

FIN301 Financial Investment Trading Game Final Report

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1 Overview of our trading result

The trading game started at October 21, 2024 and ended at the end of 2024 Fall Semester Week 14 (December 13, 2024). With the starting capital of 1 million Chinese Yuan and CSI 300 as the benchmark, below is the portfolio report of our group which was taken from Vincent's laptop screen.

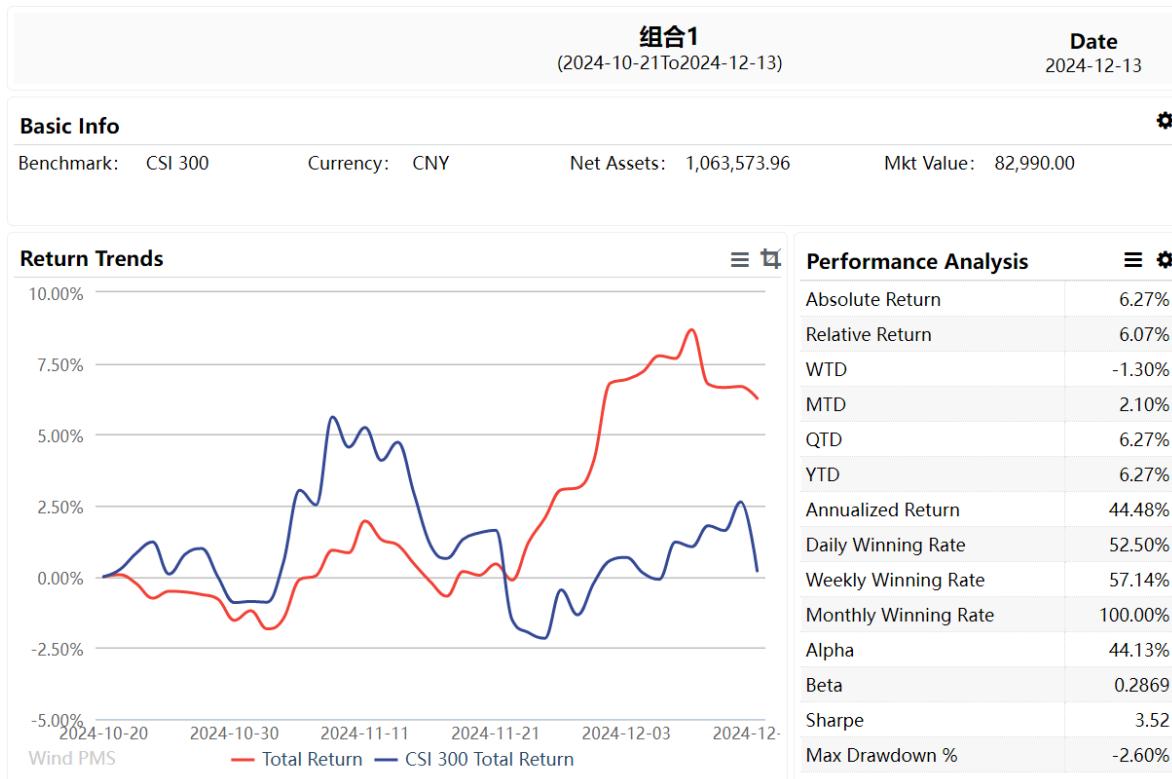


Figure 1: Portfolio Report of trading game period

Overall, we made a great portfolio because of not only significant return of more than 5% and Reward-to-risk ratio of 3.52 (which is considered to be excellent, but also a relatively low volatility and excess return from the market of around 6%. The peak of our trading game return was recorded at 8.69% on December 9. Our performance is composed of two main period where we truly underperformed even by market because of following bad market and a fruitful investment where we changed our strategy.

2 Journey of our investment

2.1 The beginning

Right after the lecture of this course was over at October 21, 2024, our team gathered to decide which securities we want to invest. We bought 100,000 shares of 512480.SH Penghua Guozheng Semiconductor Chip ETF at price of 1 Yuan and 97.48 shares of 688981.SH SMIC, which was recommended by Jiang Shangmei, at a price of 1000 Yuan. In terms of weight, that would be a total of 19.748% of our initial capital being invested. The reason why we bought them was because the collective performance of domestic semiconductor companies is improving, and it seemed the industry was entering a new development cycle. Starting at that point, we were bullish on semiconductor stocks and had bought semiconductor ETF and adopted long-term holding strategy in general.

