

Golden Cross

Market Mavericks

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Executive Summary



Strategy

It is a momentum strategy that occurs when a short-term moving average crosses above a long-term moving average



Performance

Over 10 years: 1030.80% cumulative return (4.3x vs SPY), 30% annualized return, with a 1.19 Sharpe Ratio.



Recommendation

Invest \$12,200 in the Golden Cross Systematic Strategy



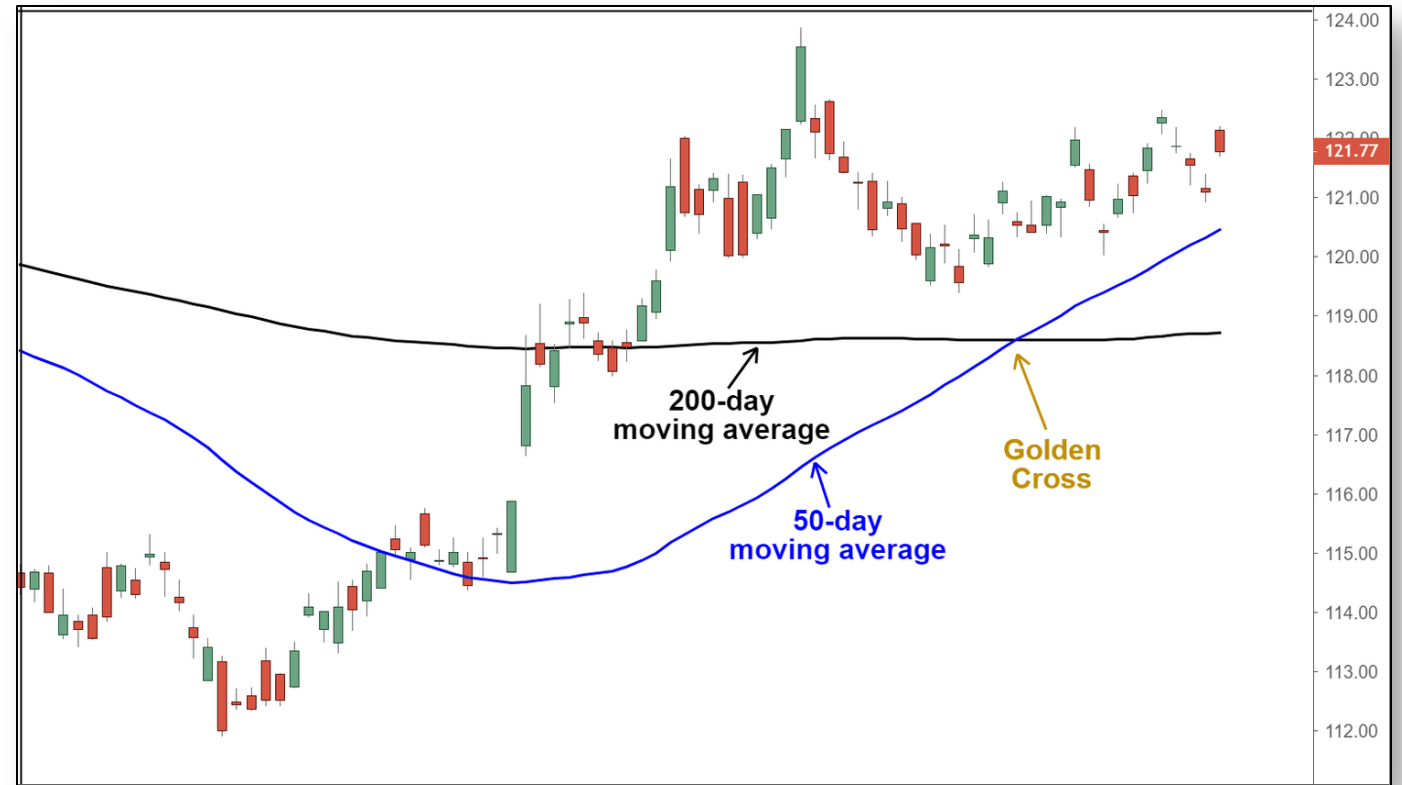
Golden Cross Strategy

Momentum Growth Strategy:

A golden cross occurs when a **short-term moving average** crosses **above** a **long-term moving average**. It's often represented by the **50-day simple moving average (SMA)** crossing above the **200-day SMA**.

