

# Stimulating Traders.

Capturing Alpha amidst of the current Macro Landscape.

Our pitch to the AwareSuper Investment Committee.

# Here are the problems that we are solving for...

Macro

Are developed central banks coming towards the end of their tightening cycle?

What are its implications on developed markets interest rates, currency and equity markets?

Tasks at hand: \$100m portfolio, a return and volatility of 8% and 10% p.a. respectively

Micro

Introduction

Interest Rate  
(IR)

Foreign  
Exchange (FX)

Equity Index  
(EI)

Conclusion

# ...wearing these hats as Investors of the markets

Stimulating Traders Dynamic Duo – A **Portfolio Manager** and **Trader**



Life of a Trade, from A to Z  
From an **ex-BlackRock Analyst** to  
**Winner** of UNIT Trading Competition



**Speaking to brokers to get the best Price**



**With a killer strategy to capture alpha**

Introduction

Interest Rate  
(IR)

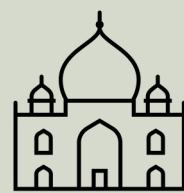
Foreign  
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# Executive summary

## Asset Class



## Our Strategy to Capturing Alpha

We will **dollar cost average** until interest rate peaks

We will take the **long position** for JPY as their economy is likely to prosper

We will **long** the ASX200 as the Australian economy is doing quite well!

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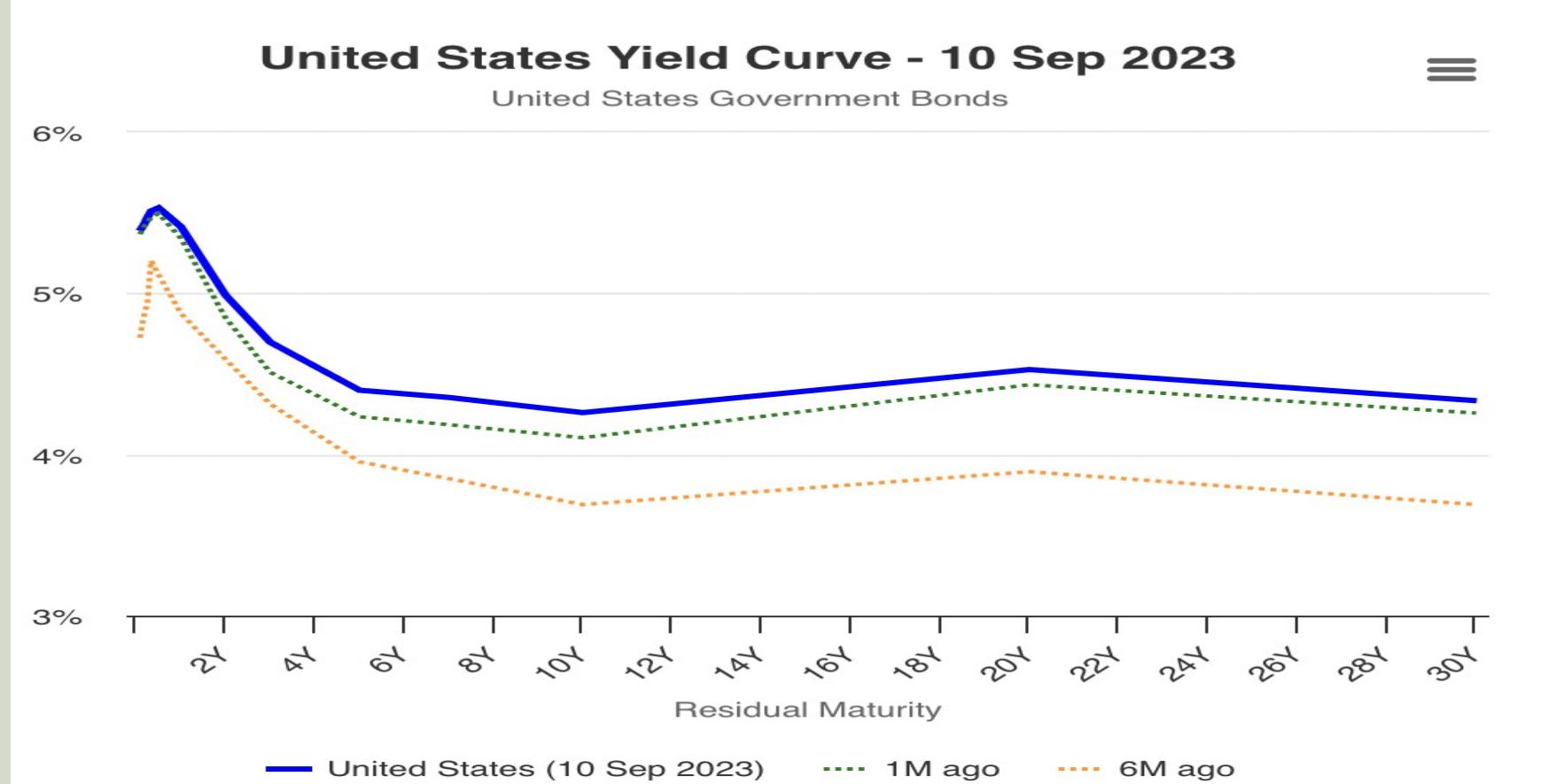
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# Interest Rates (IR).