On October 28, 2024, Lu Shiyi reported that the low-altitude economy performed quite well. He also said that it also seemed like there would be an air show in Zhuhai later. So, he suggested 8841750 Wind Low Altitude Economy Concept Index and 884685 Wind Large Aircraft Concept Index.

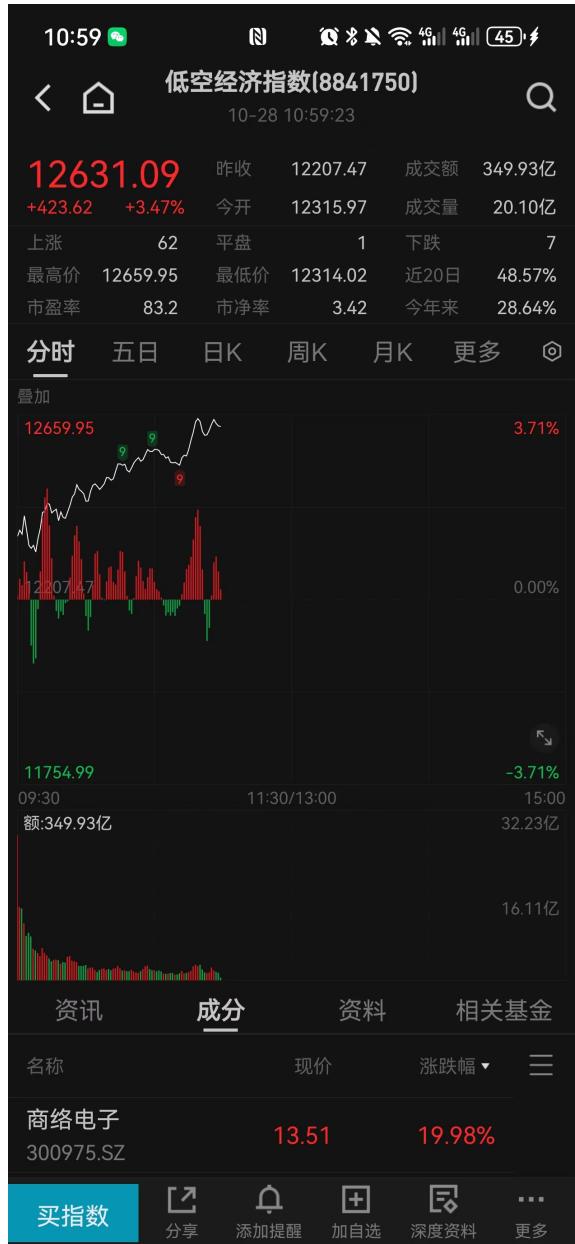


Figure 2: 8841750 Wind Low Altitude Economy Concept Index performance



Figure 3: 884865 Wind Large Aircraft Concept Index

The photos above are taken from Lu Shiyi's phone. However, we never traded in them because we thought that they would fall after the good price rise of those securities happened after their crashes.

On October 30, 2024, Lu Shiyi heard from his colleague that the auto mobile component industry and defence industry will increase.