How to benefit:

Identify the **shorter-term moving average** or signal line rising **above** the **longer-term component**. As current or short-term prices move higher, the shorter-term component will naturally rise above average prices over the longer term.



Candlestick charts reveal price momentum by visualizing the range between open and close, with larger candlesticks indicating stronger momentum.

Strategy Design

Description

- A "**Golden Cross**" strategy in trading indicates a potential bullish trend reversal when a shorter-term moving average (like the 50-day) crosses above a longer-term moving average (like the 200-day), suggesting a shift from a downtrend to an uptrend

Origin

- This strategy has been used by technical analysts for many years, with the most common timeframe for observing a Golden Cross being a daily chart.
- The "cross" refers to the point where the shorter-term moving average line intersects and moves above the longer-term moving average line on a price chart.

Hypothesis

- When a short-term moving average **crosses above** a long-term moving average on a chart, it signals a potential shift in market sentiment from **bearish to bullish**, indicating a possible start of an upward trend and thus presenting a good opportunity to enter a long position in an asset.

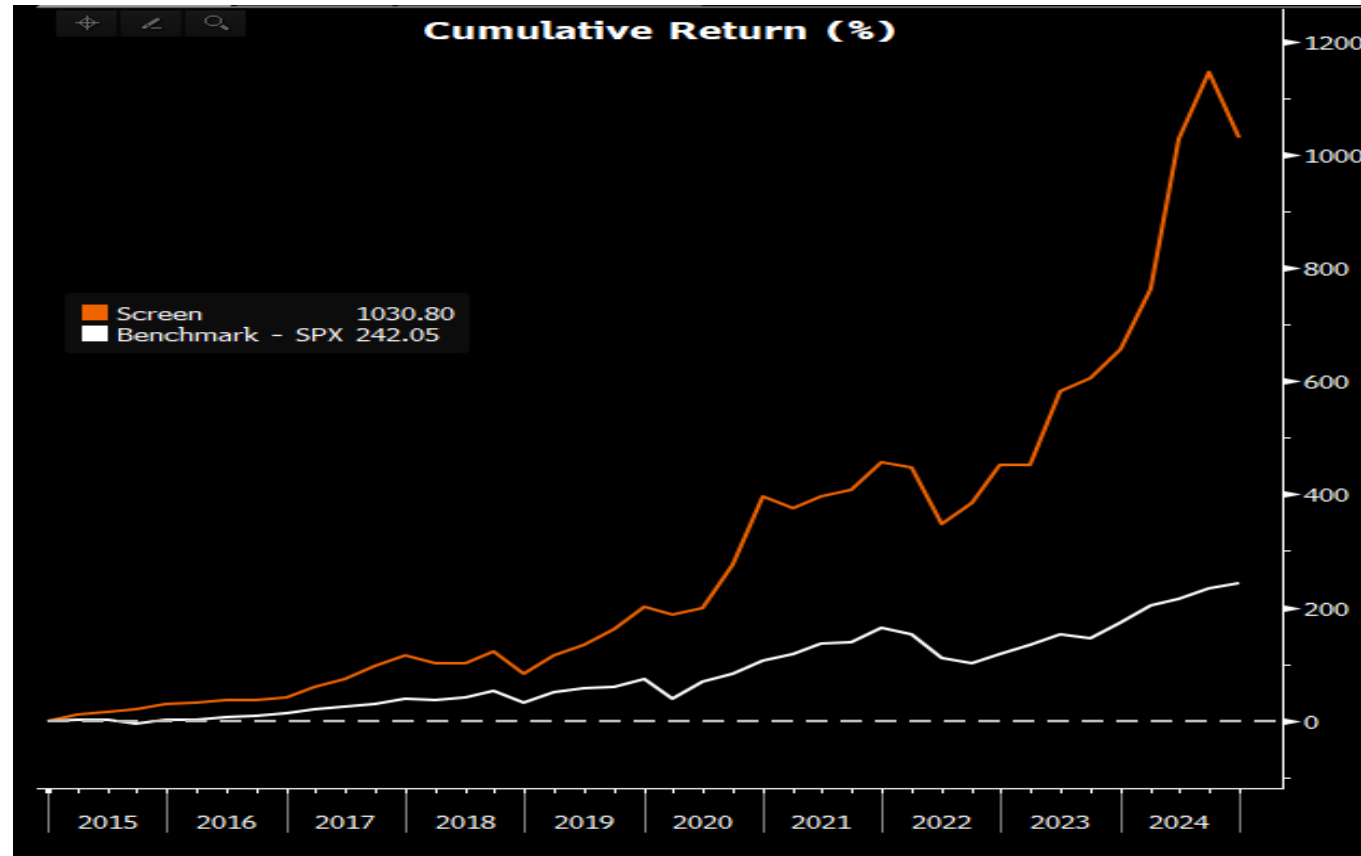


Screening Criteria

Parameter	Description	Stock Universe
Equity Universe	Total Active Equities	550,883 stocks
S&P 500 Index; Nasdaq-100 Index; Russell 2000 Index	Significant Market Indices	2479 stocks
Enterprise Value	>2000M	1199 stocks
Price Deviation	< 0.8 times of SPX	562 stocks
Moving Average	50 Day > 200 Day	332 stocks
Annualized Return Sharpe Ratio	> 2	138 stocks
Return on Common Equity	>1.1 times of SPX ROCE	8 stocks
Top 5 Sequential Rank	Higher the better	5 stocks



