The Investment Club

General Body Meeting #7

October 18th, 2023 | 1PM

Harriman Hall 137

Please Scan the QR code to sign in for today's GBM!

MARKETWATCH: UPDATE

Game Leaderboard

Download Rankings

	Name	Net Worth	Today's Gains	Trades	Total Returns
1	Christopher Zelaya	$3,263,230.01	0.00%	71	$2,263,230.01
2	Matthew Grimaldi	$1,076,823.64	0.00%	10	$76,823.64
3	Noah Tover	$1,072,118.61	0.40%	27	$72,118.61
4	Juan Delgado	$1,057,183.26	0.31%	27	$57,183.26
5	Tony Zhao	$1,045,319.54	-1.80%	14	$45,319.54
6	Dan Bin	$1,030,782.55	0.67%	25	$30,782.55
7	Alvin Santos	$1,023,308.57	-8.24%	89	$23,308.57
8	Nikhil Dhengle	$1,021,127.76	-0.95%	17	$21,127.76
9	Wayne Ting	$1,000,054.05	-0.01%	1	$54.05
10	Anthony Cassano	$994,826.36	0.61%	6	-$5,173.64

Guest Speaker: Dimitri Bianco (a.k.a. FancyQuant on YouTube)

- Guest Speaker: DIMITRI BIANCO, FRM
  - FancyQuant on YouTube
  - Financial Careers Educator
  - Head of Quant Risk & Research at Agora Data, Inc.
  - B.S. Finance, Washington State University
  - M.S. Applied Economics, University of Michigan

- Date/Time: Wednesday, November 1st, 1PM

- Location: Harriman 137 on Zoom

AGORA®

UPCOMING HEDGE FUND RECRUITING EVENT

- Verition Fund Management
  - Multi-Strategy Hedge Fund
  - Offices in:
    - Greenwich, CT
    - Norwalk, CT
    - New York, NY
- Seeking juniors studying: Finance, Applied Math, Computer Science, Business, Economics, Engineering
- Date/Time: Friday, November 3rd, 5–6PM
- Location: ZOOM

VERITION

New Opportunity: Publishing Articles for the Investment club!

- **Write** finance-related **editorials/articles/social media posts**
- **After** proper editing **and** fact-checking**, we will** publish **them on our** website **and/or our social media!**
- **Opportunity to get your name out there and** boost your resume

This idea is still in the works, so we want your feedback! Scan the QR code to fill out an interest form.

Do you have any other ideas? Do you have any suggestions or feedback for the aforementioned idea?

5 responses

I think the investment club should start extra social events as well.

Maybe stock analysis

Have a weekly newsletter where multiple people work on it together and share their ideas.