Figure 4: 8841750 Wind Low Altitude Economy Concept Index performance

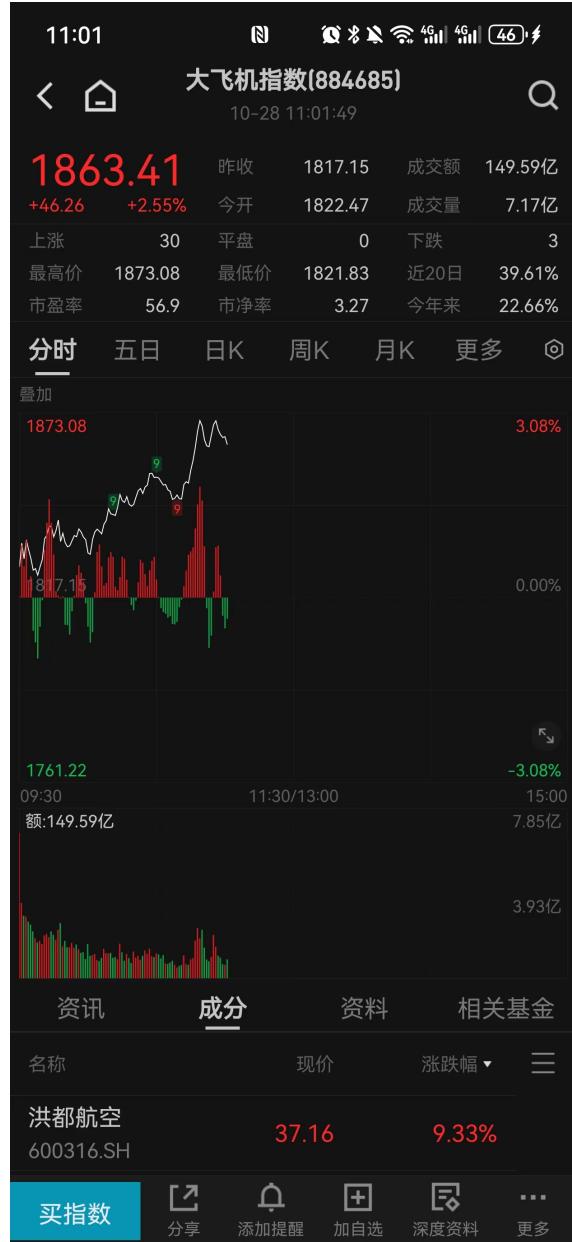


Figure 5: 884865 Wind Large Aircraft Concept Index

But we never invested in them anyways since at that week we saw that the price change is not significant and it was daily volatile.

