsilon_1-4\zeta)}$. $\square$

Lemma 6. Under Condition (C1) or (C2) and (C3),

I: for $(i, j) \in \mathcal{T}$, we have $|E(r_{n,ij}^2) - r_{n,ij}^2| = O(p^{-2\xi-\varepsilon_1})$ with probability at least $1 - p^{-\ell(\alpha-4\xi-2\varepsilon_1-4\zeta)}$.

II: for $(i, j) \in \mathcal{T}^c$, we have $|E(r_{n,ij}^2) - r_{n,ij}^2| = O(p^{2-\alpha-2\xi-2\zeta-\gamma_1-\varepsilon_1})$ for some small $\varepsilon_1 > 0$ with probability at least $1 - p^{-\ell(2-4\xi-\varepsilon_1-4\zeta-\gamma_1)}$, when $2-\alpha > \gamma_1$. Similarly, for $2-\alpha < \gamma_1$, there is $|E(r_{n,ij}^2) - r_{n,ij}^2| = O(p^{\gamma_1-2\xi-2\zeta-\gamma_2-\varepsilon_1})$ for some small $\varepsilon_1 > 0$ with probability at least $1 - p^{-\ell(2-4\xi-\varepsilon_1-4\zeta-\gamma_2)}$.

Proof. (I) For $(i, j) \in \mathcal{T}$, write

$$|E(r_{n,ij}^2) - r_{n,ij}^2| = \left| \frac{s_{ij}^2}{s_{ii}s_{jj}} - E \frac{s_{ij}^2}{s_{ii}s_{jj}} \right| \leq \left| \frac{s_{ij}^2}{s_{ii}s_{jj}} - \frac{\sigma_{ij}^2}{\sigma_{ii}\sigma_{jj}} \right| + \left| E \left[\frac{s_{ij}^2}{s_{ii}s_{jj}} - \frac{\sigma_{ij}^2}{\sigma_{ii}\sigma_{jj}} \right] \right| := A + B.$$

By Lemma 1 and Condition (C3), there is $|\sigma_{ii}\sigma_{jj} - s_{ii}s_{jj}| \leq C(\sqrt{\log p} \cdot p^{-(\alpha/2-2\zeta)})$ with high probability. Under Condition (C3), we can obtain $s_{ii}s_{jj} = \Omega_P(p^{-2\xi})$. Also, following the strategy of the proof of Lemma 5, it is easy to obtain that $|s_{ij}^2 - E s_{ij}^2| = O_P(-p^{(4\xi+\varepsilon_1)})$ under Condition (C1) and $|s_{ij}^2 - E s_{ij}^2| = O_P(-p^{(4\xi+\varepsilon_1)})$ under Condition (C2) as long as $\ell > 2/(\alpha - 8\xi - 4\zeta - 2\varepsilon_1)$. Moreover, by the upper bound of σ_{ij} in Condition (C3), $E s_{ij}^2 - \sigma_{ij}^2 = O(p^{4\xi}/n) = O(p^{-(\alpha-4\zeta)})$. Therefore,

$$\begin{aligned} A &\leq \frac{|s_{ij}^2 - \sigma_{ij}^2|}{|s_{ii}s_{jj}|} + \frac{|\sigma_{ii}\sigma_{jj} - s_{ii}s_{jj}|\sigma_{ij}^2}{|s_{ii}s_{jj}\sigma_{ii}\sigma_{jj}|} \leq \frac{|s_{ij}^2 - \sigma_{ij}^2|}{|s_{ii}s_{jj}|} + \frac{|\sigma_{ii}||\sigma_{jj} - s_{jj}| + |s_{jj}||\sigma_{ii} - s_{ii}|}{|s_{ii}s_{jj}|} \\ &\leq C(p^{-(2\xi+\varepsilon_1)} + \sqrt{\log p} \cdot p^{-(\alpha/2-\xi-\zeta)}) \leq C(p^{-(2\xi+\varepsilon_1)}), \end{aligned}$$

with probability at least $1 - o(p^{-2})$, where the last inequality follows from Condition (C6). For term B, we define $\mathcal{B}_i = \{ |s_{ii}| > \frac{1}{2}\sigma_{ii} \}$ and $\mathcal{B}_i^c = \{ |s_{ii}| \leq \frac{1}{2}\sigma_{ii} \}$. Write