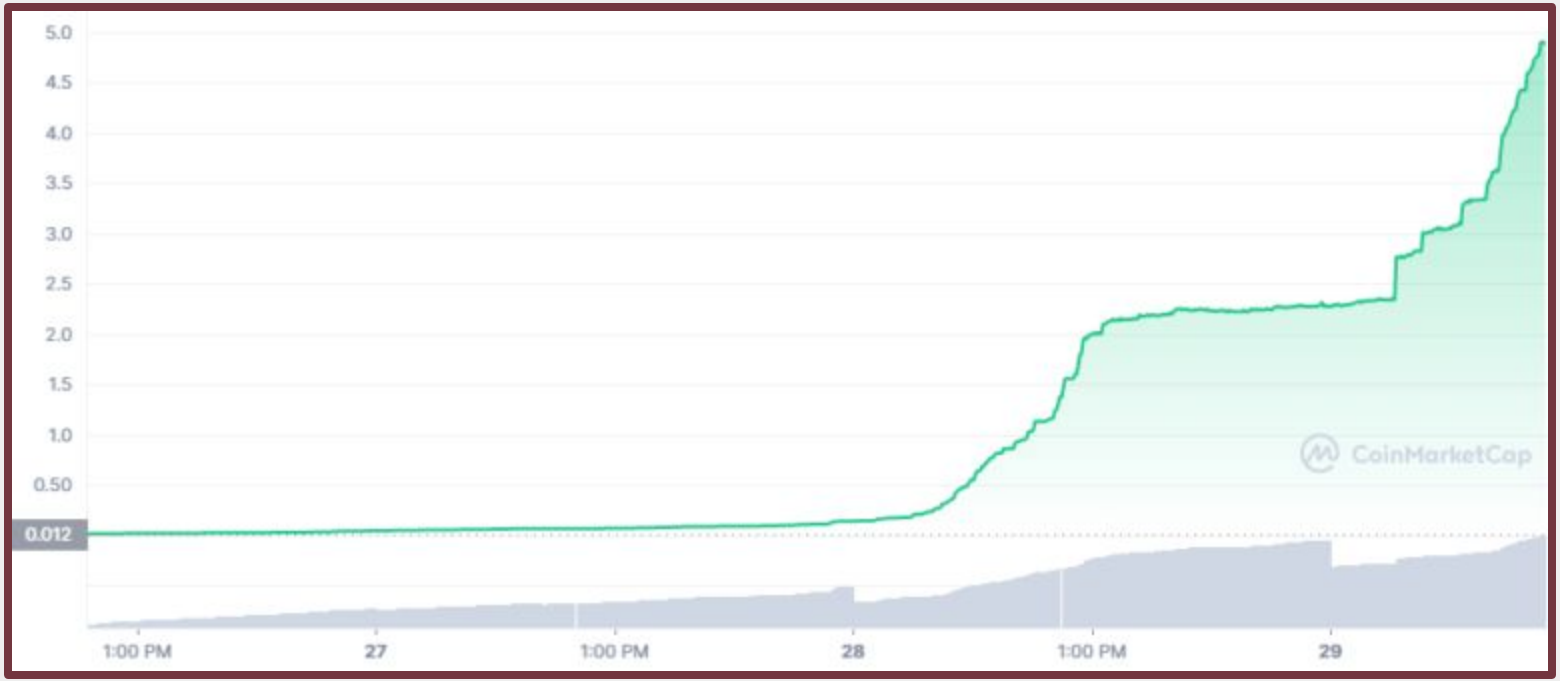
Once there is enough information collected between the articles and posts, there could be an archive/webpage where publications are organized by date or topic, so the library could grow over the course of multiple years and the archive would be more comprehensive. Anyone should also be able to contact the editors/writers about topics they would be interested in or if they have their own blurb they would like to include or their own take on a topic that we are working on or might consider writing about. Publications in that way can become a type of forum or community built project, pooling knowledge and ideas from all of the enthusiastic club members.

Offering people to submit their own articles alongside ones published by the club

How selective is this process? Can any club member sign up for this?

I want to share some ideas and knowledge that help our club members understand financial articles and how finance market works. Is there any requirements to contribute to our club in this way? And can I do this as a team?

Will you buy?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CoinMarketCap
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27
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29

Expressing **Caution** In Investing

Value of This Meeting

This is not investing advice

Market News

EXCLUSIVE

Why One Fed Official Is Ready to Stop Raising Rates

Philadelphia Fed President Patrick Harker said he thinks the central bank can likely wait until early next year to decide whether rapid rate increases have done enough to keep inflation heading lower.

By Nick Timiraos

4 hours ago 4 min read

Market News

Morgan Stanley's Earnings Hit by Investment-Banking Slump

Higher interest rates and concerns about a possible recession are keeping many corporate executives from completing deals.

By Charley Grant and AnnaMaria Andriotis

1 hour ago 2 min read

Market News

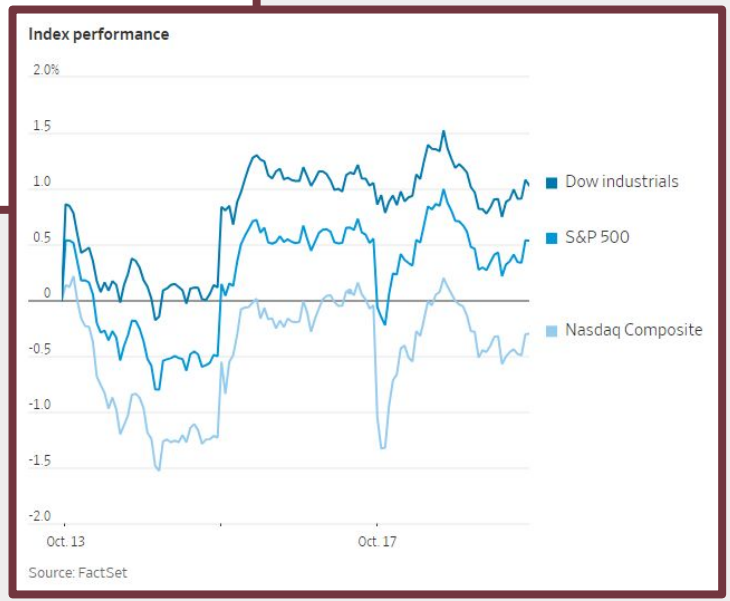
FINANCE | STOCKS

Bond Yields Hit Fresh Multiyear Highs After Hot Retail Sales Data

S&P 500 closes almost unchanged

By Jack Pitcher Follow

Oct. 17, 2023 4:39 pm ET



Why are Bond Yields Important??

