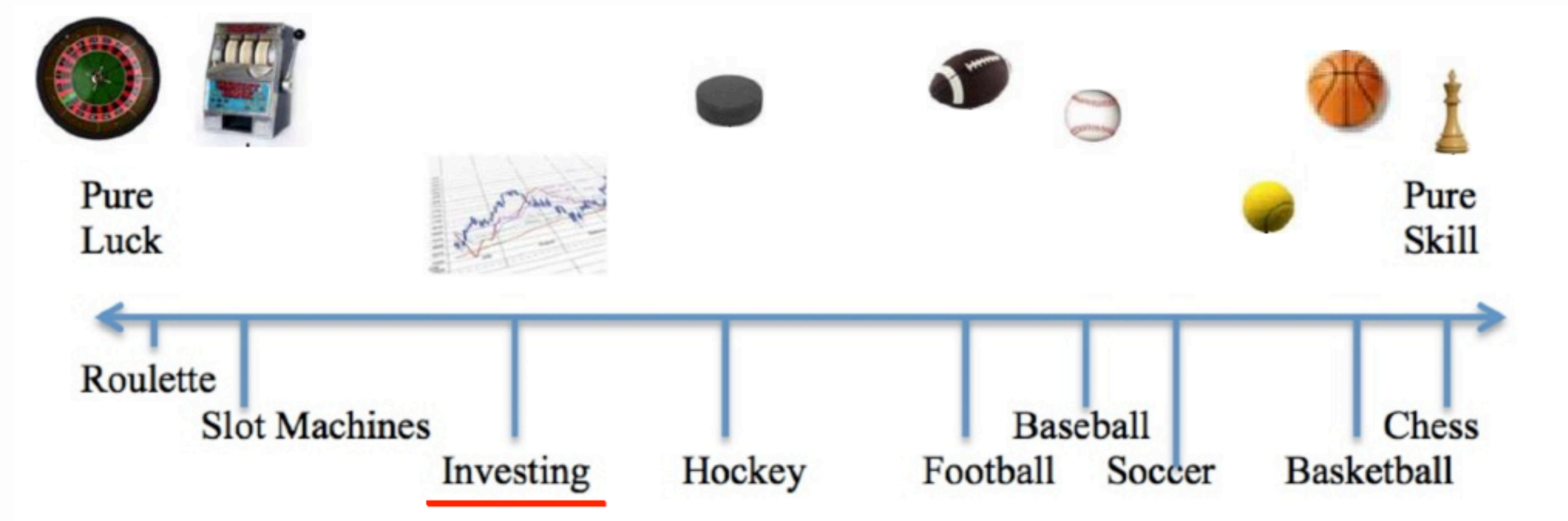


0. Clarification



goal of an investor

investment strategy

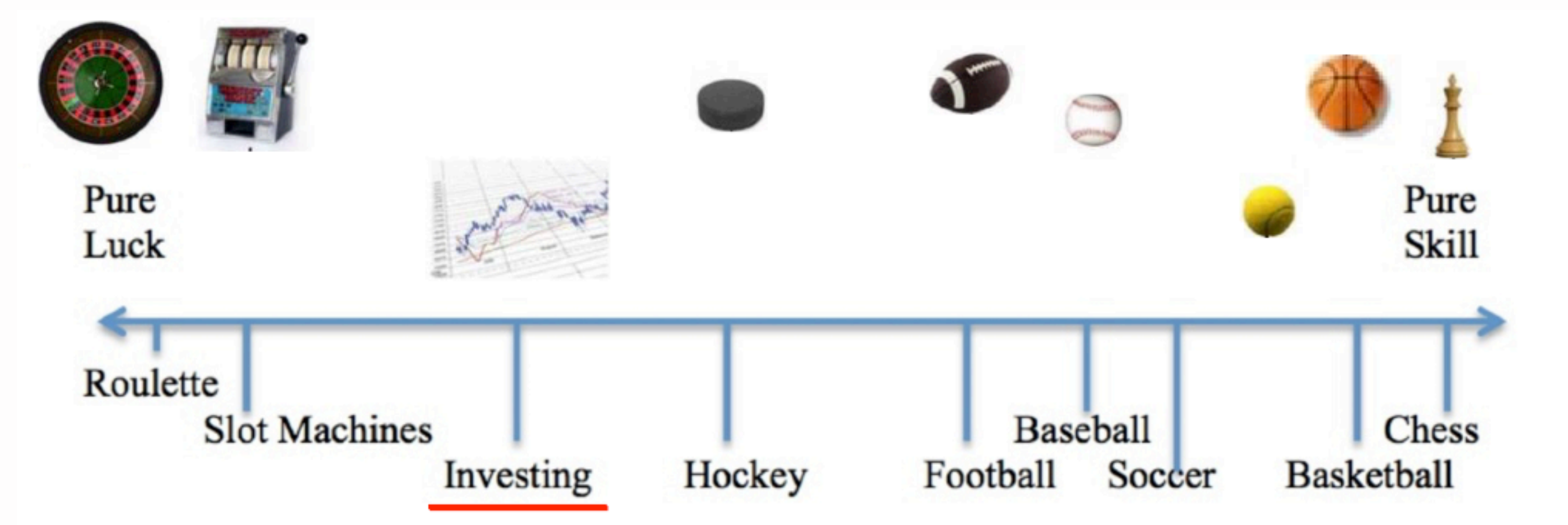
“working” strategy

“unworking” strategy

a simple example of a strategy

a more advanced example

0. Clarification



goal of an investor is to achieve profits, mitigating risks.

investment strategy = a set of rules / algorithms / one undertakes in the investment space in order to achieve profit on a risk-adjusted basis. Systematically involves taking advantage of some known phenomenon in the investment space.

“working” strategy = one that completes the above mentioned task

“unworking” strategy = one that fails, for example does not return profits above a risk-free rate, or does achieve profits but with oversized risks along the way (not „risk-adjusted” profits).

a simple example of a strategy is a passive „buy and hold an index ETF” strategy.

a more advanced example is to hold a portfolio of, i.e. 60% stocks, 40% bonds, and rebalance the portfolio once yearly (to correct for the difference in returns through the previous year). A more advanced example is stock-selection.