$$B \leq \left| E \left[\left(\frac{s_{ij}^2}{s_{ii}s_{jj}} - \frac{\sigma_{ij}^2}{\sigma_{ii}\sigma_{jj}} \right) I(\mathcal{B}_i \cap \mathcal{B}_j) \right] \right| + \left| E \left[\left(\frac{s_{ij}^2}{s_{ii}s_{jj}} - \frac{\sigma_{ij}^2}{\sigma_{ii}\sigma_{jj}} \right) I(\mathcal{B}_i^c \cup \mathcal{B}_j^c) \right] \right| \quad (33)$$

The first term in (33) can be similarly handled as in the term A. While, for the second term in (33), by the fact of boundedness of $\left| \frac{s_{ij}^2}{s_{ii}s_{jj}} - \frac{\sigma_{ij}^2}{\sigma_{ii}\sigma_{jj}} \right|$, we have

$$\left| E \left[\left(\frac{s_{ij}^2}{s_{ii}s_{jj}} - \frac{\sigma_{ij}^2}{\sigma_{ii}\sigma_{jj}} \right) I(\mathcal{B}_i^c \cup \mathcal{B}_j^c) \right] \right| \leq C(P(\mathcal{B}_i) + P(\mathcal{B}_j)) \leq CP \left(|s_{ii} - \sigma_{ii}| \geq \frac{1}{2}\sigma_{ii} \right) \leq Cp^{-(2\xi+\varepsilon_1)}.$$

II: If $2-\alpha > \gamma_1$, for $(i, j) \in \mathcal{T}^c$, by the same method, it is easy to obtain that $|E(r_{n,ij}^2) - r_{n,ij}^2| = O(p^{2-\alpha-2\xi-2\zeta-\gamma_1-\varepsilon_1})$ with probability at least $1 - o(p^{-2})$ under Condition (C1). Also, the bound of $|E(r_{n,ij}^2) - r_{n,ij}^2|$ achieves the same order under Condition (C2) as long as $\ell > 2/(2 - 4\xi - \varepsilon_1 - 4\zeta - \gamma_1)$. If $2-\alpha < \gamma_1$, we can also obtain similar conclusion. $\square$

Lemma 7. Under conditions of Theorem 2, there is

$$E\|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2 \geq C_1 p^{2-\alpha-2\xi-2\zeta} + C_2 p^{\gamma_1-2\xi-2\zeta}.$$

320 *Proof.* Let $\mathcal{T}_+ = \{(i, j) \in \mathcal{T} | r_{n,ij} > 0\}$ and $\mathcal{T}_- = \{(i, j) \in \mathcal{T} | r_{n,ij} < 0\}$. Recalling definition of $\widehat{R}_1^\Sigma$ in (18) and $\widehat{R}_2^\Sigma$ in (17),
 321 we write

$$\begin{aligned}
 E\|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2 &= \sum_{(i,j) \in \mathcal{T}} E[r_{1,ij} - r_{n,ij} + (1-\tau)r_{n,ij}]^2 + \tau^2 \sum_{(i,j) \in \mathcal{T}^c} Er_{n,ij}^2 + \sum_{i=1}^p E(r_{1,ii} - 1)^2 \\
 &= \sum_{(i,j) \in \mathcal{T}_+} E[(1-\tau)r_{n,ij} - \lambda]^2 + \sum_{(i,j) \in \mathcal{T}_-} E[(1-\tau)r_{n,ij} + \lambda]^2 + \tau^2 \sum_{(i,j) \in \mathcal{T}^c} Er_{n,ij}^2 + \lambda^2 p \\
 &\geq \sum_{(i,j) \in \mathcal{T}_+} E[(1-\tau)r_{n,ij} - \lambda]^2 + \sum_{(i,j) \in \mathcal{T}_-} E[(1-\tau)r_{n,ij} + \lambda]^2 + \lambda^2 p \\
 &\geq (1-\tau)^2 \sum_{(i,j) \in \mathcal{T}} Er_{n,ij}^2 + \tau^2 \sum_{(i,j) \in \mathcal{T}^c} Er_{n,ij}^2 + \lambda^2 p + H_1,
 \end{aligned} \tag{34}$$