# The US yield curve is telling us a recession is coming



## Introduction

# Interest Rate (IR)

# Foreign Exchange (FX)

# Equity Index (EI)

## Conclusion

# And we aim to capture it through dollar-cost-averaging

## Our Analysis

The US interest rate is at its 13 years high, and will continue to rise until inflation tapers down

The US has the greatest amount of debt than ever before

Strategy: Dollar cost average from current rate until interest rate peak at 5.55%

Entry Price

5.55%

Exit Price

Until Maturity

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# Foreign Exchange (FX).

# The JPY yet will rise relative to the USD



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# So we will Long JPY, and Short USD

## Our Analysis

JPY is sitting at a **13-year low** – this is because of the active role the central bank plays in maintaining negative interest rates

JPY has seen a **rise in strength**, whilst USD has yet to see any signaling to indicate that it will grow

Strategy: **Long (Buy) JPY, Short (Sell) USD**

**Entry Price**

**147.0 JPY/USD**

**Exit Price**

**122.5 JPY/USD**

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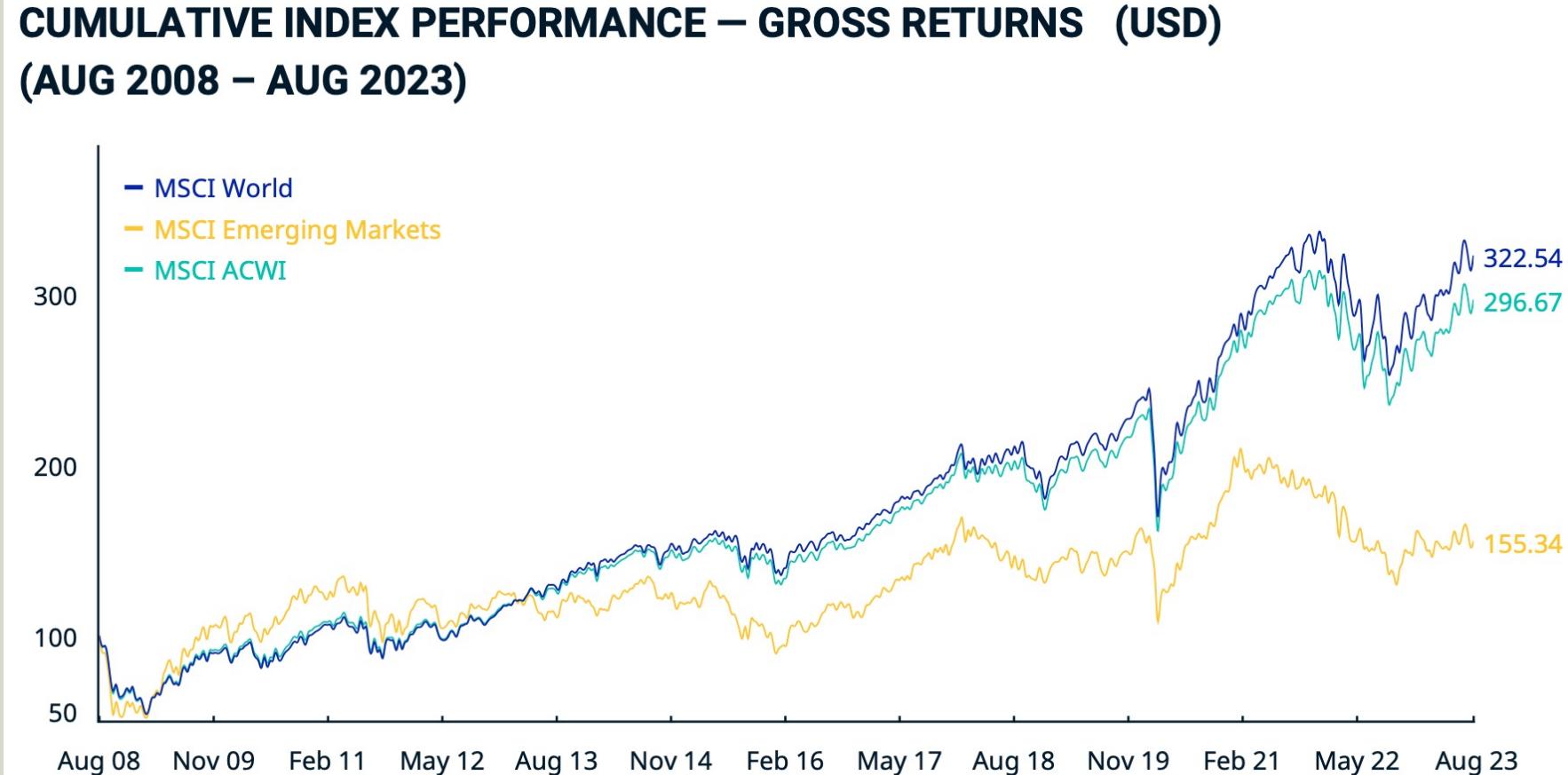
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# Equity Index (EI).