Backtesting Results – Performance

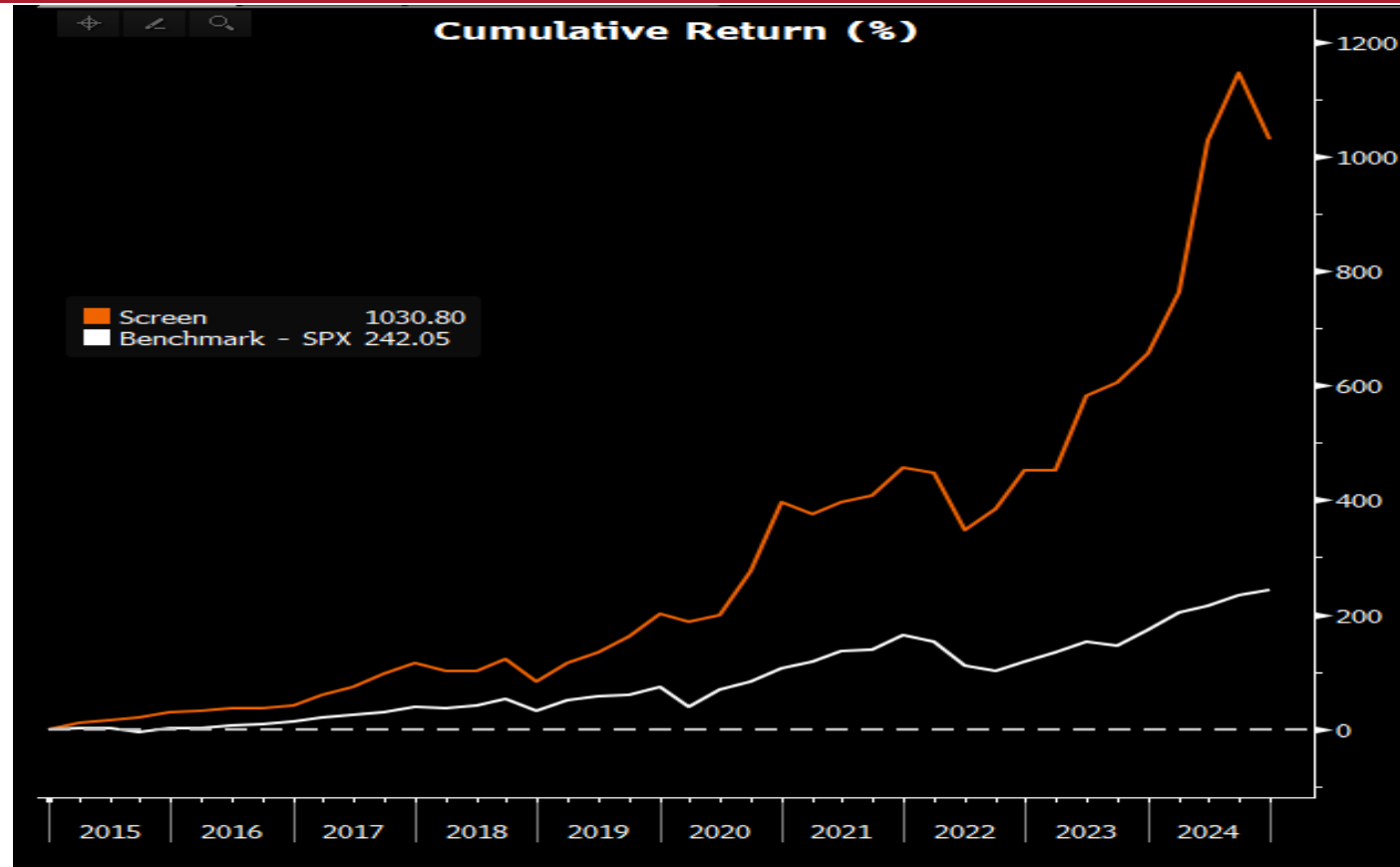


2024* TTM

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024*	Avg
GC	30.1%	7.8%	52.9%	-15.0%	65.3%	64.5%	12.4%	-1.1%	37.2%	49.6%	30.37%
SPY	1.3%	12.0%	13.6%	-4.3%	31.2%	18.4%	28.9%	-17.6%	26.1%	38.1%	14.7%