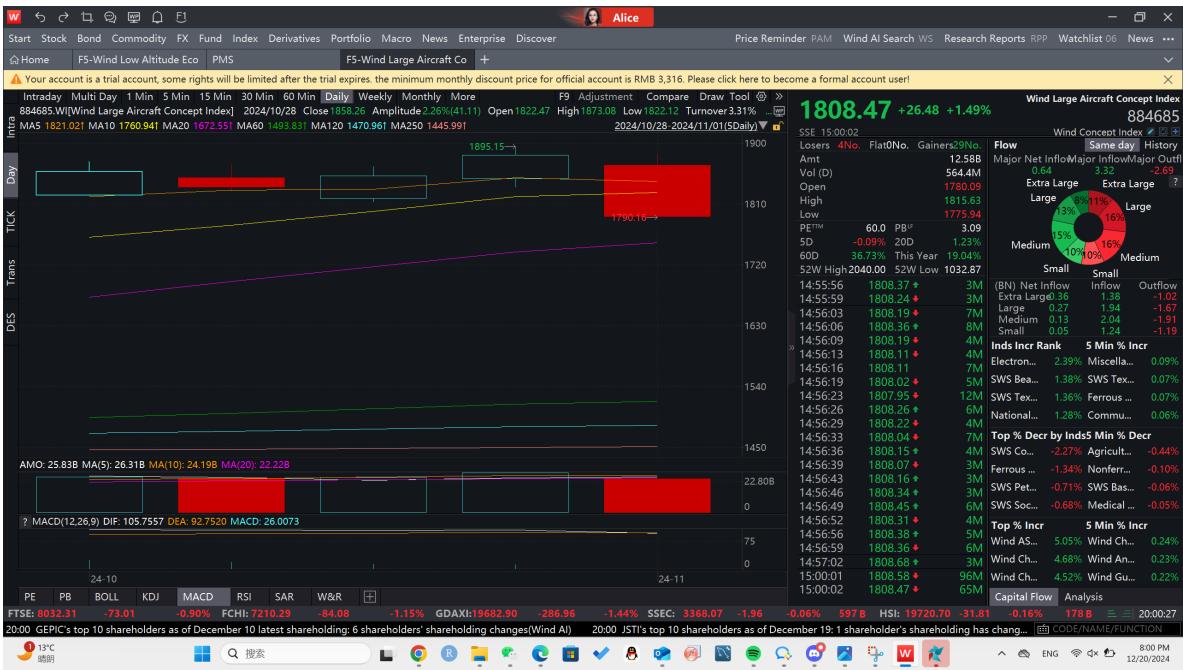


Figure 7: 884685 Wind Large Aircraft Concept Index from October 28 to November 1

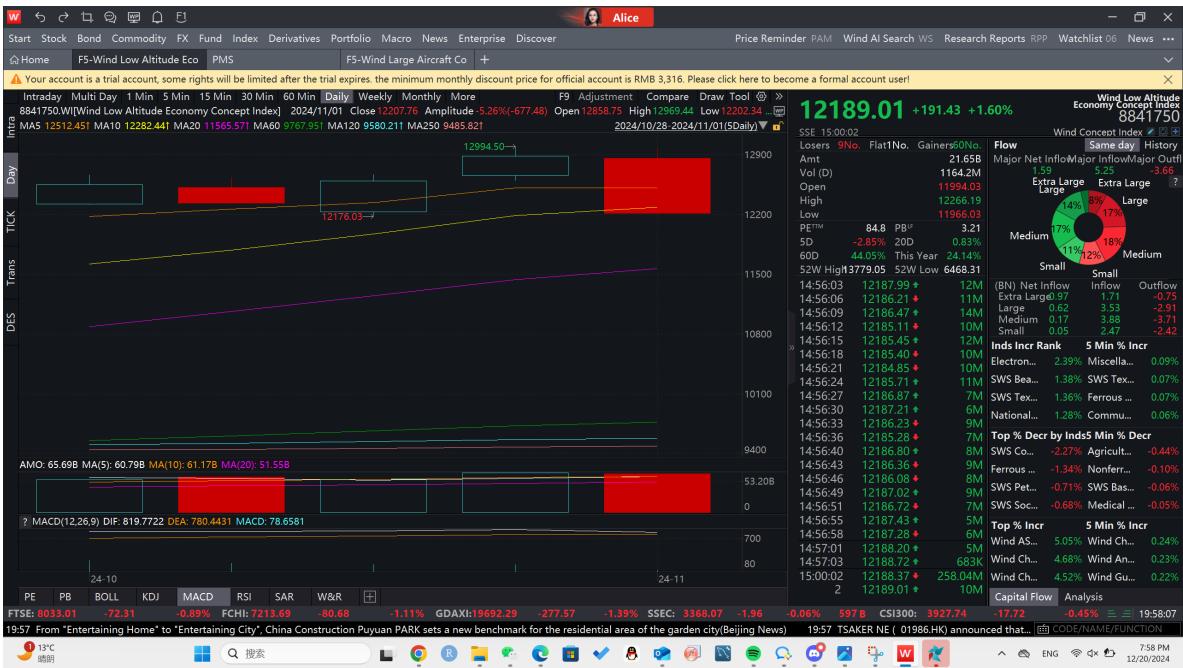


Figure 6: Graph of 8841750 Wind Low Altitude Economy Concept Index performance security price from October 28 to November 1

On November 5, 2024, Lu Shiyi suggested investing in another two ETF securities which were 512660 Guotai CSI Military Industry ETF and 512690.SH Penghua CSI Alcoholic Drink because he noticed that there had been a lot of news recently about the Zhuhai Airshow, so the defense industry might perform better in the near term.

He proposed to invest 100000 Chinese Yuan in it but hold until November 15 first. However, Lu Chuanming opposed the idea and said that alcohol falls under the category of big consumer product which implies that its growth during that period might not be particularly significant. Lu Shiyi expresses his idea further that he is thinking more about holding it long-term for alcohol, similar to

how we had approached semiconductors at that time. Apparently, Lu Shiyi said that it was just that alcohol tends to have strong seasonality. It took us a few minutes to observe the mentioned market and it was come to a conclusion that the changes for a short time will not be too much and has been relatively stable a short while ago from that date. At November 15, Vincent asked Lu Shiyi whether the proposed investment would be done. However, he told us to wait for a few days longer until the next Friday from that date as the exhibition in Zhuhai won't end until November 17.



Figure 8: 512660 Guotai CSI Military Industry ETF security price from November 5 to the end of trading game period.



Figure 9: 512690.SH Penghua CSI Alcoholic Drink security price from November 5 to the end of trading game period.

Starting from November 18, both of them went bad in the entire week. Furthermore, it seems that the price change from November 18 to the end of trading game period is not significant.

2.2 The turning point

This period happened after we understood what are alpha, beta and Sharpe ratio in portfolio.

At November 17, 2024, Vincent notified that our portfolio went disastrous because of negative alpha and Sharpe Ratio. Since our old portfolio is in bad condition, Vincent pushes all team members to have a meeting after the night lecture of this course is over at November 18 to revise our strategy and act fast. So, Chen Jiajun argued that we should buy 002716.SZ Jingui Silver and 600679.SH SPEG. Then, we agreed with him.



Figure 10: Screenshot of 002716.SZ Jingui Silver taken by Chen Jiajun at November 18.

30000 shares of 002716.SZ Jingui Silver, at a price of 3.38 for each, were bought on November 19, 11:30 AM so that we could buy at a low price and be optimistic about its rising trend. He also suggested that we could sell it when it rose for around 3-5% from its buying price. At this point, he used technical analysis to profit from 002716.SZ Jingui Silver. However, Chen Jiajun told us to not buy 600679.SH SPEG first since he analyzed that 600679.SH SPEG looked like it would fall further.

On the following Monday, not only the alpha and Sharpe ratio remained negative, but they were a bit worse. Even the benchmark return plummeted below our portfolio performance.