322 where H_1 is a negligible term compared with the first two terms. Expanding $Er_{n,ij}^2$, there is

$$Er_{n,ij}^2 \geq E\left[\frac{s_{ij}^2}{s_{ii}s_{jj}} I(|s_{ii}s_{jj} - \sigma_{ii}\sigma_{jj}| \leq \sqrt{\log p} \cdot p^{-\alpha/2-2\xi})\right] \geq C \frac{\frac{1}{n} EX_{ik}^2 X_{jk}^2 + \frac{n^2-n}{n^2} \sigma_{ij}^2}{\sigma_{ii}\sigma_{jj}}.$$

323 Hence, we have (34) $\geq C_1 p^{2-\alpha-2\xi-2\zeta} + C_2 p^{\gamma_1-2\xi-2\zeta}$. □

324 **Proposition 1.** The optimization problem

$$\arg \min_{0 < \tau < 1-\varepsilon'} E[\|(1-\tau)D_n + \tau S_n - \Sigma\|_F^2]$$

is equivalent to

$$\arg \min_{0 < \tau < 1-\varepsilon'} E[\|\tau S_{n,\text{off}} - \Sigma_{\text{off}}\|_F^2].$$

325 *Proof.* Expanding $E[\|(1-\tau)D_n + \tau S_n - \Sigma\|_F^2]$, we obtain

$$E[\|(1-\tau)D_n + \tau S_n - \Sigma\|_F^2] = E[\|D_n - \text{diag}(\Sigma)\|_F^2] + E[\|\tau S_{n,\text{off}} - \Sigma_{\text{off}}\|_F^2] + E\langle D_n - \text{diag}(\Sigma), \tau S_{n,\text{off}} - \Sigma_{\text{off}} \rangle,$$

326 where the third term above is equal to 0. Hence, the conclusion follows. □

327 **Proof of Theorem 1.** For the first statement, write

$$|\hat{\tau}^e - \hat{\tau}^o| \leq \left| \frac{\sum_{(i,j) \in \mathcal{T}} s_{ij}^{(2)} s_{ij}^{(1)}}{\sum_{i \neq j} (s_{ij}^{(1)})^2} - \frac{\sum_{(i,j) \in \mathcal{T}} \sigma_{ij}^2}{\sum_{i \neq j} (s_{ij}^{(1)})^2} \right| + \left| \frac{\sum_{(i,j) \in \mathcal{T}} \sigma_{ij}^2}{\sum_{i \neq j} (s_{ij}^{(1)})^2} - \frac{\sum_{(i,j) \in \mathcal{T}} \sigma_{ij}^2}{\sum_{i \neq j} Es_{ij}^2} \right| := \text{I} + \text{II}.$$

328 We first consider I:

$$\begin{aligned}
 \text{I} &\leq \frac{\sum_{(i,j) \in \mathcal{T}} |s_{ij}^{(2)} s_{ij}^{(1)} - \sigma_{ij}^2|}{\sum_{i \neq j} (s_{ij}^{(1)})^2} \leq \frac{\sum_{(i,j) \in \mathcal{T}} \{ \|s_{ij}^{(2)}\| s_{ij}^{(1)} - \sigma_{ij} \} + \{ \sigma_{ij} \|s_{ij}^{(2)} - \sigma_{ij}\| \}}{\sum_{i \neq j} (s_{ij}^{(1)})^2} \\
 &\leq \frac{C \sqrt{\frac{\log p}{n}} |\mathcal{T}| \cdot \max |\sigma_{ij}|^2}{|\mathcal{T}| \cdot p^{-2\xi}} = O(\sqrt{\log p} \cdot p^{-(\alpha/2-2\xi-2\zeta)})
 \end{aligned}$$

329 where the third inequality is obtained by Lemma 1 and Condition (C3).

