6.15.2017

Yesterday, suffered a big loss, for the amount of more than 70k.

XU was at full position, and ptf was also at full position.

Issues: Tuesday morning was bearish and had a weak rebound, this is the worst scenario.

No risk was cut, and the next day resulted in a bloodbath. In memory crashs

This resembles days of 2016 2 24. There was little rebound which is rare for Wednesdays.

**Few things going forward**

1. Focus purely on pm rebound trading
2. Index can not have had a V shape previous day or close at the highs

**Weaknesses shown:**

Not able to stick fully to the rules. Buying early due to complacency.

When ytd had a V shape move with an apparently weak morning and a weak rebound, still had a full position nonetheless. This was bold.

AM buying all resulted in massive losses for all day down stocks.

Why pm trading is better than AM:

1. Sharpe is more stable than AM.
2. If doesn’t rebound, does not lose much and the return to next close is positive. For
3. If buy in the AM and it rebounds, have to sell next morning. But if buy in the PM and it rebounds, not necessarily sell in the morning.

6/15

Problem with the div on 600468. Graphs don't align properly.

Work on panic strat for pm. Trade more carefully now. (PM needs to balance ptf and position more heavily into losers)

Key: get correlation and see which sector reduces most risk. Now ptf has too much concentrated risk in the so called white horse stocks, which was shown yesterday. Compute a better market ptf to hold.

Compute cross asset correlation of any stock in the ptf with a equally weighted ptf. Focus on making the ptf more diversified. Seems 广汽 recently has had a negative correlation with the rest of the ptf. Construct a ptf and see the correlation.

Find out which stocks (can be outside the current portfolio) which reduce the variance most while preserving the return.

Pre trading

At this level, don’t be too aggressive on buying. It is at a regional high anyways.

You can keep your existing pos and wait for some rebound. Don’t take big leverage here.

In the mean time, research into various things mentioned above, especially on diversification.

Contribution to the reduction of ptf risk.