2016/2/14

Discussion of recent trading performance

The trading performance has been satisfactory YTD, with the portfolio up 2.4%.

This represents an improvement from a few months ago. The reasons for this improvement is as follows:

1. Currently, position fits into money management rules – 30% of total portfolio value -> more relaxed mentality.
2. Holding period is longer – able to hold overnight or for few days if required.

Mental preparedness for big swings.

3. Good understanding of the discount/premium and entrance is at a better level with this improved understanding.

4. Instead of looking at intraday trend which is harder, started to look at swing trading strategies ranging from 1 to 3days. The trend is more graspable in this range and the possible PnL is way bigger.

5. Never chase intraday – would rather miss the current opportunity than enter at a disadvantageous level (defined as worse than today's average cost) (more patient waiting for opportunities)

6. Better understanding of intraday probabilities and return characteristics based on days of the week. (Monday – more susceptible to big crashes, Friday- better return than most days)

**To work on:**

1. Better research in the probability distribution
2. Gain understanding of HSCEI discount and cash
3. A/H spread historical analysis. Historical spread, current spread, current spread percentile.
4. Focus on filtering and gaining real knowledge – one that has been tested scientifically. Avoid news/commentaries, which are based on hope/belief/opinion/unfounded + illogical deductions/or put forth solely to explain a market movement ex-post.
5. The goal is to gain expertise on the HK/CH/SG markets, including all products that trade in all regions, duration of peak and troughs etc.
6. News reading focused only on statistics/release of information which would significantly impact the market.

17/5/2 view: from nov15 to feb16, the mentality improved. There was less chasing and more trading based on levels. Research at this time was being developed.