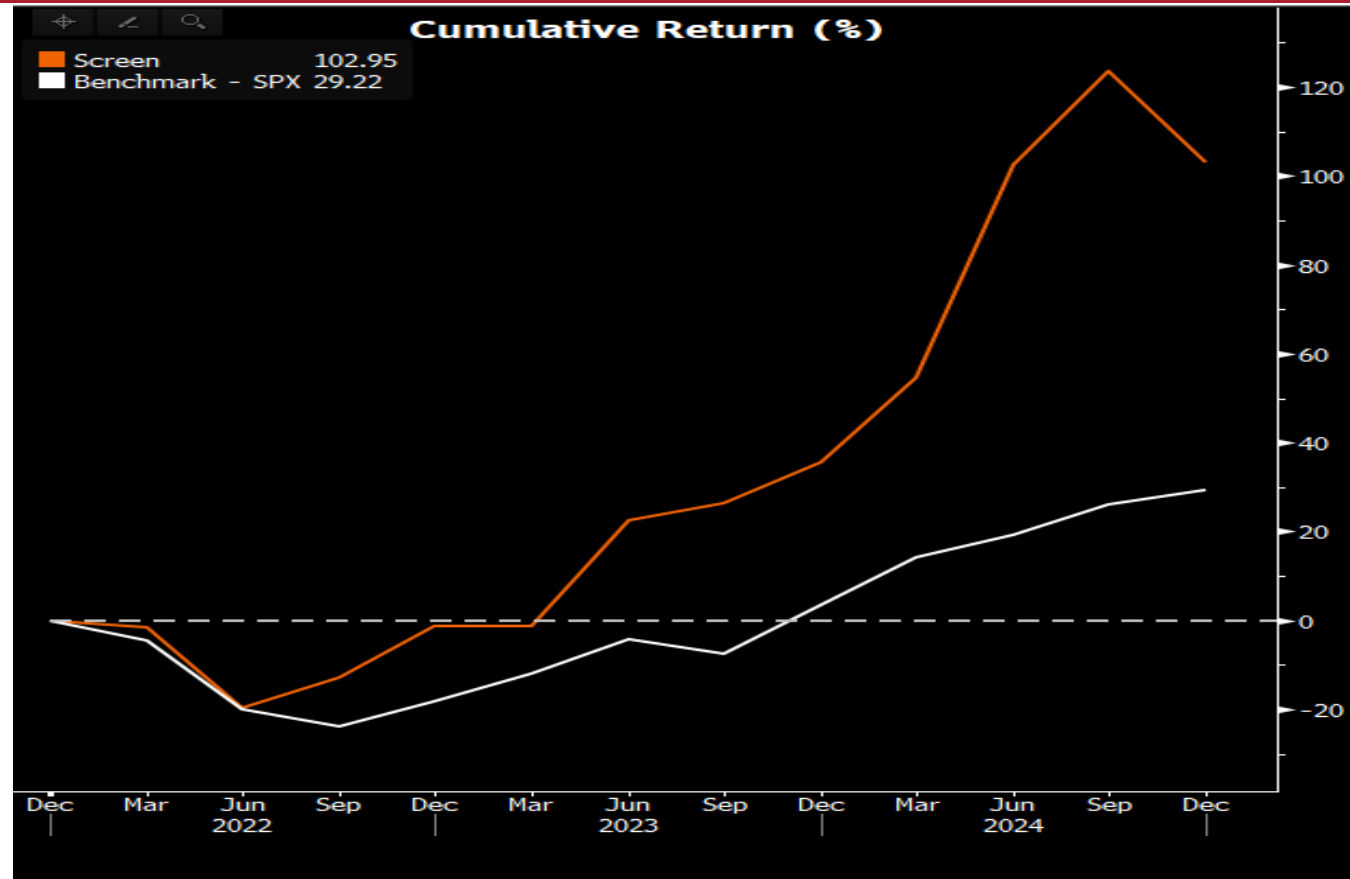
Backtesting Results – 10 Years Performance



Period	Return (C)	Return (A)	α^*	β^*	σ^*	Max DD*	Sharpe*	Correl
10yr GC	1030.80%	30.07%	+18.34%	0.99	25.84%	-18.38%	1.19	0.68
10yr SPY	231.7%	12.7%	-	1.00	15.07%	-34.84%	0.68	1.00



