

IAQF Trading Strategies

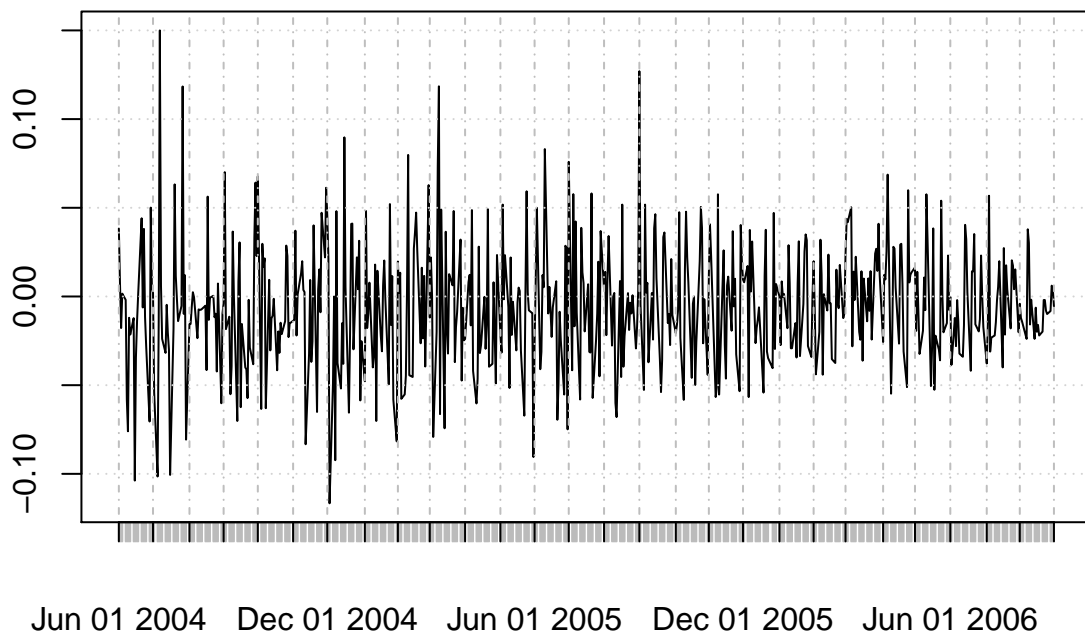
`## Warning in xy.coords(x, y): NAs introduced by coercion`

Strategy 1 - Long 10 Year Government Bonds and short 1 year bonds

Levels

For levels, we take the two and find the difference in their returns

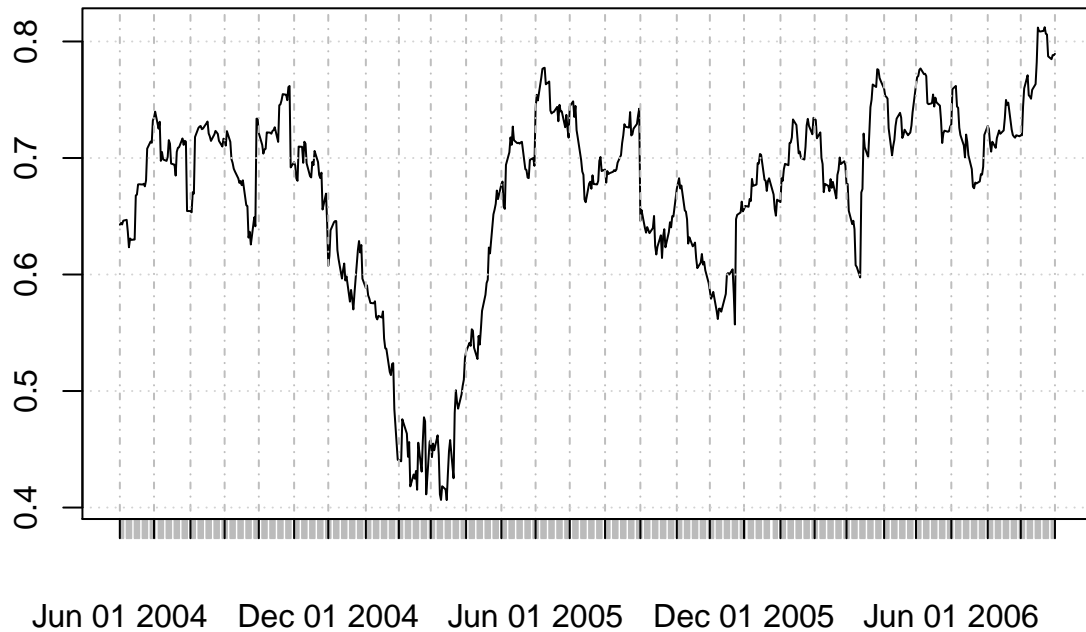
2004–2006 Hike Levels of 10 Yr return – 1 yr return