Global Politics and the U.S. Stock Market

FINANCE | HEARD ON THE STREET

What Defense Stocks Say About a More Violent World

Though shares of military contractors only price in a small chance of escalation in Israel's war with Hamas, financial factors muddle the signal

By Jon Sindreu Follow

Oct. 16, 2023 6:08 am ET

What is Risk?

Risk is uncertainty!

Unsystematic Risks:
Diversifiable

- Management
- Liquidity (Ease of converting into cash)
- Regulation
- Credit risk
- Operational risk
- Legal risk
- Commodity risk
- Model risk
- … many many more

Systematic Risks:
"Non-Diversifiable"

- Market risk
- Interest rate risk
- Political risk
- Inflation risk
- War risk
- Legal risk
- Currency risk
- Model risk
- … many many more

Measuring & Mitigating

Measuring:

- Standard/Semi Deviation
  - Uncertainty of returns
- Value at Risk
  - Probability of worst case scenario
- Max drawdown
- SWOT analysis
- etc..

Mitigating:

- Spread money throughout assets that don't move together
  - Don't put all your eggs in one basket
- Stop loss orders
- Long/short strategies can weather systematic risk

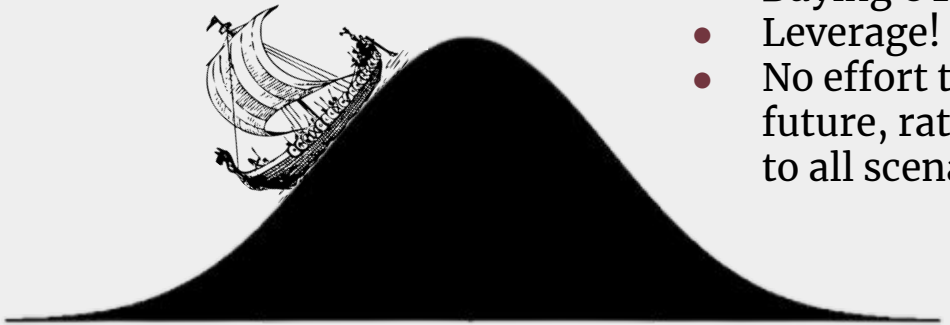
The Cockroach Portfolio

Goals:

- Withstand extreme economic events while thriving in positive conditions
- Consistent returns
- Structured for deflation, inflation, growth, and declines

Methods:

- Multiple levels of diversification
  - Country, time, managers, correlation, and more
  - Thorough understanding of correlation dynamics
- Tail hedging
  - Buying OTM options
- Leverage!
- No effort to predict the future, rather be adaptable to all scenarios



Backtest Results

	STOCKS	60/40	COCKROACH
CAGR	10.39%	9.17%	15.80%
Vol	14.58%	9.09%	12.76%
Max DD	-50.95%	-33.02%	-16.53%
Sharpe	0.71	1.01	1.24
MAR	0.20	0.28	0.96
Months DD	73	49	15
Worst 1yr	-43%	-28%	-11%
Worst 3yr	-41%	-21%	12%

lol rip

2,800
2,400
2,000
1,600
1,200
800
400
34.8
USD
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CoinMarketCap

Scams

Types:

- Pump & Dumps
- Rug Pulls
- Courses, Stock picks
- Commodity scams
- Many strategies - many hedge funds make more in fees than in capital gains

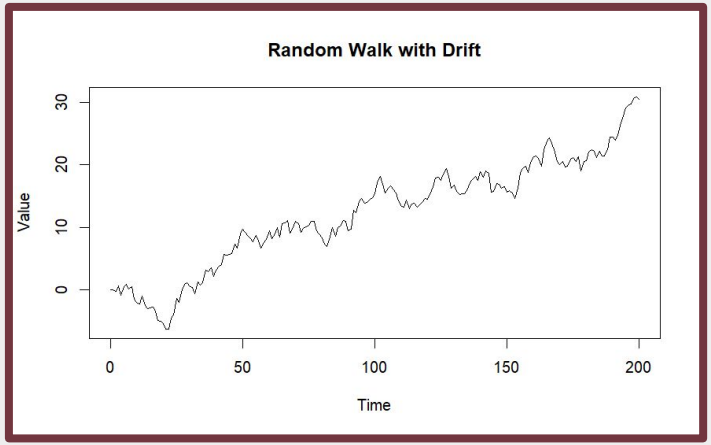
Avoid Scams:

