**Trading Constitution**

Directive

This document serves to elucidate on the strategies employed.

**Stock**

1.0 Overview

1.0.1

The stock portfolio is meant to be a fully diversified holding of blue chips in each sector as well as fund ETFs which can be fully hedged by offshore futures.

* 1. Entrance
     1. Entrance is to be made in the PM. (Avoid taking position in Trend PnL)
     2. Entrance is to be made on the day after a low closer. (Target at owed PnL)
  2. Exit
     1. Exit is to be made at the close.
     2. Exit is to be made at the end of an up day.
  3. Stock Universe
     1. ETFs (due to no stamp)
     2. Blue chips of each industry
     3. Daily screen of high YTD sharpe ratio stocks

**Futures**

1.0 Overview

The futures should take advantage of market mispricing and serve as a hedging tool for the stock portfolio.

* 1. Trading Opportunity
     1. Crash days – accumulate futures in deep discount (accumulate from 14:30 to 17:00)
     2. Negative PMCO autocorrelation – accumulate when previous PM was negative (accumulate from 13:00 to 15:00)
  2. Position Sizing
     1. Comfort Principle: should not cause psychological stress.
     2. Indifference Principle: should be indifferent to the gain/loss on any given trade. (A loaded dice has a random outcome on each toss yet guarantee long term winning by LLN)
     3. Sizing should be consistent with sharpe ratio of the strategy

1.3 Accumulation Strategy

1.3.1 Accumulate when trading PnL on the day is positive (Avoid overbuilding on crashes)

1.3.2 Accumulate when markets are stagnant and heading down. (Guarantee cost advantage in the immediate trading region)

1.3.3 Accumulate when markets keep hitting periodic highs. (Guarantee market strength)

1.4 Decumulation Strategy

1.4.1 Decumulation Time Slot

1.4.1.1 On T

1.4.1.2 On T+1, during confusion period (9:00 – 9:30)

1.4.1.3 On T+1, during AM session.

1.4.1.4 At market close, at highs.

1.4.2