Twitter Thread by Investmint



Investmint
@investmintclub



■■■■ ■■■■■

A backtested ■■■■■■ ■■■■■■■■ trading strategy ■ ■

Thread ahead ■

RT to get a free PDF and a link to our beta program in your DM ■

(You must be following to receive the DM)

■ ■■■■ ■■ ■■■■ ■■■■■■■■?

■ We buy a basket of 5 stocks every Monday and sell them all on Friday.

■ Yes, it's that simple.

■ ■■■ ■■■■ ■■ ■■■■?

■ Stocks in general keep going up & down, no rocket science there.

■ But, interestingly some stocks when they go down considerably, they bounce back to some extent.

■ This model tries to profit from such up moves through a basket of stocks

■ ■■■■■■■■ ■■ ■■■■ ■■■■'■ ■■■■■■

■ ■■■■■■■■■■:

■ Universe - NSE500

1■■ Create a basket of stocks that have the lowest returns in the past.

2■■ Filter the stocks based on turnover to check for liquidity.

3■■ Select stocks with the best odds to go up.

■ ■■■■■ - Enter anytime during the day on Monday or the first trading day of the week

■ ■■■■ - Exit anytime during the day on Friday.

■ ■■■■ ■■■■ - There is no stop loss in this strategy & being a basket strategy with a weekly holding, it offers stable returns with limited downside.

■ ■■■■■■■■■■■ ■■■■■■■

■■■ ■■■■ ■■ ■■■■?

■ Stocks are known to mean revert, meaning if a stock goes down, it tends to move upwards again, this model tries to capture that reversion.

■ This phenomenon is more common and profitable in NIFTY 500 stocks when you have an upward bias.

■ ■■■■ ■■■■ ■■ ■■■■ ■■■■?

■ Works well when the stocks correct for a couple of days to weeks and bounce off from their lows.

■ ■■■■ ■■■■ ■■ ■■■ ■■■■?

■ In a secular bull market when most of the stocks are in an uptrend with minor or no corrections and in the sideways market, as there won't be any stocks that pass through the model criteria, that's very rare though.

■ ■■ ■■ ■■■ ■■?

■ If you have some funds to allocate to a positional model & can take time out just once a week to rebalance the stocks. Then, this is an ideal strategy for you.

■ ■■■■■■■■■■ ■■■■

■ Being a positional strategy, it has limited risk and offers a consistent return profile.

■ ■■■■■■■ ■■■■■■■■■■ ■■■ ■■■■■■■

If you liked this quantitative model and want to see it in action check out the link for our Early Access Program in the bio!■

You can also RT the first tweet to get the link in DM! ■ ■

(Must be following to receive the DM)