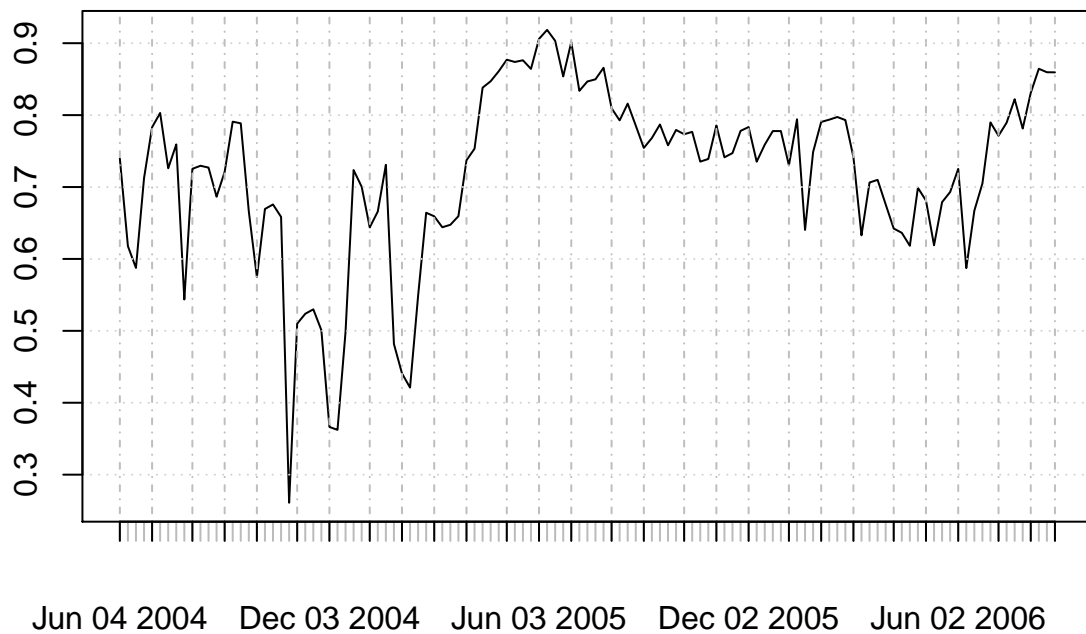
In standalone, the difference in returns between 10 year and 1 year varies between -0.1 and 0.1

