

# The Apex Investors' Gauntlet: The Final Definitive Edition

## 1. The Philosophy: Beyond Trading

Welcome to the Apex Investors' Gauntlet. This competition is engineered to be the most comprehensive and strategically demanding mock trading challenge. Success here requires more than just reacting to news. It demands foresight, risk management, psychological discipline, and the ability to navigate a market rife with misinformation. Your goal is not merely to make a profit, but to prove the superiority of your investment strategy under pressure.

## 2. Market Instruments

### Tier 1 Equities: NIFTY 50 Constituents

You can trade any of the following stocks: Adani Enterprises, Adani Ports & SEZ, Apollo Hospitals, Asian Paints, Axis Bank, Bajaj Auto, Bajaj Finance, Bajaj Finserv, BPCL, Bharti Airtel, Britannia, Cipla, Coal India, Divi's Labs, Dr. Reddy's Labs, Eicher Motors, Grasim, HCL Tech, HDFC Bank, HDFC Life, Hero MotoCorp, Hindalco, Hindustan Unilever, ICICI Bank, ITC, Infosys, JSW Steel, Kotak Mahindra Bank, Larsen & Toubro, LTIMindtree, M&M, Maruti Suzuki, Nestlé India, NTPC, ONGC, Power Grid, Reliance Industries, SBI, SBI Life, Sun Pharma, Tata Consumer, Tata Motors, Tata Steel, Tata Power, TCS, Tech Mahindra, Titan, UltraTech Cement, UPL, and Wipro.

### Tier 2 Instruments: Commodities & Volatility

- **Gold (XAU/INR) & Silver (XAG/INR):** Serve as safe-haven assets, industrial proxies, and speculative instruments.
- **Starting Capital:** Each team is allocated **₹5,00,000**. No leverage is permitted.
- **Order Types:** **Market, Limit, and Stop-Loss (SL)** orders are available.
- **Position & Sector Limits:**
  - **Single Stock Limit:** Maximum **20%** of portfolio value in any one stock.
  - **Commodity Limit:** Maximum **25%** of portfolio value in Gold and Silver combined.
  - **Sector Exposure Limit:** Maximum **40%** of portfolio value in any single market sector (e.g., Banking, IT, Metals).
- **Transaction Costs (Friction):** A **0.10% fee** is applied to every trade (buy and sell) to make over-trading costly and reward conviction.
- **Circuit Limits:** Per-round limits are in place to prevent unrealistic volatility: **Stocks:  $\pm 10\%$ , Commodities:  $\pm 6\%$ .**
- **Short Selling:**
  - **Round 1:** Prohibited.
  - **Rounds 2 & 3:** Permitted. Requires **25% initial margin** and **15% maintenance margin**. Positions breaching maintenance margin will be auto-liquidated.

## 4. The Price Path Engine: How the Market Moves

All asset price movements are governed by a systematic engine to ensure fairness and consistency. Understanding this mechanic is critical to your strategy.

For each news event affecting an asset, the price is calculated as follows:

1. **Open Gap (Minute 0):** At the exact moment a news item is released, the specified "open gap" percentage is instantly applied to the asset's last traded price. This simulates the market's immediate, knee-jerk reaction.
2. **Drift (Minute 1-30):** After the initial gap, a "drift" factor creates a steady, directional trend for the remainder of the round. This is calculated each minute as  $(\text{Total Drift \%} / 30 \text{ Minutes})$ .
3. **Noise (Each Minute):** To simulate real-world market fluctuations, a small, random "noise" value is added to the price each minute. This prevents prices from moving in a perfectly predictable straight line.
4. **Timed Adjustments & Catalysts:** Mid-round events, such as rumor denials or catalyst news, will trigger a one-time, immediate price adjustment at the specified minute, overriding the drift for that single moment.

## 5. Advanced Mechanics: The Information & Deception Engine

This is the core of the Gauntlet, designed to simulate the complexities of real-world information flow.

- **Tiered Information Quality:** Please note that insider information given by us to the teams can either be false or true. It is dependent on the teams how they want to use the information to their own benefit.
- **Strategic insider information Planting:** Some teams will have an unfair advantage and get insider information. These teams will be selected on a random basis however teams are allowed to trade information either from us or other teams but only once. If a team chooses to trade they are supposed to transfer 2 percent of their portfolio to the other team.
- **Mid-Round "Catalyst" Events:** Unpredictable news will drop mid-round, designed to interact with existing news items and create complex chain reactions.

## 6. The Scoring Doctrine: Rewarding True Alpha

The winner is the team that demonstrates the most skill, not luck. The final score is a weighted average designed to identify the true "Alpha" performer.

- **Portfolio Value (70%):** Your final P&L.
- **Risk-Adjusted Return (30%):** We will use the **Sortino Ratio**, which focuses specifically on penalizing downside volatility.