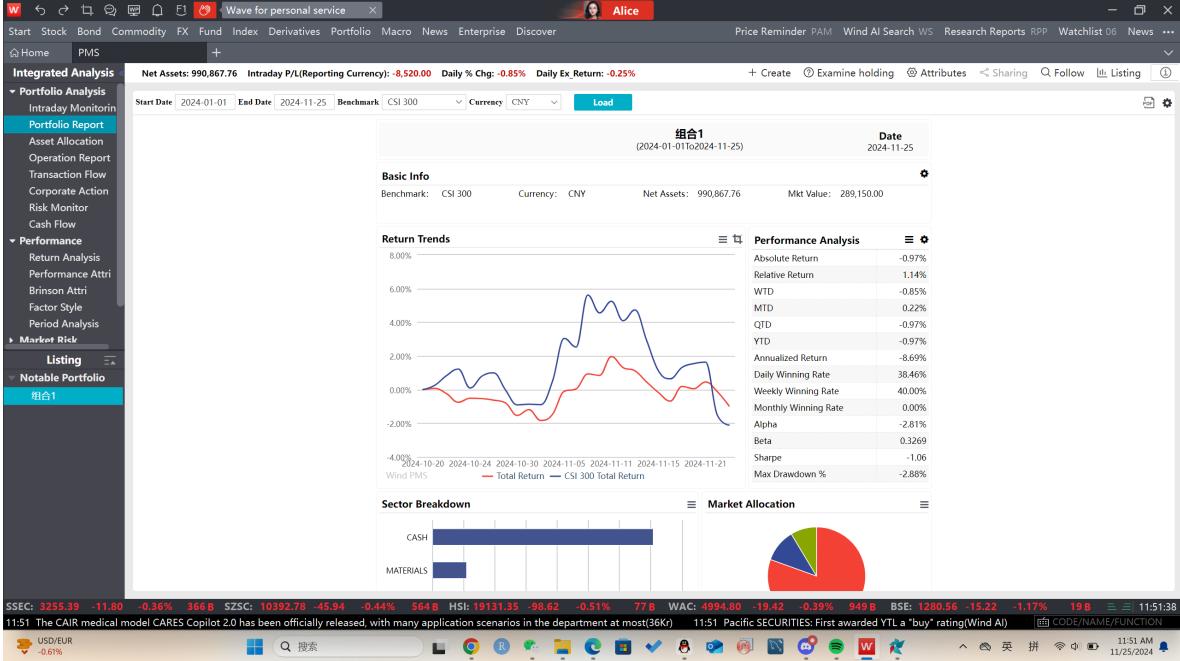


Figure 11: Portfolio Report at November 25.

At that night after the lecture of this course was over, that was when we finally bought 10000 shares of 600679 SPEG at a price of 10.81.



Figure 12: Screenshot of 600679 SPEG security price taken by Chen Jiajun on November 25.

Additionally, Chen Jiajun recommended 000796.SZ CAISSA Tourism for a few strong reasons:

- Not long ago, the Chinese expansion of visa-free policies was trending in the news. Thus, the tourism industry was benefitted by a theory of non-price determinant for demand in microeconomics since it will cause more demand for such industry.
- The historical ROE was maintained at a level of 10% to 15% before the pandemic. With recent policy support, the enterprise ROE was gradually rising towards the historical high, with potential.
- On November 25th, the stock hit the limit up. However, the overall volatility of the tourism sector is significant, and we mainly focused on short-term trading opportunities.

The price of CAISSA Tourism on November 25 is given below.