- Do your due diligence. Investing is hard work.
- If it sounds too good to be true..
- If you don't see how you can lose money, you will lose money.
- History

Market Intuition

Random Walk Hypothesis:

- Yesterday's value + random
- Events occur randomly, market participants react immediately -> Random Walk



Efficient Market Hypothesis

- Markets reflect all known information & potentially private information.
- You cannot outperform with public information
- 3 versions - Weak, Semi-Strong, Strong
- Markets become more efficient as time passes
- Intraday trading is EXTREMELY efficient

"All models are wrong, but some are useful"
- George Box

Market Intuition

Arguments Against EMH:

- If markets are efficient, bubbles and bursts shouldn't occur.
- Dotcom Bubble & Burst

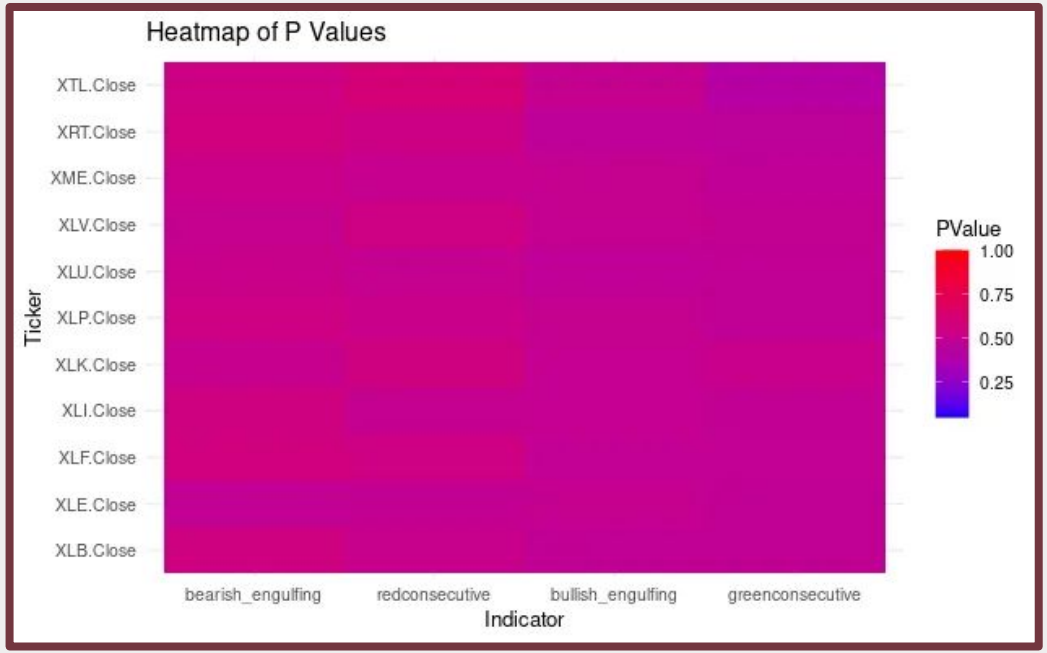
Other Arguments:

- Renaissance Tech & other successful firms
- Autocorrelations in assets & success of autoregressive models
- Anomalies such as momentum, value, etc.

"All models are wrong, but some are useful"
- George Box

Don’t Trust Everything You Read

- Many websites and traders promote candlestick patterns to trade
- “Using Bullish Candlestick Patterns to Buy Stocks” on Investopedia
- I tested the significance of returns surrounding candlestick patterns. You can read about it here.



Sources

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- https://www.investopedia.com/terms/s/systematicrisk.asp#:~:text=However%2C%20systematic%20risk%20incorporates%20interest,a%20portfolio%20of%20public%20equities - Systematic Risk
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- *A Random Walk Down Wallstreet - Burton G. Malkiel 1973.* - Random walk & Efficient Market Hypothesis
- https://www.princeton.edu/~ceps/workingpapers/91malkiel.pdf - Attacks on Efficient Market Hypothesis