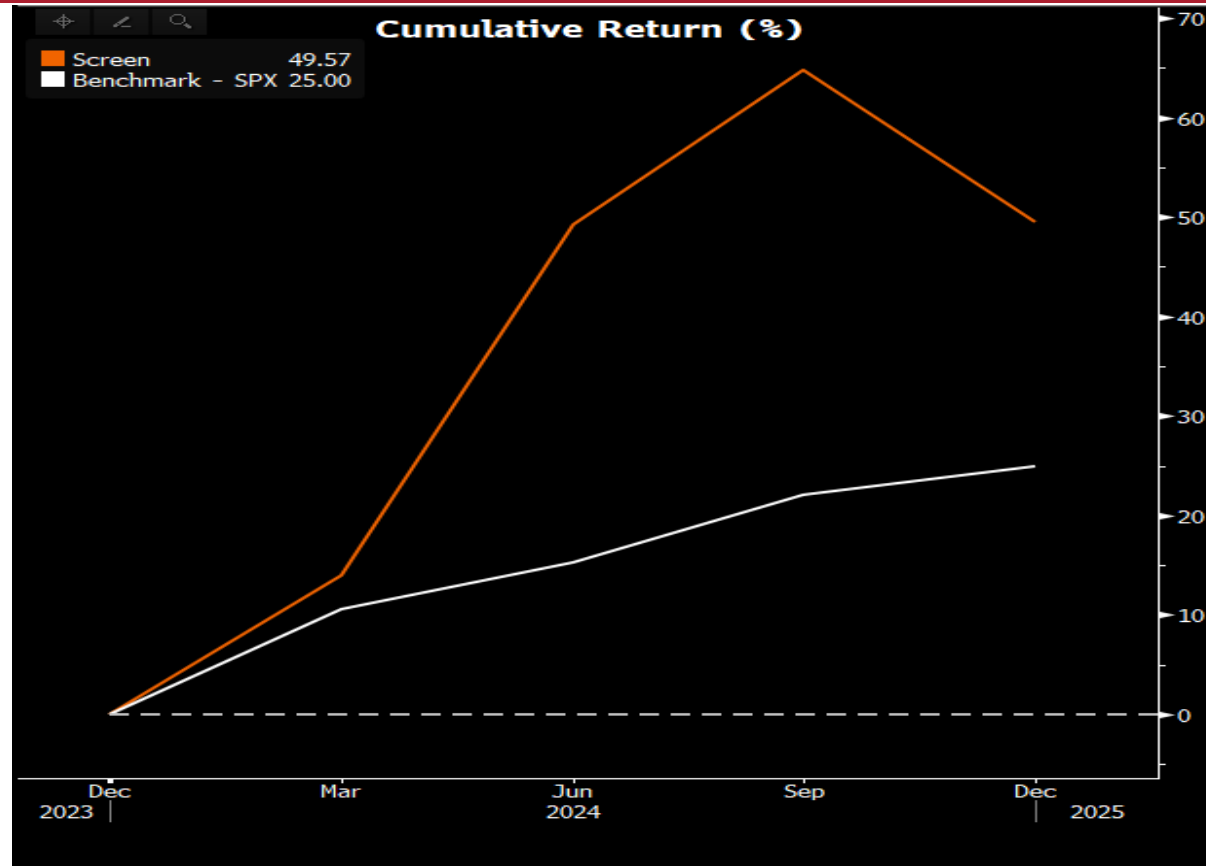
Backtesting Results – 3 Years Performance



Period	Return (C)	Return (A)	α	β	σ	Max DD	Sharpe	Correl
3yr GC	102.95%	30.47%	+25.77%	0.97	27.01%	-18.38%	1.12	0.63
3yr SPY	32.7%	9.8%	-	1.00	17.6%	-25.1%	0.41	1.00