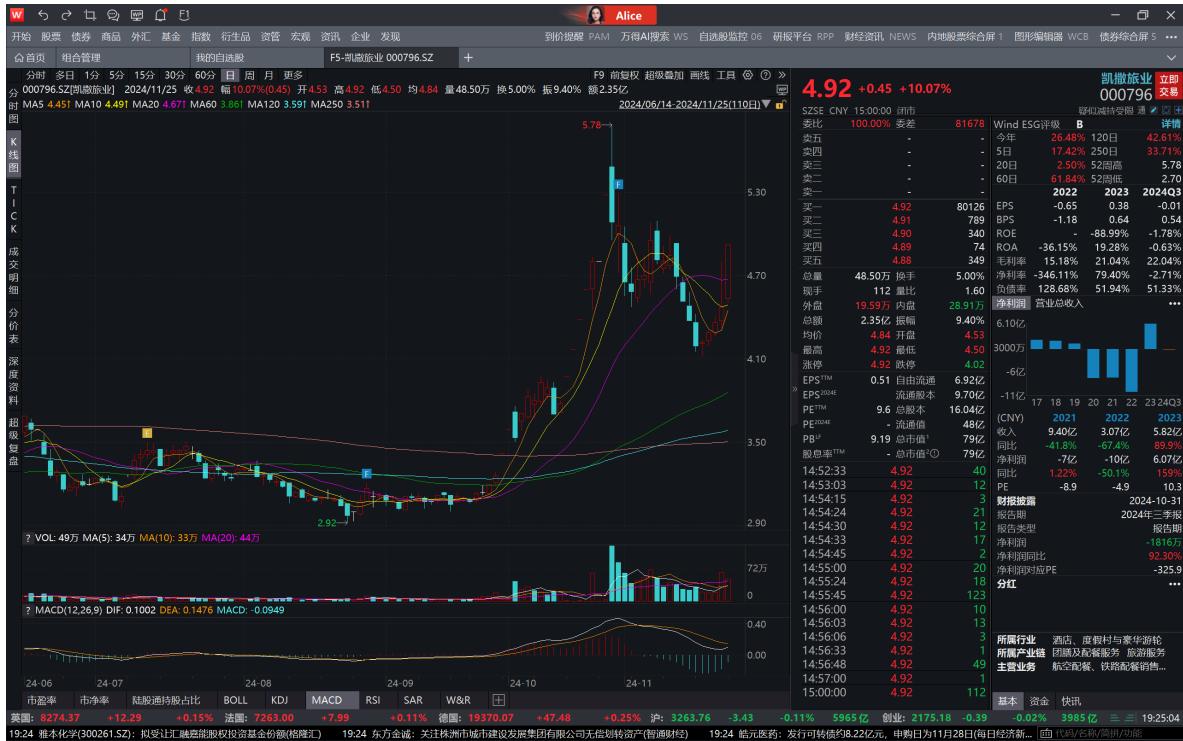


Figure 13: Screenshot of CAISSA Tourism taken by Chen Jiajun on November 25.

A decision to put some of our capitals into 20000 shares of 000796.SZ CAISSA Tourism at a price of 4.47 were made immediately. On the next day, we sold all of our hold 000796.SZ CAISSA Tourism at a price of 5.4 which is approximately 21% price increase. On November 27, Vincent saw a news about the release of Huawei Mate 70 and argued that this might be a good opportunity to trade in ETF again. So, we bought 100000 shares of 588190.SH Yinhua China Science and Technology Innovation Board 100 ETF at a price of 0.897. Two days later, we sold them all at a price of 0.95 which is approximately 5.91% rise.