330 Next consider II. Recalling $|\mathcal{T}| \asymp p^{\gamma_1}$, $|\mathcal{T}^c| \asymp p^{\gamma_2}$ and $|\mathcal{T}| + |\mathcal{T}^c| = p^2 - p$ in Condition (C4), we consider following
 331 three cases:

- 332 1. $\gamma_1 < 2 - \alpha - 2\xi - 2\zeta$ and $\gamma_2 = 2$.
- 333 2. $2 > \gamma_1 > 2 - \alpha + 2\xi + 2\zeta$ and $\gamma_2 = 2$.
- 334 3. $\gamma_1 = 2$ and $\gamma_2 \in [0, 2]$.

For Cases 1, 2 and 3, we rewrite

$$\Pi = \left(\sum_{(i,j) \in \mathcal{T}} \sigma_{ij}^2 \right) \cdot \left| \frac{\sum_{i \neq j} |Es_{ij}^2 - (s_{ij}^{(2)})^2|}{\left[\sum_{i \neq j} Es_{ij}^2 \right] \left[\sum_{i \neq j} (s_{ij}^{(1)})^2 \right]} \right| = \left(\frac{\sum_{(i,j) \in \mathcal{T}} \sigma_{ij}^2}{\sum_{i \neq j} Es_{ij}^2} \right) \cdot \left| \frac{\sum_{i \neq j} |Es_{ij}^2 - (s_{ij}^{(2)})^2|}{\sum_{i \neq j} (s_{ij}^{(1)})^2} \right|. \quad (35)$$

Since $\text{var}(X_{ik}^2 X_{jk}^2) > c > 0$, it is easy to obtain $n^{-1} \sum_{k=1}^n X_{ik}^2 X_{jk}^2 = EX_{ik}^2 X_{jk}^2 + o_P(EX_{ik}^2 X_{jk}^2)$. Also, for $(i, j) \in \mathcal{T}$, there is $n^{-2} \sum_{k_1 \neq k_2} X_{ik_1} X_{jk_1} X_{ik_2} X_{jk_2} = \sigma_{ij}^2 + o_P(\sigma_{ij}^2)$. Therefore, write

$$\left| \frac{\sum_{i \neq j} |Es_{ij}^2 - (s_{ij}^{(2)})^2|}{\sum_{i \neq j} (s_{ij}^{(1)})^2} \right| \leq C \left(\left| \frac{\sum_{(i,j) \in \mathcal{T}} |E(s_{ij}^{(2)})^2 - (s_{ij}^{(2)})^2|}{\frac{1}{n} \sum_{i \neq j} EX_{ik}^2 X_{jk}^2 + \frac{n^2-n}{n^2} \sum_{(i,j) \in \mathcal{T}} \sigma_{ij}^2} \right| + \left| \frac{\sum_{(i,j) \in \mathcal{T}^c} |E(s_{ij}^{(2)})^2 - (s_{ij}^{(2)})^2|}{\frac{1}{n} \sum_{i \neq j} EX_{ik}^2 X_{jk}^2 + \frac{n^2-n}{n^2} \sum_{(i,j) \in \mathcal{T}} \sigma_{ij}^2} \right| \right) \quad (36)$$

with high probability. The first term in the right hand side of (36) is bounded by $O_P(p^{-\varepsilon_1})$ for all these three cases by Lemma 5. Now, consider the second term of (36). Under Case 1, according to $\sum_{i \neq j} Es_{ij}^2 = n^{-1} \sum_{i \neq j} EX_{ik}^2 X_{jk}^2 + (n^2 - n)n^{-2} \sum_{(i,j) \in \mathcal{T}} \sigma_{ij}^2$ and Condition (C3), there is $\sum_{i \neq j} Es_{ij}^2 = \Omega(p^{2-\alpha-2\xi})$, and hence

$$\lim_{n \rightarrow \infty} \left(\frac{\sum_{(i,j) \in \mathcal{T}} \sigma_{ij}^2}{\sum_{i \neq j} Es_{ij}^2} \right) = O(p^{\gamma_1-2-\alpha-2\xi+2\zeta}).$$

By setting $\epsilon = p^{2-\gamma_1-4\zeta-\varepsilon_1}$ in (31), we can obtain that $\Pi = O_P(p^{-\varepsilon_1})$.