Backtesting Results – 1 Year Performance

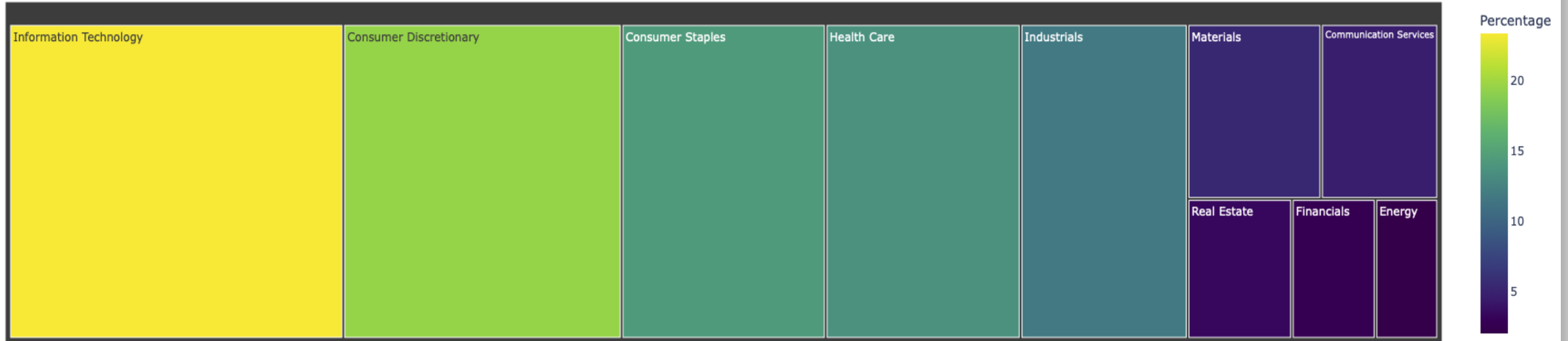


Period	Return (C)	Return (A)	α	β	σ	Max DD	Sharpe	Correl
1yr GC	49.57%	54.69%	+24.79%	1.26	29.64%	-9.24%	1.73	0.54
1yr SPY	25.3%	25.3%	-	1.00	10.6%	-7.05%	2.25	1.00



Backtesting Results – Sector Analysis

Industry Sector Distribution



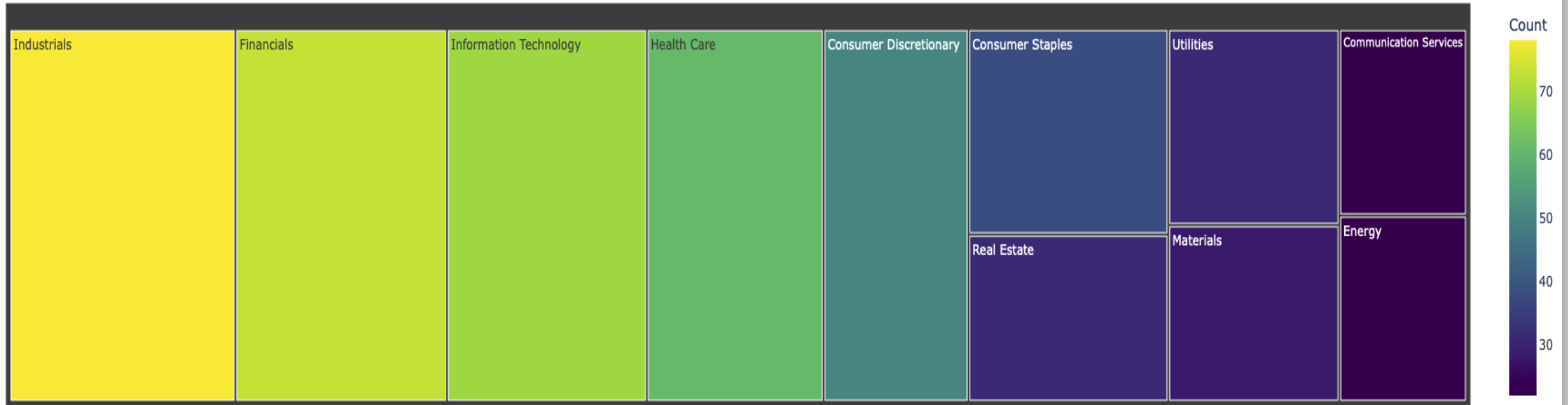
10-Year Analysis	Info. Tech	Cons. Discr.	Energy	Healthcare	Industrial	Material	Comm. Services	Financial	Utilities	Cons. Staples	Real Estate
GC	23.38%	19.48%	1.95%	13.64%	11.69%	5.19%	4.55%	2.58%	0%	14.29%	3.25%
SPY	31%	11%	3%	11%	9%	2%	6%	14%	2%	6%	2%

The 10-year correlation was 0.61, and YTD correlation is 0.62.



