# Abstract

# Introduction

Question being asked - would it be feasible

An extension of the classic portfolio optimisation problem – without variance

Just need to code enough to show promise

Morgan Stanley using AI – becoming more and more popular

## Natural Computing

## Short term trading strategies

There are sites to try out/execute: <https://www.quantopian.com>

Can a market be predicted? No but a strategy can work without deterministic market

Efficiencies - As the financial markets become more efficient, can trading strategies be developed from natural computing methods

## Neural Networks

What algorithm and why?

Nueral network will not show workings - intended to be a continually developing AI rather than a single use program

Intended as a continually evolving strategy that uses latest data rather than outputting a strategy to be analysed and implemented

Designed to be left alone - Argue that it can be left alone

Genetic programming would also be an ideal candidate

Neural network selected as it may be more advanced . . .

# Literary Review

Archived excel sheet only covers genetic programming

# Experiment

Question being asked - would it be feasible

Just need to code enough to show promise

Assumptions is that S&P companies do not change over time (they are updated . . .)

Fitness function

Simple is better

No cost of placing a trade

Not including variance but this could be included

my trades do not influence market

Trade on opening price everyday

Removed NaN cells from dataset

Frist experiment . . . . random buy/sell with probability 50%

## Assumptions

Cover the point that model does not consider global/outside indicators and influencers

We do not need to show workings to execute . . . some banks may not like this

## Problem Description

## Experiment Results

# Discussion

# Conclusion

Further research – add other variables, add ability to buy/sell portions not all, add hold option