Under Cases 2 and 3, there is

$$\lim_{n \rightarrow \infty} \left(\frac{\sum_{(i,j) \in \mathcal{T}} \sigma_{ij}^2}{\sum_{i \neq j} Es_{ij}^2} \right) = 1.$$

It is easy to obtain that $(n^2 - n)(n^{-2}) \sum_{(i,j) \in \mathcal{T}} \sigma_{ij}^2 \gg n^{-1} \sum_{i \neq j} EX_{ik}^2 X_{jk}^2$ under Cases 2 and 3. Thus, taking $\epsilon = p^{\gamma_1-\gamma_2-2\zeta-2\xi-\varepsilon_1}$ in (31), we can also have $\Pi = O_P(p^{-\varepsilon_1})$.

Thus, we conclude that $|\hat{\tau}^e - \tau^o| = O(p^{-\varepsilon_1})$, with high probability.

Further, by Lemma 3, the definitions in (4) and (7),

$$\|\widehat{\Sigma}_{sh}^e - \Sigma_{sh}^o\|_2 \leq p^{-\varepsilon_1} \|S_{n,\text{off}}\|_2 \leq Cp^{-\varepsilon_1} \max\left(\sqrt{\frac{p}{n}}, 1\right) \|\Sigma\|_2.$$

Thus, the first statement follows.

For the second statement, most proof is similar. The only difference is that it requires $|E(s_{ij}^2) - s_{ij}^2| = O(p^{-(2\xi+\varepsilon_1)})$ with probability as least $1 - o(p^{-2})$ in Lemma 5. Thus, recalling θ_1 and θ_2 in Condition (C4), we let ℓ in Condition (C2) larger than $\max\{2/\theta_1, 2/\theta_2, 2/\theta'_2\}$. Combining with Lemma 4, the conclusion follows. $\square$

Proof of Corollary 1. From (8), we see $|\hat{\tau}^e - \tau^o| = |M^{-1} \sum_{m=1}^M (\hat{\tau}_m^e - \tau^o)| \leq M^{-1} \sum_{m=1}^M |(\hat{\tau}_m^e - \tau^o)|$. Thus, following the proof of Theorem 1, we can draw the conclusion. $\square$

Proof of Theorem 2. Note that there is no difference between $\widehat{R}_1^{\Sigma^{(1)}}$ and $\widehat{R}_1^{\Sigma}$ (or $\widehat{R}_2^{\Sigma^{(1)}}$ and $\widehat{R}_2^{\Sigma}$) as long as $R_n^{(2)}$ is independent of $\widehat{R}_1^{\Sigma^{(1)}}$ and $\widehat{R}_2^{\Sigma^{(1)}}$, and these two estimators constructed from the same samples. For simplicity, we below suppress superscripts from $\widehat{R}_1^{\Sigma^{(1)}}$ and $\widehat{R}_2^{\Sigma^{(1)}}$.

Recall (20) and (24). Rewrite

$$\widehat{L}^e = \frac{\langle R_n^{(2)} - \widehat{R}_2^{\Sigma}, \widehat{R}_1^{\Sigma} - \widehat{R}_2^{\Sigma} \rangle}{\|\widehat{R}_1^{\Sigma} - \widehat{R}_2^{\Sigma}\|_F^2}.$$

356 Note that here $R_n^{(2)}$ and $\widehat{R}_1^\Sigma$ or $R_n^{(2)}$ and $\widehat{R}_2^\Sigma$ come from different samples, and hence they are independent each other. We
 357 first consider the difference between $L^o(s_R)$ and $\widehat{L}^e$. Specifically,

$$\begin{aligned} |L^o(s_R) - \widehat{L}^e| &= \left| \frac{E\langle R^\Sigma - \widehat{R}_2^\Sigma, \widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma \rangle \|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2 - \langle R_n^{(2)} - \widehat{R}_2^\Sigma, \widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma \rangle E\|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2}{\|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2 E\|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2} \right| \\ &\leq \frac{|\langle R_n^{(2)} - \widehat{R}_2^\Sigma, \widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma \rangle - E\langle R^\Sigma - \widehat{R}_2^\Sigma, \widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma \rangle|}{E\|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2} \end{aligned} \quad (37)$$

$$+ \frac{|\langle R_n^{(2)} - \widehat{R}_2^\Sigma, \widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma \rangle| \cdot \left| \|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2 - E\|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2 \right|}{\|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2 E\|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2}. \quad (38)$$