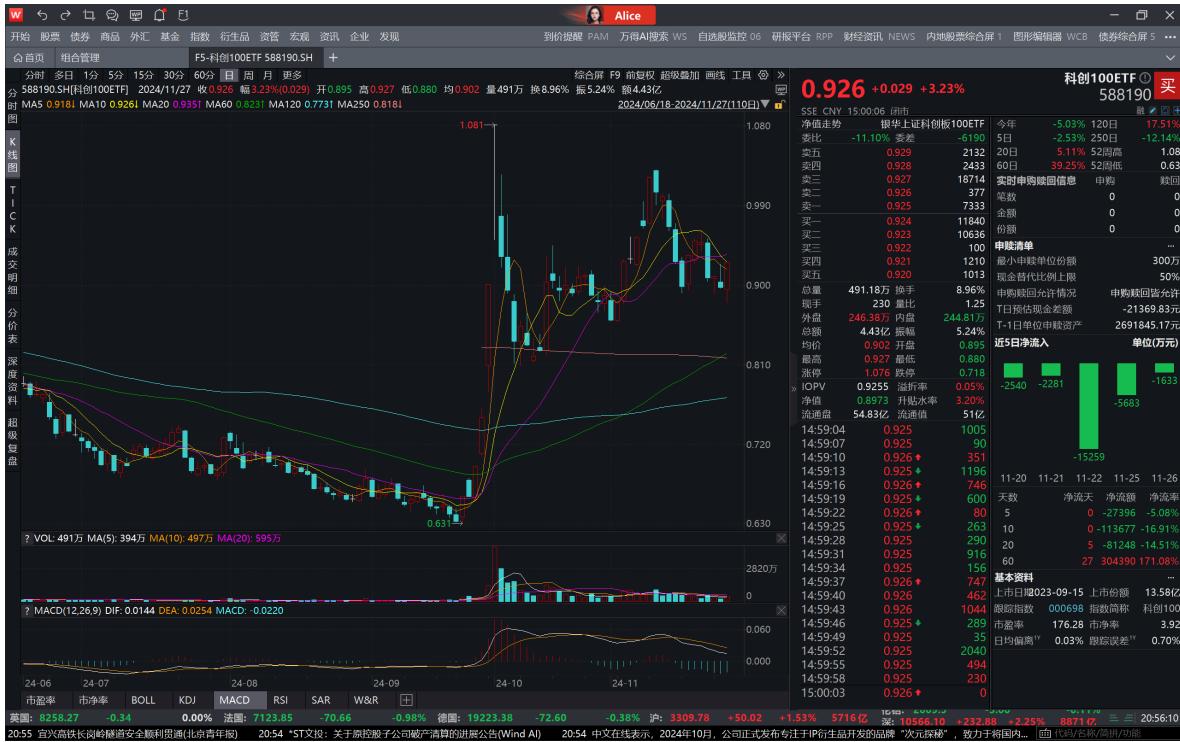


Figure 14: Screenshot of 588190.SH Yinhua China Science and Technology Innovation Board 100 ETF taken by Chen Jiajun on November 27

On December 2, we sold our 600679.SH SPEG entirely at a price of 11.8 which is around 9% increase from the time we bought them. However, we thought that there was no hope on 512480.SH Penghua Guozheng Semiconductor Chip ETF would rise significantly even with the Huawei Mate 70 news. So, we sold our 75000 shares of 512480.SH Penghua Guozheng Semiconductor Chip ETF at a price of 1.014. For the last activity of that day, Chen Jiajun saw a promising news about 601127.SH SERES and summarized a few prospective informations:

- GAC Group and Huawei signed a deepening agreement to create a new high-end smart new energy resources vehicles, to inject confidence, optimistic about the rise of Xailisi.
- Auto ETF sector continued to rise in the CSI Auto Index rose 4.78% top gainers.
- Sales and production data of new energy resources vehicles in November were released today. The output of new energy vehicles was 38,800 units, up 44.77% year on year, and the sales of 36,800 units increased 54.48% year on year. On the other hand, last week, Sears unveiled a new acquisition restructuring plan, which will also stimulate the share price to rise.

So, We bought 2000 shares of it at a price of 121.59 which was worth more than 200000 Yuan unlike in the past where we usually put around a worth of 100000 Yuan on each securities. We planned on selling them when the price reached at 160 due to such reasons. For the following two weeks, Vincent frequently checked the price of 601127.SH SERES. He found out that starting from December 4, its price was consistently growing rapidly which fuel our hopes for the security. Unfortunately, the hopes did not last long after its price crashes on December 10, around 1:30 PM.

