Strategy Analysis: Progressive Entry

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1 signal

up 20% from the open, $1 <= previousclose <= 2$

2 Strategy: Add Every 5%, Exit at 11

enter short position at 20% (if occurs between 9:30 and 11), add positions twice as big as the last each time the stock increases another 5%, only exit at 11.

65 trades between February 26th and May 28th.

2.1 Analysis

high correlation between number of entries and percent return: the more it goes up, the better.

- histogram
- three tables
- weighted expected return plot
- three plot
- weighted expected return calculation: 29.7%

3 Alternate Strategy A: Adds Limited to 2, Exit at 11

percent of trades with 2 or more adds, 47%

3.1 Analysis

- three tables
- weighted expected return calculation: 0.9%

Table 1: Performance of Default Strategy

Overall

	0.1	0.9	median	average
constant	-0.0041	0.2483	0.0924	0.1020
	(0.0140)	(0.0271)	(0.0182)	(0.0123)
N	65	65	65	65
Win rate	0.86	0.86	0.86	0.86

Winners

	0.25	0.75	median	average
constant	0.0467	0.1611	0.1130	0.1220
	(0.0163)	(0.0199)	(0.0185)	(0.0123)
N	56	56	56	56
Win rate	0.86	0.86	0.86	0.86

Losers

	0.25	0.75	median	average
constant	0.0041	0.0311	0.0280	0.0225
	(nan)	(nan)	(0.0140)	(0.0055)
N	9	9	9	9
Loss rate	0.14	0.14	0.14	0.14

Table 2: Performance of Max 3 Adds, Exit at 11 a.m.

Overall

	0.1	0.9	median	average
constant	-0.1434	0.1709	0.0468	0.0408
	(0.0444)	(0.0204)	(0.0191)	(0.0160)
N	65	65	65	65
Win rate	0.71	0.71	0.71	0.71

Winners

	0.25	0.75	median	average
constant	0.0353	0.1593	0.0919	0.1018
	(0.0163)	(0.0220)	(0.0167)	(0.0116)
N	46	46	46	46
Win rate	0.71	0.71	0.71	0.71

Losers

	0.25	0.75	median	average
constant	0.0307	0.1774	0.0657	0.1069
	(nan)	(nan)	(0.0391)	(0.0242)
N	19	19	19	19
Loss rate	0.29	0.29	0.29	0.29

Histogram of Trades by Number of Entries for Unlimited Adds, Exit at 11 a.m.

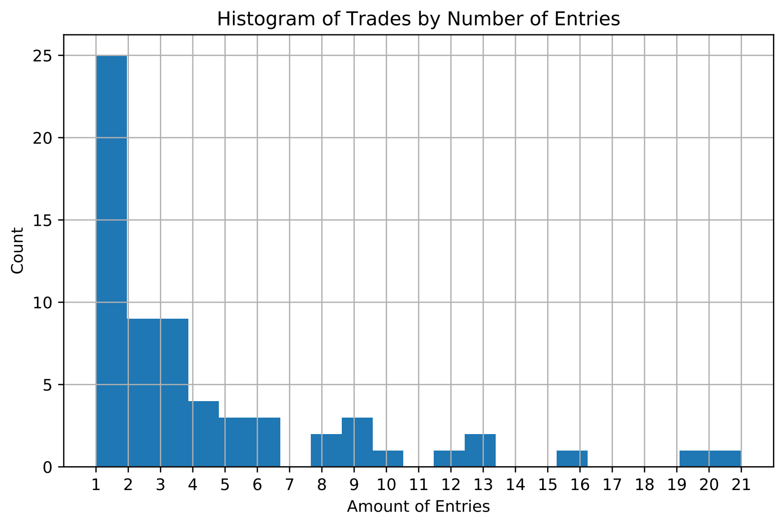

Figure 1: This table shows counts of the numbers of trades that had a certain amount of entries. For example, it says that 25 trades had only 1 entry, and that 3 trades had 5 entries (fist entry and 4 adds).

4 Alternate Strategy B: Adds limited to 2, Exit at Close

percent of trades with 2 or more adds, 41%

146 trades between February 26th and May 28th.

4.1 Analysis

- histogram
- three tables
- weighted expected return calculation: 7.6%

Weighted Average Returns for Unlimited Adds, Exit at 11 a.m.