358 For the nominator of (37), recalling the definition of $\mathcal{T}_+$ and $\mathcal{T}_+$ in Lemma 7,

$$\begin{aligned} &|\langle R_n^{(2)} - \widehat{R}_2^\Sigma, \widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma \rangle - E\langle R^\Sigma - \widehat{R}_2^\Sigma, \widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma \rangle| \\ &= \left| \sum_{i \neq j} \left[(r_{n,ij}^{(2)} - \tau r_{2,ij})(r_{1,ij} - r_{2,ij}) - E(r_{ij} - \tau r_{n,ij})(r_{1,ij} - r_{2,ij}) \right] \right| \\ &\leq \left| \sum_{(i,j) \in \mathcal{T}_+} (r_{n,ij}^{(2)} - \tau r_{n,ij})(r_{n,ij} - \lambda - \tau r_{n,ij}) - E(r_{ij} - \tau r_{n,ij})(r_{n,ij} - \lambda - \tau r_{n,ij}) \right| \end{aligned} \quad (39)$$

$$+ \left| \sum_{(i,j) \in \mathcal{T}_-} (r_{n,ij}^{(2)} - \tau r_{n,ij})(r_{n,ij} + \lambda - \tau r_{n,ij}) - E(r_{ij} - \tau r_{n,ij})(r_{n,ij} + \lambda - \tau r_{n,ij}) \right| \quad (40)$$

$$+ \left| \sum_{(i,j) \in \mathcal{T}^c} \tau(r_{n,ij}^{(2)} - \tau r_{n,ij})r_{n,ij} + \tau^2 E r_{n,ij}^2 \right|. \quad (41)$$

By the fact of $|r_{n,ij}^{(2)} r_{n,ij} - r_{ij}^2| \leq |r_{n,ij}^{(2)} - r_{ij}| |r_{n,ij}| + |r_{n,ij} - r_{ij}| |r_{ij}|$, Lemma 2 and the first statement of Lemma 6, it is easy to obtain that

$$(39) \leq C|\mathcal{T}_+|p^{-(2\xi+\varepsilon_1)},$$

with high probability. By similar arguments, we also have

$$(40) \leq C|\mathcal{T}_-|p^{-(2\xi+\varepsilon_1)}.$$

with high probability. It follows from the second statement of Lemma 6 that

$$(41) \leq C|\mathcal{T}^c|p^{-(\alpha+2\xi+2\zeta+\gamma_2+\varepsilon_1-2)} \quad \text{as } 2-\alpha > \gamma_1,$$

or

$$(41) \leq C|\mathcal{T}^c|p^{-(\gamma_1-\gamma_2-2\xi-2\zeta-\varepsilon_1)} \quad \text{as } 2-\alpha < \gamma_1,$$

359 with high probability. Via Lemma 7, there is

$$(37) = O_P(p^{-\varepsilon_1}). \quad (42)$$

360 Now, we consider (38). Similarly, we can obtain that

$$\frac{\left| \|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2 - E\|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2 \right|}{E\|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2} = O_P(p^{-\varepsilon_1}). \quad (43)$$

361 Thus, if there is

$$\frac{|\langle R_n^{(2)} - \widehat{R}_2^\Sigma, \widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma \rangle|}{\|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2} = O_P(1), \quad (44)$$

the conclusion follows.