Rolling Correlation

3 month Rolling correlation between 10 yr and 1 year daily return



3 month Rolling correlation between 10 yr and 1 year weekly return



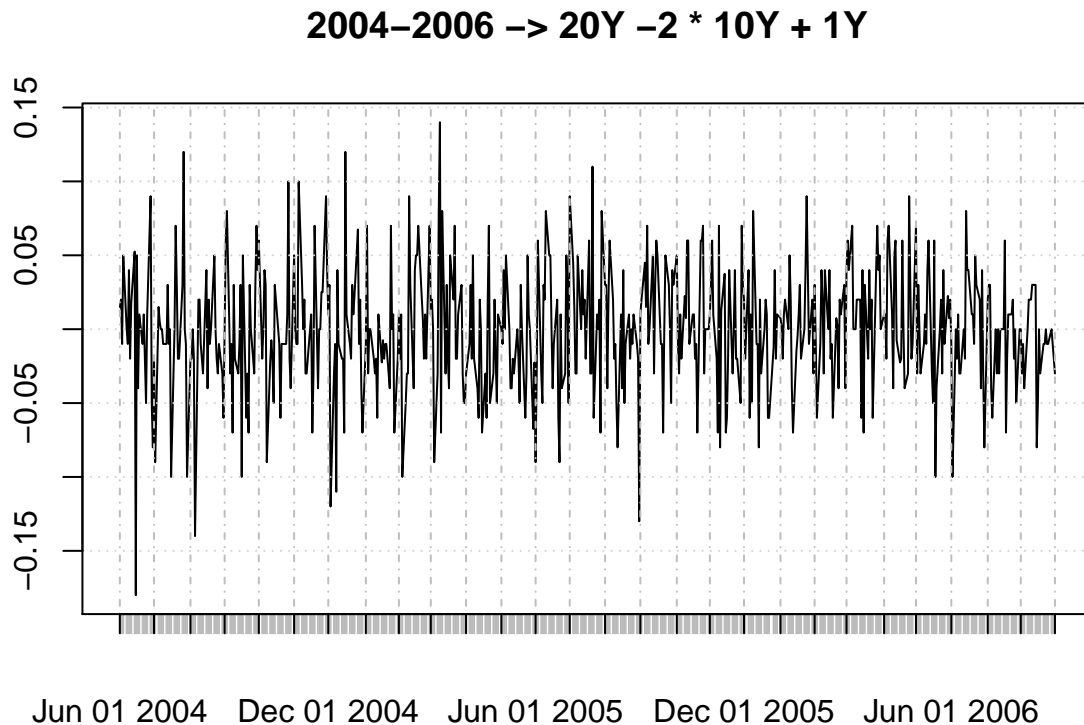
The 3 Month rolling correlation (daily and weekly returns) are consistently positive over the rate hike period

Strategy 2 - Long 1 year returns, 2 Short 10 year returns, 1 long 20 year returns

Levels

For levels, we find the net value of returns on a daily basis

```
## Warning in plot.xts(Govt.20Yr10Yr1Yr["2004-06/2006-08"], main = "2004-2006  
## -> 20Y -2 * 10Y + 1Y"): only the univariate series will be plotted
```

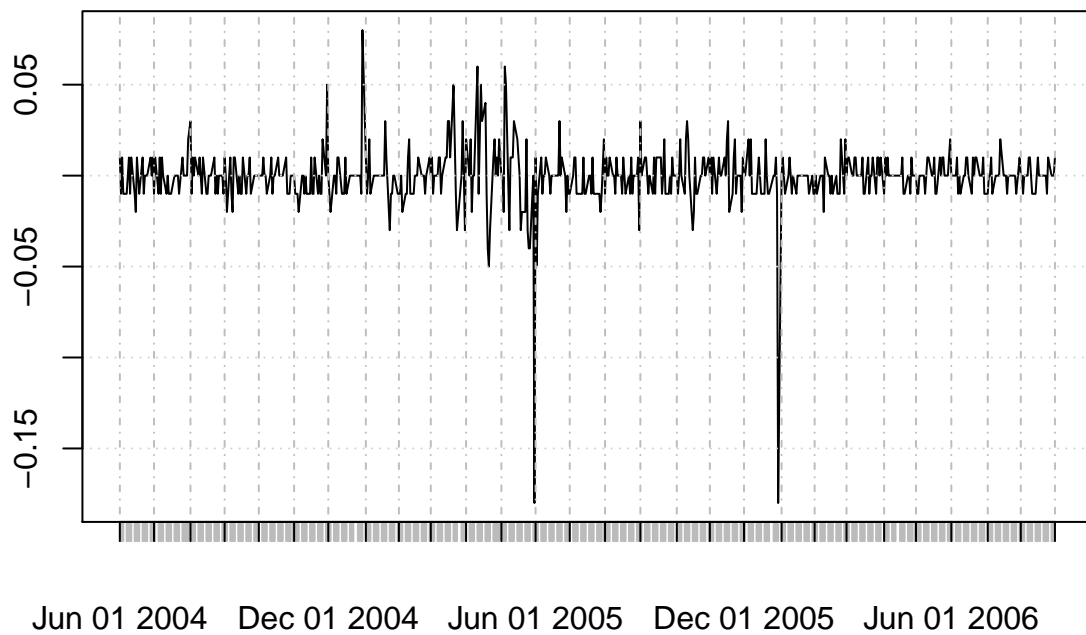


In standalone, the difference in return of '20Y -2 * 10Y + 1Y' strategy varies between -0.1 and 0.1

Strategy 3 - AAA Bonds - BBB Bonds levels

Levels

2004–2006 Hike Levels of AAA return – BBB return



The Levels of returns are very low during the rate hike period.