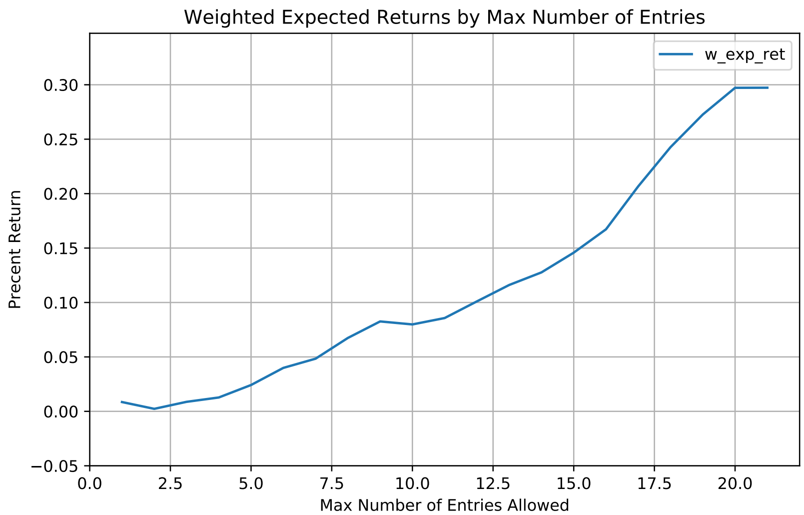

Figure 2: This plot shows the weighted expected return to a limited version of the main strategy. Returns are weighted by their position size. Trades with more adds have higher weight. The returns on trades with higher weight have a larger affect on the weighted average than they would in an unweighted average. The x-axis displays the maximum number of entries allowed in a single trade. In the unlimited case, a trade can be entered each time it rises 5%. But in the case where adds are limited to 4, the total number of entries allowed in any stock is 5 (first entry then 4 adds). So this plot says that when the maximum amount of entries is 5 (i.e. at most 4 adds) the weighted returns were around 2.5%. When the amount of entries is limited to 5 (first entry, 4 adds), stocks that rise more than 25% beyond the signal of 20% are not added to beyond the first 4 adds.

Win Rate, Unweighted Average Return, and Average Win/Loss for Unlimited Adds, Exit at 11 a.m.

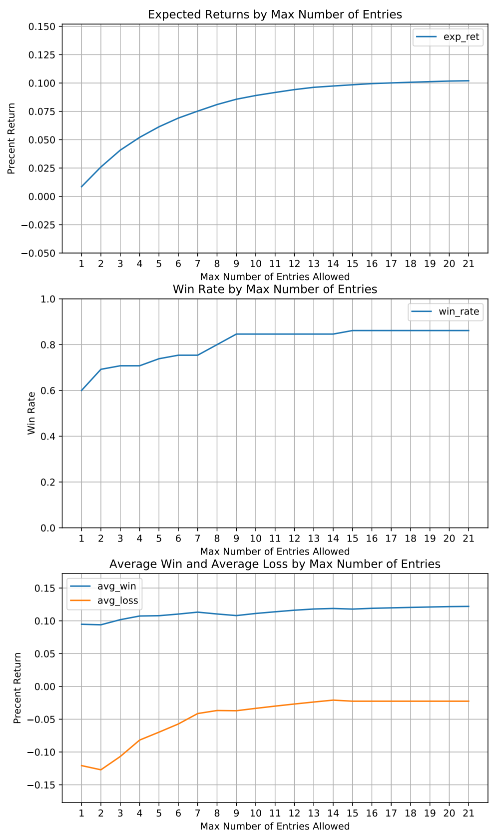

Figure 3: The x-axis displays the maximum number of entries allowed in a single trade. In the unlimited case, a trade can be entered each time it rises 5%. But in the case where adds are limited to 4, the total number of entries allowed in any stock is 5 (first entry then 4 adds). So the top panel says that when the maximum amount of entries is 5 (i.e. at most 4 adds) the returns were around 5.75%. When the amount of entries is limited to 5 (first entry, 4 adds), stocks that rise more than 25% beyond the signal of 20% are not added to beyond the first 4 adds.

Table 3: Performance of Max 2 Adds, Exit at Close

Overall

	0.1	0.9	median	average
constant	-0.0307	0.1917	0.1110	0.0969
	(0.0331)	(0.0076)	(0.0083)	(0.0085)
N	146	146	146	146
Win rate	0.89	0.89	0.89	0.89

Winners

	0.25	0.75	median	average
constant	0.0844	0.1610	0.1211	0.1241
	(0.0073)	(0.0070)	(0.0074)	(0.0053)
N	130	130	130	130
Win rate	0.89	0.89	0.89	0.89

Losers

	0.25	0.75	median	average
constant	0.0516	0.1774	0.0916	0.1247
	(nan)	(nan)	(0.0455)	(0.0264)
N	16	16	16	16
Loss rate	0.11	0.11	0.11	0.11

Histogram of Trades by Number of Entries for Unlimited Adds, Exit at Close

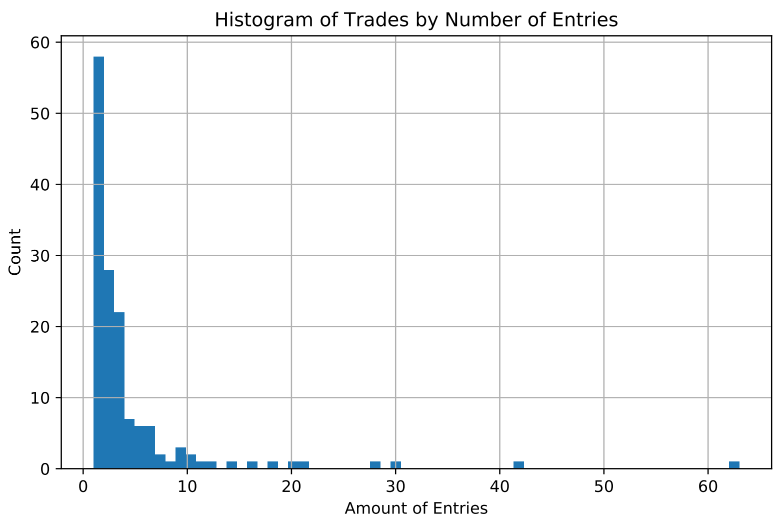

Figure 4: This table shows counts of the numbers of trades that had a certain amount of entries. For example, it says that around 57 trades had only 1 entry, and that around 3 trades had 9 entries (fist entry and 8 adds).