Consider (44) now and write

$$\begin{aligned}
\left| E \langle R^\Sigma - \widehat{R}_2^\Sigma, \widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma \rangle \right| &= \left| E \sum_{i \neq j} (r_{ij} - \tau r_{n,ij})(r_{n,ij} - \lambda - \tau r_{n,ij}) \right| \\
&= \left| \sum_{(i,j) \in \mathcal{T}} [(1-\tau)r_{ij}^2 - \tau(1-\tau)Er_{n,ij}^2 + H_1] - \sum_{(i,j) \in \mathcal{T}^c} \tau(1-\tau)Er_{n,ij}^2 \right| \\
&= \left| \sum_{(i,j) \in \mathcal{T}} [(1-\tau)^2 Er_{n,ij}^2 + H_1 + H_2] - \sum_{(i,j) \in \mathcal{T}^c} \tau(1-\tau)Er_{n,ij}^2 \right| \\
&\leq \left| \sum_{(i,j) \in \mathcal{T}} [(1-\tau)^2 Er_{n,ij}^2 + H_1 + H_2] \right| + \left| \sum_{(i,j) \in \mathcal{T}^c} \tau(1-\tau)Er_{n,ij}^2 \right| := H_2 + H_3,
\end{aligned}$$

where H_2 and H_3 are of the lower order terms than $\sum_{(i,j) \in \mathcal{T}} [Er_{n,ij}^2]$. For $(i, j) \in \mathcal{T}^c$, it is easy to obtain $Er_{n,ij}^2 = O(p^{-(\alpha-2\xi-4\xi)})$. Note that $R_n^{(2)}$ is independent of $\widehat{R}_1^\Sigma$ and $\widehat{R}_2^\Sigma$. Thus, combining with the first statement in Lemma 7 and Condition (C6), we have

$$\frac{\left| E \langle R_n^{(2)} - \widehat{R}_2^\Sigma, \widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma \rangle \right|}{E \|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2} = O(1).$$

This, together with (42) and (43), implies (44). By the argument in (37) and the bound of $\|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2 - E\|\widehat{R}_1^\Sigma - \widehat{R}_2^\Sigma\|_F^2$, we can draw the first conclusion. Since we have obtained $|\widehat{L}^e - L^o(s_R)| = O_P(p^{-\varepsilon_1})$, through the results in Rothman et al. [14], there is $|\rho^e(\hat{s}) - \rho^o(s_R)| = O_P(p^{-\varepsilon_1})$. Recalling the definition in (26) and (22), there is

$$\begin{aligned}
\|\widehat{\Sigma}_w^e - \widehat{\Sigma}_w^o\|_2 &\leq Cp^{-\varepsilon_1} \left(\|D_n^{\frac{1}{2}}(\widehat{R}_1^\Sigma - R^\Sigma)D_n^{\frac{1}{2}}\|_2 + \|D_n^{\frac{1}{2}}R^\Sigma D_n^{\frac{1}{2}}\|_2 \right) + p^{-\varepsilon_1} (\|\widehat{\Sigma}_{sh}^e - \widehat{\Sigma}_{sh}^o\|_2) + p^{-\varepsilon_1} \|\widehat{\Sigma}_{sh}^o\|_2 \\
&\leq Cp^{-\varepsilon_1} \left(\max\left\{ \sqrt{\frac{s_R \log p}{n}}, 1 \right\} \max(\sigma_{ij}) \right) + p^{-2\varepsilon_1} \max\left(\sqrt{\frac{p}{n}}, 1 \right) \|\Sigma\|_2 + p^{-\varepsilon_1} \left(\sqrt{\frac{p}{n}} \|\Sigma\|_2 + \max(\sigma_{ij}) \right) \\
&\leq Cp^{-\varepsilon_1} \left(\max\left\{ \sqrt{\frac{s_R \log p}{n}} \max(\sigma_{ij}), \max(\sigma_{ij}), \sqrt{\frac{p}{n}} \|\Sigma\|_2 \right\} \right),
\end{aligned}$$

where the second inequality follows from Cui et al. [3], Theorem 1 and Lemma 3 or Lemma 4.

The proof of the second statement is similar. The only difference is that it requires $|E(r_{n,ij}^2) - r_{n,ij}^2| = O(p^{-(2\xi+\varepsilon_1)})$ with probability as least $1 - o(p^{-2})$ in Lemma 6. Thus, recalling θ_1^* and θ_2^* in Condition (C6), we let ℓ in Condition (C2) larger than $\max\{2/\theta_1^*, 2/\theta_2^*, 2/\theta_2^*\}$. This and Lemma 4 lead to the conclusion. $\square$

Proof of Corollary 2. The proof of Corollary 2 is similar to the Corollary 1, hence omitted. $\square$

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