Backtesting Results – Sector Analysis

S&P 500 Industry Sector Distribution



10-Year Analysis	Info. Tech	Cons. Discr.	Energy	Healthcare	Industrial	Material	Comm. Services	Financial	Utilities	Cons. Staples	Real Estate
GC	23.38%	19.48%	1.95%	13.64%	11.69%	5.19%	4.55%	2.58%	0%	14.29%	3.25%
SPY	31%	11%	3%	11%	9%	2%	6%	14%	2%	6%	2%



Recommended Action Plan - Purchases

Name	Ticker	P/E Ratio	Trading Volume (in thousands)	Market Cap (In billions)	Share Price	# of Shares	\$ Allocated	Weight
Apple Inc	AAPL	36.64	54,697.9	\$3350	\$222.17	54	\$12164.3	100%
Total							\$12,164.3	100%

This is subject to change quarterly and often won't be just one purchase



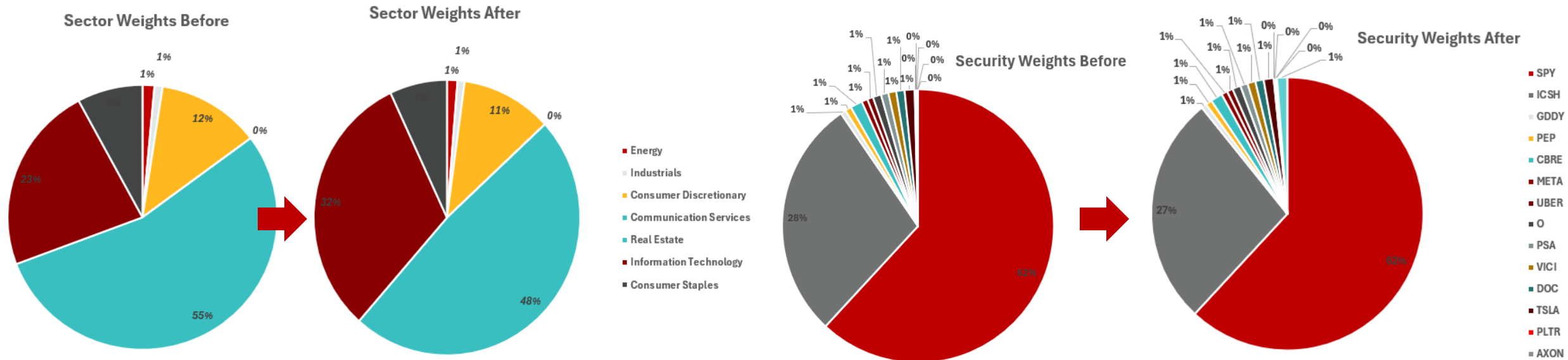
Sell Proposal – Performance Comparison

	SPDR S&P 500 ETF Trust (SPY)	iShares Ultra Short-Term Bond Active ETF (ICSH)	Golden Cross Strategy
Date Adopted	1/27/25	1/27/25	TBD
Profile	Large Cap	Fixed-Income	Systematic
% of Overall Fund	61.7%	28.4%	1.21%
\$ Allocated	\$611,588.25	\$317,322.25	\$12,030
Return (10 yr)	239.0%	23.1%	1030.80%
β (10 yr)	1.00	0.05	0.99
σ (10 yr)	16.2%	0.8%	25.84%
Sharpe (10 yr)	0.76	0.63	1.19

We recommend selling \$12,200 of our SPY Trust to accommodate the Golden Cross Strategy



Effect on the Portfolio



Portfolio	Exp. Return	St. Dev*	Beta*	Sharpe Ratio*	Idio. Risk*
Existing	14.03%	12.30%	0.77	0.76	1.38%
Adjusted	14.12%	12.53%	0.75	0.76	1.44%
Target	19%	12.00%	0.70	1.00	20%



Summary & Recommendation

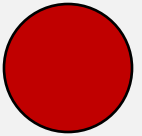
Strategy Merits



- Performance (Returns, Sharpe, Max DD)

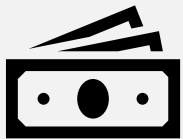


- Slow Momentum Reaction (Quarterly Rebalancing)
- Volatility



- Lagging Indicator
- No Stop Loss Mechanism
- False Signals in Choppy Markets

Action Plan



Recommendation: **Invest \$12,200** in Golden Cross Strategy, rebalancing every quarter