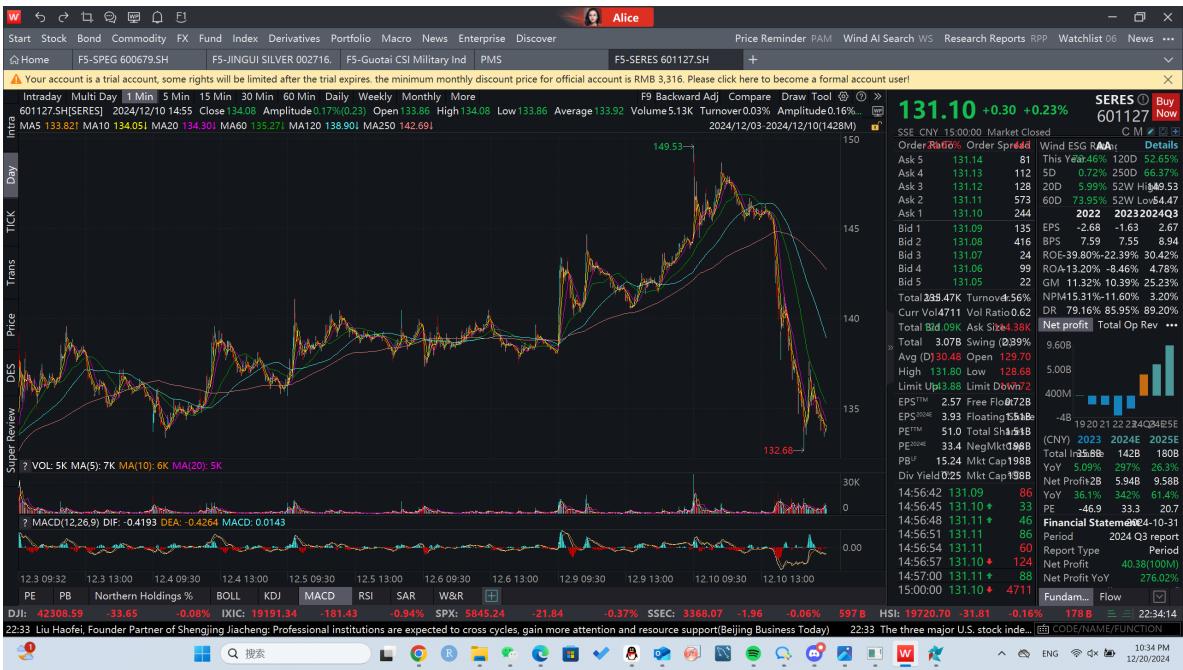


Figure 15: Graph of 601127.SH SERES security price from December 3 until the moment it crashed.

Luckily, Vincent hurriedly notified this crash and, consequently, we sold them all at a price of 134.46 to prevent further crashes.

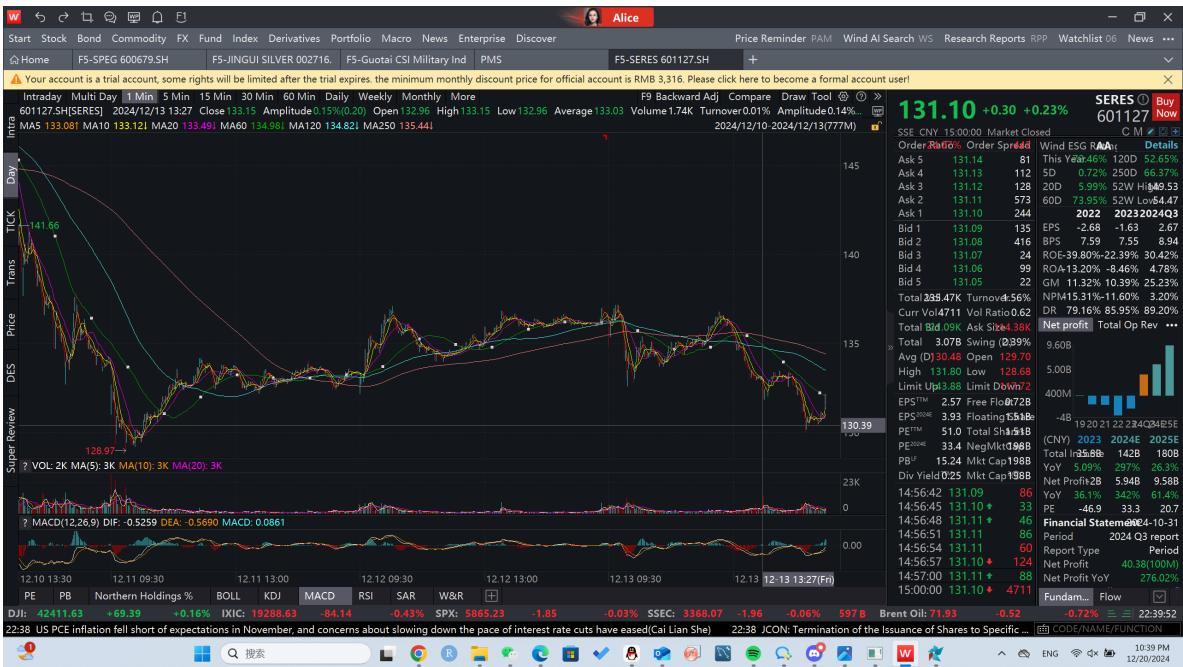


Figure 16: Graph of 601127.SH SERES after crash until the end of the trading game

Lastly, we sold the remaining 25000 shares of 512480.SH Penghua Guozheng Semiconductor Chip ETF at a price of 1.004. As no more hope for 688981.SH SMIC to return to its buying price, we held it until the end of trading game. This marked the end of our trading game transactions so that we could minimized further lost return rate.

3 Conclusion

The trading game in FIN301 Financial Investment for 2024 Fall Semester involved a starting capital of 1 million Yuan which lasted from October 21 to December 13. Our portfolio performance consisted of two main periods where our portfolio underperformed even below the benchmark return because of our general long-term hold strategy on two ETF securities for almost a month and then followed up with a soaring return rate and superior position from the benchmark of our portfolio which were recorded at around 6% for both of the return rate of our portfolio and the excess return from the benchmark because of the shifting strategy in terms of hold period and industry allocation. In general, we put more or less 100000 Yuan in each security except for 601127.SH SERES where we at least double the amount just on it. It is worth to know that the market of those two securities we traded in initially were generally bad until the end which forced us to hold them until the very late time.