

# 2022 Financial Report

Kertin

January 23, 2023

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## Quote of the year

It's all about the long term.<sup>1</sup>

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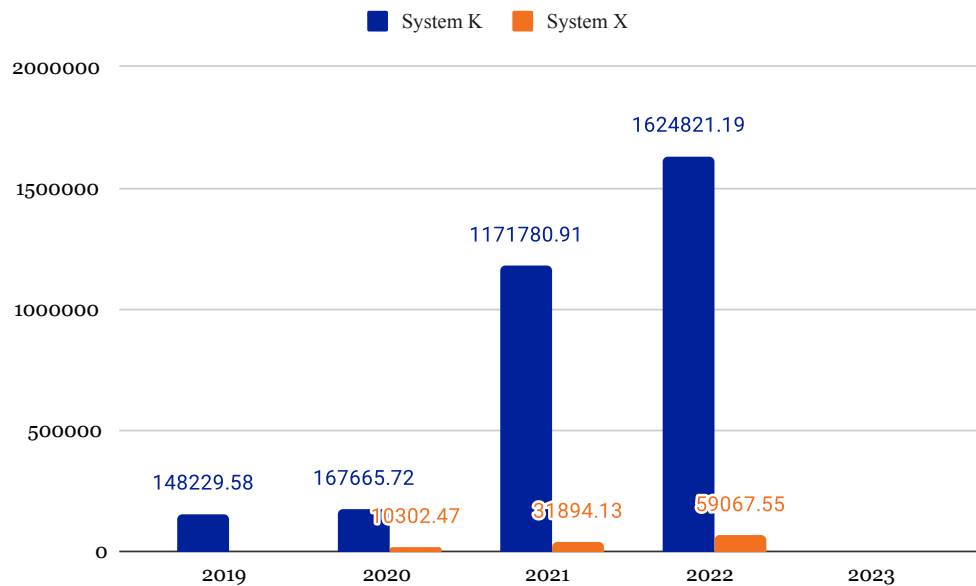
<sup>1</sup>from Jeffrey P. Bezos's 1997 Letter to Amazon shareholders

This is the financial report of 2022 fiscal year. 2022 fiscal year is from 2022/2/7 to 2023/1/23.

## 1 Balance change of Systems

Table 1: Balance of System K & System X January 23, 2023

No.	FD	Age	K	DCV	DoD	Age	X	DCV	DoD	Total	DCV	DoD
1	2019 <sup>1</sup>	20	148229.58	-	-	5	-	-	-	148229.58	-	-
2	2020 <sup>2</sup>	21	167665.72	+19436.14	+13.11%	6	10302.47	-	-	177968.19	+29738.69	+20.06%
3	2021 <sup>3</sup>	22	1171780.91	+1004115.19	+598.88%	7	31894.13	+21591.66	+209.58%	1203675.04	+1025706.85	+576.34%
4	2022 <sup>4</sup>	23	1624821.19	+453040.28	+38.66%	8	59067.55	+27173.42	+85.19%	1683888.74	+480213.70	+39.89%
5	2023	24	-	-	-	9	-	-	-	-	-	-



<sup>1</sup>2019/1/1 - 2020/3/12

<sup>2</sup>2020/3/13 - 2021/1/7

<sup>3</sup>2021/1/8 - 2022/2/6

<sup>4</sup>2022/2/7 - 2023/1/23

Table 2: Performance Compare

No.	Fiscal year	System K	System X	Total	CSJ300 <sup>2</sup>	SP500 <sup>3</sup>	BH <sup>4</sup>	NE <sup>5</sup>	Gold	Bitcoin
1	2019	-	-	-	+36.07%	+31.49%	+11.0%	+26.02%	+18.83%	+88.08%
2	2020	+13.11%	-	+20.06%	+27.21%	+18.40%	+2.4%	+12.14%	+24.43%	+301.39%
3	2021	+598.88%	+209.58%	+576.34%	-5.20%	+28.71%	+29.6%	+20.76%	-3.51%	+59.74%
4	2022	+38.66%	+85.19%	+39.89%	-21.63%	-18.11%	-	-17.05%	-0.23%	-64.14%
5	2023	-	-	-	-	-	-	-	-	-
CAG <sup>6</sup>	-	+122.13%	+139.43%	+124.79%	+6.49%	+13.18%	+13.78%	+9.08%	+9.23%	+44.21%

Table 3: Balance of System K January 23, 2023

Type	Value in ¥	Remarks
Bank account total balance <sup>7</sup>	6.86	-
Funds account total balance <sup>8</sup>	1623571.59	-
Stocks account total balance <sup>9</sup>	1242.74	-
Total	1624821.19	-

Table 4: System K stocks/funds position January 23, 2023

Type	Code	Cost	Market	pct. of holdings	Profit/loss ratio
-	-	-	-	-	-

<sup>2</sup>without dividends<sup>3</sup>with dividends<sup>4</sup>Berkshire Hathaway<sup>5</sup>Norges Bank Investment Management Equity<sup>6</sup>Compounded Annual Gain<sup>7</sup>CMB<sup>8</sup>Merchants Fund: 1374840.03, Hwabao WD Fund: 100067.56, gtfund: 18664, gffund: 130000<sup>9</sup>in Eastmoney account<sup>10</sup>CIB<sup>11</sup>efund

