Start working on some leverage building for stocks. Will be entirely on 510050.

Advantages of 510050

1. Only systematic risk

Key risks:

1. Weekend risk
2. Monday volatility risk

Assets submitted as collateral would enable margin trading next trading day.

Big caps retreated into the close. Shcomp was way stronger, and this is not good for tmrw. As tomorrow’s performance is negatively affected by the main index, weak streak might continue for the big caps.

You have no colored metals in the ptf which is a bit problematic. There is not enough exposure to medium caps.

**Tuesday 8.1**

Today ptf performed decently.

A few things to note going forward

1. Current strategy is working out well, well rounded ptf construction is important. Focus on overall ptf sharpe and stability more than idio returns.
2. Keep trading T on existing positions
3. Cutting weak positions alongside the way
4. Futures focus on safe pm trading
5. Keep comfortable position sizing
6. Leverage going forward would be focused on ETF only. Singles have too much variability and not suitable for leveraging. Also cost wise ETF is the lowest.

**Other aspects:**

1. Remain low key
2. Reduce amount of hatred/discontentment around
3. Keep the amount of anger/greed/stupidity around to the lows
4. Read Tao classics, improve understanding

Technology wise, more advanced tech is needed.

Constantly think about how to improve current infrastructure and more efficiently handle daily tasks.

R -> packaging.

Netbeans -> packages/ant/etc.

A few things looking at history:

1. Mandatory monthly loss fuse: once losing more than 6%, freeze trading account that month, avoid further losses. Put a maximum cap on the losses.
2. In these cases long some gamma.

8/2

Last night didn’t sleep well. Smile while in pain helps.

Stomach issue might be due to kiwi which has gone bad.

Ever since Taiwan trip, physically started having issues. 6.25 overeat, 6.30 fever, whole july was coughing, 7.30 a bit overeat,8.1 stomach issue.

Cut food intake is important.

Cut wechat like in feb.

8.3

Ptf followed ytd’s drop and ptf is down 1% in the morning.

Before tomorrow’s close, cut to 50% pos, liquidate china construction, poly properties.

Cut Shanghai auto to 150k, cut Gree to 100k.

Divert most pos to ETF, cut single stock risks.

Thur’s pm session:

Big caps are all getting killed.

Current stock delta is about 2.6 million. On futs it is about $3.5 delta. Overall it is about 6 bucks.

By tomorrow’s close, cut fut delta to 7 lots. Cut cash delta to $1. Overall delta $1.5.

Mornings are very expensive nowadays. Need to be more aggressive cutting these morning deltas to be more flexible in the PM.

Cut it to 1/4 to 1/2 for stocks, more flexible for leverage or full positioning in PM.

Few things after the close:

1. Take note of the 6% rule. If monthly loss is more than 6%, cut trading for the month.
2. Ptf had quite a heavy loss today. Tomorrow’s liquidation is in order.
3. Liquidation levels: futures: to under 10 lots. Cash: to half the position (1m delta, currently 2.7 delta).

**Post Close Comments**

1. Idiosyncratic risk is way too big. Cutting stocks is absolutely mandatory.
2. Hedge out AM.
3. Watch out for wtd percentile. Today’s wtd is apparently high.
4. Never seen such a bad candle in a long time. Massively liquidate position.
5. 6% liquidation rule to enforce.
6. AM risk need to be aggressively cut on a normal day ( on a previously all down day can keep). On a previously up/normal day, must cut delta in AM.

**8/4**

Focus on SR>3 stocks as it improves the SR of the ptf sharpe (2.8)

As long as sharpe stays above 3, no need to sell.

Once sharpe drops out of 3 or top 30, drop the pos.

**AFTER MARKET**

Big caps continue correction. Future closed at the lowest again with pm crash.

PM mean reversion did not work due to thurs-fri continuation.

Focus on tues-wed for better effects.

Thurs/Fri/Mon hedge mainly.

Today’s cutting was done well, but yesterday’s delta was too much.

Now delta is: 20% for futures, for stocks also 30%.

Yesterday futures was 215%, 132% for stocks, position sizing is too heavy for a Friday.

Delta accumulation up until wed was very dangerous in hindsight, went into thurs with almost a full position. This was asking for trouble.

On thurs still added big caps delta, this was not a wise move (leverage makes it even more stupid)

Futs had less of a drawdown because of less exposure in the AM. Must control AM drawdown going forward.

This week’s net pnl -88k , -2.2% drawdown.

Next week play with less positioning, pm only, mon/thurs/fri going into full defensive. AM full defensive. Move as little as possible and wait until situation clears up.

Trade ETF/futs mainly, avoid stock risk.

8/5

Some issues:

This week’s loss is primary due to wrong position sizing. As in mon-wed position was small and thurs-fri position big. Thurs/fri two day all day down killed full position with leverage.

1. Thurs/Fri should have mandatory no leverage policy.
2. Rebound is not guaranteed and not trustworthy on these days ( investors usually wait until the next week to act)
3. Weekend risk is too great. Thurs crash doesn’t even guarantee Friday recovery, Monday risk is too big.
4. Position sizing is opposite of what it should be.
5. Stronger sizing in the initial period of the week, gradually cut until Friday.
6. WTD percentile is important. No leverage when people make money in the weak.
7. 周四五不抢反弹，451 can easily further crash, if no rebound on fri then big issue
8. 操作不符合规律
9. Leverage抄底必须等大跌，短线全部亏钱才可以
10. 顶部回调不能大仓位，只可慢慢减仓

**Reason for drawdown:**

1. Disregarding wtd percentile
2. Heavy position on thurs/fri when rebound is statistically weak
3. 仓位方面的不成熟。对于weekday 和rebound strength理解的不深刻，下跌开始，形成恐慌时加仓期反弹。
4. 周二大涨仓位很小，盈利没有超过指数，周四五损失远超指数。
5. 个股回撤远大于指数
6. Am risk cut very badly. Reluctant to cut position due to fear of regret.
7. 当周盈利的人太多，盈利兑现的压力大。
8. 顺势而为， 现在明显处于下跌趋势的开始，市场很紧张，这时候应该减仓，不应该增加仓位赌反弹。
9. 对市场情绪的认识有感知，但是不尊重。市场情绪恶劣的时候一定降到很小的仓位。
10. Earnings have gone down week after week. Before this weeks’ loss of 88k, the two weeks before that made 10k each, which is well below average.
11. The need for AM cutting already meant that markets were not trending up, as in mtm was not good, relying on the pm rebound.
12. This week’s closing delta is extremely amateurish. Keep building delta until the crash. Especially on thurs. This has no regards to weekly percentile.

**Mon: 1319493**

**Tue : 1924395**

**Wed:2052720**

**Thu: 2730120 (first crash, loading up pos was very amateurish)**

**Fri: 550000**