Xyz..

Xyz..

# The rally for the stock market continues



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# Our Strategy #2

## Our Analysis

The Australian equities market is rising significantly more than its peers, and that is because its economy is doing relatively better!

The United States/Great Britain/Euro has inverse yield curve, therefore a recession is looming on them

Strategy: long (buy) units of ASX200 index, since its economy is relatively healthy compared to the US

Entry Price

\$7,100

Exit Price

\$8,520

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And to wrap up our pitch...

# Without risks, there is no return

## Risks

The US **does not** go into a recession

The **USD rise** relative to JPY

The Australian economy enters into a recession and therefore the **stock market falls**

## Mitigation

Enter **derivatives contracts** with a one-year time horizon

We will ‘rip the band aid’ by **exitting our position** once it hits our contingent price

If the ASX falls, then there is a **buying opportunity** to hold good quality Australian stocks – sell fast, buy faster

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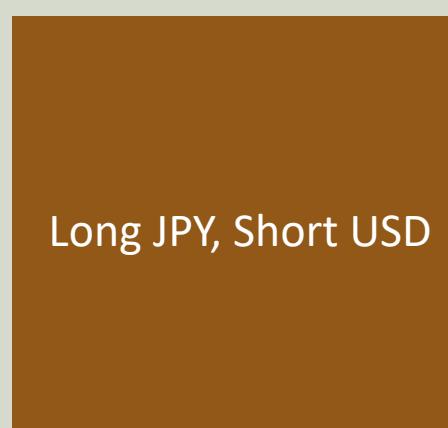
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# So here is our strategy for capturing alpha

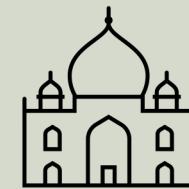
Interest Rate



Foreign exchange



Equity Index



Our strategies are simple; however, we believe we are making the right chess move in order to win, and ultimately, capture alpha

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# Frequently asked questions (FAQs)

1. What is your view of the market one year from now? We are going into recession.
2. Can you walk me through your financials? We use technical analysis, not fundamental analysis (with the exception of using interest rate consensus).
3. What factors would disprove your investment thesis? If inflation persist.
4. Why Technical Analysis over Fundamental Analysis? Because of our time horizon.





# Questions and Answers.

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