Table 5: Balance of System X January 23, 2023

Type	Value in ¥	Remarks
Bank account total balance <sup>10</sup>	0	-
Funds account total balance <sup>11</sup>	59067.55	-
Stocks account total balance	0	-
Total	59067.55	-

Table 6: System X stocks/funds position January 23, 2023

Type	Code	Cost	Market	pct. of holdings	Profit/loss ratio
-	-	-	-	-	-

## 2 Market changes in 2022

Federal Reserve:

Mar, 2022 end of net asset purchases since Sept, 2019

Mar, 2022 FOMC +25bp to 0.25-0.50%

May, 2022 FOMC +50bp to 0.75-1.00%

June, 1 start of QT

June, 2022 FOMC +75bp to 1.50-1.75%

July, 2022 FOMC +75bp to 2.25-2.50%

Sept, 1 double pace of QT

Sept, 2022 FOMC +75bp to 3.00-3.25%

Nov, 2022 FOMC +75bp to 3.75-4.00%

Dec, 2022 FOMC +50bp to 4.25-4.50%

Table 7: Decline from high

Type	Intraday_High_Date	Intraday_Low_Date	Change
SP500	4818.62_2022/1/4	3491.58_2022/10/13	-27.54%
Nasdaq100	16764.86_2021/11/22	10440.64_2022/10/13	-37.72%
CSX300	5930.91_2021/2/18	3495.95_2022/10/31	-41.06%
CSI TQQQ	21438.35_2021/6/7	11672.96_2022/10/31	-45.55%
Hang Seng	31183.36_2021/2/18	14597.31_2022/10/31	-53.19%

Table 8: Bond market 2022

Name	year start	tightest	year end
U.S. 2 Year Treasury Note	0.78%	4.72%_11-7	4.41%
U.S. 5 Year Daily Treasury Par Real Yield Curve Rates	-1.58%	1.92%_9-30	1.66%
U.S. 10 Year Treasury Note	1.63%	4.25%_10-24	3.88%
China 10 Year vs U.S. 10 Year Spread Bond Yield	124.5bp	-162.1bp_10-21	-96.2bp

Table 9: Others 2022

Name	year start	tightest/range	year end
Effective Federal Funds Rate	0.07%	4.33%	4.33%
DXD	95.67	114.78_9-28	103.52
USD/CNY	6.3521	7.3285_11-1	6.8983
Brent Oil	78.11	75.11-139.13	85.99
BTCCUSD	46218	15501_11-21	16572



### 3 Systems' Major Changes in 2022 fiscal year

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No.	Time	System	Amount	Reason
1	Feb 28, 2022	K	-1,000,000	Tan lent
2	May 17, 2022	K	+500,000	Tan paid back
3	Jul 7, 2022	K	+300,000	Tan paid back
4	Aug 12, 2022	K	+45,000	Dad
5	Oct 26, 2022	K	+50,000	Dad
6	Nov 7, 2022	K	-50,000	Hu lent
7	Nov 24, 2022	K	+50,000	Hu paid back
8	Dec 8, 2022	K	+200,000	Tan paid back
9	Dec 15, 2022	K	+90,000	The insurance money
10	Jan 15, 2023	K	+100,000	Dad
11	Jan 22, 2023	K	+148,391	Dad
12	Jan 23, 2023	X	+23800	red envelopes

<sup>12</sup>Only transactions greater than 10k are counted.(except for money for red envelopes)

## 4 Trades since 2021 JF

No.	System	Buy	Sell	Type	Profit
1	X	2022-4-12 68917CND->10000USD	2022-7-1 10001.1USD->66939.36CND	JF	+3122.36

## 5 Thoughts of financial situation in 2022

For details, see 2022 Review.pdf.

2022 is definitely a **remarkable** year.

2022 = The start of collapse of the housing market of China + Inflation shock in the West + Russia-Ukraine Crisis.

The most hawkish Fed in more than 20 years + The worst situation of chinese economy since 2008.

For US stock market, **This is an inflationary bear market starting from Nov, 2021**, exactly after Fed started tapering.

Timeline of the Fed's action:

taper Nov, 2021

double pace of taper Dec, 2021

25bp rate hike Mar, 2022

50bp rate hike + start of QT May, 2022

75bp rate hike Jun, 2022

75bp rate hike Jul, 2022

75bp rate hike + double pace of QT Sept, 2022

75bp rate hike Nov, 2022

50bp rate hike Dec, 2022

Take SP500 as benchmark, the index topped on Jan, 2022 and started declining.

But in the process we witnessed several **Bear Market Rallies**:

Mar, 2022;

Jun, 2022 -> Aug, 2022;

Oct, 2022 -> Nov, 2022

For the PRC stock market, **This is a tough and long bear market starting from Feb, 2021**.

At the beginning of it, the stock market crashed simply because of the burst of the bubble generated from 2020 Covid Stimulation.

The market declined further on July, 2021 & Mar, 2022 & Apr, 2022 &

Oct, 2022 due to the lack of trust of the government.

But when the Fed leads the market into a rate-hiking cycle, the crash always happens after the Fed stops hiking and the bottom is always in after the Fed cuts rate to 0.

Evidence of a recession in 2023 or 2024:

- inverted yield curve
- very low consumer confidence in U.S. and China

There are two possible scenarios for the 2023 market:

- 1. Deflation & recession
- 2. Inflation back & stagflation

The buying opportunity is not in 2022, and i anticipate there is a 60% chance of it in 2023.

## 6 Charts of the year













