For my assignment #6, I created a multifactor portfolio based on stock sector momentum, and size using market cap.
I calculate stock sector momentum using the average RSI of all the stocks in a given sector by quarter.
For the sector with the highest momentum in a quarter, the portfolio goes long on the smallest (market cap) stocks in that sector during the next quarter.
For the sector with the lowest momentum in a quarter, the portfolio goes short on the largest (market cap) stocks in that sector during the next quarter.
The weights portfolio can be adjusted but in its current state, 80% of the portfolio is long and 20% is short.
The stocks in the long and short positions are the top or bottom 10 market cap stocks. Both long and short positions are equally weighted among these ten stocks.
The goal of this project was to create a portfolio that has low correlation with the market, but captures sector trends.
The purpose of shorting the largest stocks in the lowest momentum sector is to make sure the portfolio has low correlation with the market.
This is beneficial during a recession because our portfolio won't get hit as hard as the market.
During covid, our portfolio showed positive returns.

This is the link to save my dataset in google drive. Once you save this in your google drive, the code will pull from this dataset

https://drive.google.com/file/d/1_0vOqhmqYhgYjcKEtyz0ZEKFAaVKZr_P/view?usp=drive_link