9.25

Myself in sz.

Need to be done this week:

1. Cancel the Scotiatrade account (to be done Monday at 8pm) (priority) (closure reference: 96200249) (4536 0582 6989 4005)
2. Take care of the Japanese yen in IB (
3. Transferred 60k from citi hk to hsbc hk (done) (citi hk has remaining 11k for credit card payments)
4. 招商 stealing money

9.26.2017

Live in other cities for a bit. Esp, Nanjing. Hangzhou.

Expand circle a bit. Current circle is not good. Strangers are better.

Too early to settle down into this lifestyle.

NB:

**staggered accumulation**: never pick up consecutively on 2 days (leapfrogging), let selling pressure fully release. Accumulation is in the magnitude of weeks (aim or wtd low), with a wider time horizon it is easier to obtain multiple week lows.

Before, mistakes were made where a two week recession (8.1-8.11) can take out a big chunk of the ptf. This was because accumulation was too fast, and with position buildup it was hard to manage when the selling pressure was not eliminated.

On market:

Cautious and risk-off before holidays.

1. Cash shortage and more funds towards 逆回购
2. Yellen reducing balance sheet -> this is causing a regime shift to be bearish on property and stocks (high beta stocks got murdered in US)
3. High beta stocks on the mainland also getting sold off (worldwide correl)
4. Low PE is key to manage ptf risk
5. Stocks with stable cash flows, huge market cap (not able to be manipulated), low PE, benefiting from inflation
6. Hedge away all idiosyncratic risk.

This week is apparently pro big caps. Stay away from small cap accumulation for a week.

9.27.2017

海康 and 格力 + 晨鸣 (all sz) hedging 长江电力 + 工商+ 茅台. Build pos on these sz stocks to gain eligibility to 打新 and hedge.

小+中证 currently only 15% ptf. Big is 47%, 沪深 is 38%. Increase size of 中证 is needed. (More 中证 less 小). Build up need to wait end of a down day to start accumulation.

爱尔眼科 entered a little pos, a trap.

Big caps vol is dead (xina50 not moving for 3 weeks)

Stocks have 40% pos. Fut 20%. Net about 25% pos. OK comfortable.

逆回购 very high today. Hold off on all purchases until after holidays.

9.28.2017

Quality stocks with earnings will go up in the long run.

Should not require any research. Stocks that appear in everyday life is the best.

Focus on long term investment in quality stocks.

Pay strategic attention but not too close.

Ptf:

Liquidated 晨鸣纸业 and 格力 to put it in 逆回购.

Buy back tomorrow.

Long term investment on US:

1. Investment horizon needs to be in terms of decades (BIDU, BABA, NVDA)
2. Well known names only. The best of the best
3. Ones that can defeat inflation and perform better than index
4. Enter at crashes. Staggered monthly entrance.

On ptf:

Sept was up 50k. Aug was down -100k.

Set back for aug was mainly due to being too aggressive.

Longer time horizon. Company’s earning ability and growth trend is important.

Reasonable PE, rock solid earnings.

Something that trends up with inflation in the long run.

Market participants not rational. They chase into highs and sell into lows.

The natural gains of the portfolio come from inflation and a market which is either flat or upward trending. Since two days are negatively correlated, buying at the close for a falling stock has a statistical chance to win over those that had an up.

爱尔眼科 was chased in the morning on the way up. This is still losing money.

方大碳素 losing 10%, this was caught in a downward trend.

(What was good was very small entrance, any movement doesn’t matter as a result)

Key lesson: the easiest, effortless way to make sure an advantage exists is buying at the close. Any strategy on the day will require too much work.

**Trading pmcl especially with week am is bad because:**

1. It requires big position

2. AM positive corr will push it down on T+1.

3. It requires too much effort

4. If day trading is not successful you are forced to cut the pos. I don't want to cut the pos at day’s end even if it doesn't work out – buy as much as you can handle but not more.

5. if you prolong the trading horizon, putting too much position on any PM is not good. It would entail entering and exiting big position which is not long-term friendly.

**On selling:**

Over the course of this year, selling pnl has been negative, which means it doesn’t even beat selling at the close. No effort should be put into selling, so just sell at the close for high closers.

**On stock selection**

1. Stocks you made/are making money on
2. Stocks that are long term breaking new highs
3. Stocks that are the best in each industry (no second tier)
4. Stocks that have a good ytd sharpe, no bad charts

**On Entrance:**

1. Extremely slow entrance (5-10% of final desired position)
2. Enter on down days only, or crash are even better
3. For consecutive crashes, do staggered entrance (enter, then 1 day later, then 2 day later, then 3 day later)

**On exiting:**

1. Profitable exit: exit at high closing (no strict rules)
2. Cutting: ytd sharpe goes into negative territory, or ytd sharpe is no longer passing the threshold. In this case, stop accumulating and keep position steady. If can make back to threshold sharpe ok, if not stop building and start decumulating.