## 7. The Gauntlet: Three Rounds of Escalating Intensity

2 rounds of 30-minute and first round of 20 mins.

## Round 1: The Fundamentals Floor

- **Theme:** Assessing company-specific value and clear sector-wide news. No shorting.
- **Goal:** Build a solid portfolio foundation based on clear, fundamental news.

### Event 1: Telecom Sector Shake-up

- **Headline:** "Reliance Jio announces an aggressive 8% tariff hike; simultaneously, the government announces a relief package for the telecom sector, reducing spectrum dues."
- **Impact:** (Reliance: **+4.5% open**, +1.5% drift; Bharti Airtel: **+3.0% open**, +1.0% drift).

### Event 2: Banking Asset Quality Divergence

- **Headline:** "HDFC Bank reports higher-than-expected retail loan defaults. In contrast, ICICI Bank pre-releases stellar asset quality numbers, showing NPAs at a multi-year low."
- **Impact:** (HDFC Bank: **-4.0% open**, -1.5% drift; ICICI Bank: **+3.0% open**, +1.0% drift).

## Round 2: The Fog of War

- **Theme:** Navigating sector rotations, conflicting information, and misinformation. Shorting is enabled.
- **Goal:** Profit from uncertainty and begin to use advanced deception mechanics.

### Event 3: Global Cues & IT Whiplash

- **Headline:** "US Fed surprises with a rate cut, boosting global tech sentiment."
- **Impact:** All major IT (Infosys, TCS, HCL, Wipro): **+3.0% open**, +1.0% drift.
- **Catalyst Event (Minute 12):** "Breaking: A major US client has unexpectedly cancelled a multi-billion dollar contract with TCS, citing recessionary fears."
- **Updated Impact:** TCS plunges **-6%** from its current price. Other IT stocks fall **-2%** on sentiment.

**Event 4: Public Headline:** "Chatter intensifies about a new commodity supercycle. Chinese demand for steel and aluminum is rumored to be surging."

**Public Market Impact:**

- **Hindalco, JSW Steel, Tata Steel** → **+3.5% open**, +1.0% drift (bullish excitement).
- **Silver** → **+2.0% open** (industrial demand proxy).

**Conflicting Insider Info**

- **Insider Tip A (to some teams):**  
"Our sources confirm Chinese construction activity is booming — demand for steel is real and prices will climb further."

- **Insider Tip B (to other teams):**  
"Top global fund managers are faking this supercycle story to offload their steel holdings at high prices. Expect a crash soon."

**Both sound perfectly believable:**

- **Tip A is logical** (China is the world's biggest commodity consumer).
- **Tip B is also logical** (funds do pump-and-dump in commodities).

**Actual Market Twist (Truth)**

- **After opening strong, steel/aluminium stocks stall by Minute 10.**
- **Then by Minute 20** → demand data leak shows China's stimulus is delayed,

not starting now.

- **Net effect:**
- **Hindalco, JSW, Tata Steel** → fall back **-2.0%** from their highs (still end a bit positive, but not a supercycle).
- **Silver** → gives up gains, ends flat.

#### Event 5: The "Red Herring" Corporate Action

- **Headline:** "ITC board announces a 5-for-1 stock split to improve liquidity."
- **True Impact:** This is a Red Herring. A stock split has **zero fundamental impact** on value.

### Round 3: The Macro Meltdown

- **Theme:** A chaotic, top-down market driven by major macroeconomic shocks.
- **Goal:** Survive and capitalize on extreme volatility.

#### Event 6: RBI Policy Shock

- **Headline:** "In an emergency meeting, RBI hikes repo rate by an unexpected 50 basis points."
- **Impact:** All Banks: **-4.0%**. Autos: **-3.0%**.

#### Event 7: Geopolitical Flare-up

- **Headline:** "Tensions escalate in the Middle East, threatening crude oil supply lines."
- **Impact:** ONGC, Reliance: **+5.0%**. Gold: **+3.0%**. Silver: **+1.5%**.

#### Event 8: The Evolving Policy Rumor

- **Minute 5 Headline:** "Sources report the government is finalizing a massive expansion to the auto scrappage policy." (Autos: **+4%**).
- **Minute 20 Update:** "Govt clarifies the scrappage policy expansion is only a proposal under early review." (Autos give back **-3%**).

#### Event 9: THE BLACK SWAN

- **Trigger:** Occurs randomly after the first 10 minutes.
- **Headline:** "Breaking: A major Indian bank has defaulted on its international debt obligations. Global ratings agencies are putting India's sovereign rating on a negative watch."
- **Impact:**
  - NIFTY 50 Index immediately halts trading for 2 minutes.
  - Upon re-opening, **all stocks are down 8%**.
  - **Gold spikes +5%**. Silver spikes +3%.
  - After 10 minutes, a "flight to quality" begins, with blue-chip stocks (Reliance, HUL, Infosys) regaining **2%** while others remain deeply negative.