

Turkey Day

CMIYC

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Executive Summary



Strategy

Momentum strategy, targeting short-term stock price increases.



Performance

Over 10 years: 1,267% cumulative return (5.3x vs SPY), 34% annualized return, with a 1.13 Sharpe Ratio.



Recommendation

Invest \$13,500 in the Turkey Day Systematic Strategy



Price Momentum Strategy

Momentum Growth Strategy:

Identifying stocks with **strong recent price performance** and positive growth indicators, such as revenue or earnings momentum.

How to benefit:

Capitalize on the **continuation of upward price trends, driven by investor sentiment** and market behavior.



Candlestick charts reveal price momentum by visualizing the range between open and close, with larger candlesticks indicating stronger momentum.



Strategy Design

Description

- Price momentum strategy identifies stocks in the **top 10% for price increases over both the 3-month and 6-month periods.**

Origin

- The article *Momentum Investing* by UCLA Anderson highlights Jegadeesh and Titman's research, which provides **evidence that momentum strategies consistently outperform, as stocks with strong 3–12 month returns deliver monthly above market averages.**

Hypothesis

- If a stock shows strong **price increases in the short term, it is likely to continue** outperforming due to sustained momentum.



Backtesting Parameters

Screening Criteria

Parameter	Description	Stock Universe
Equity Universe	Total Active Equities	547,568 stocks
S&P 500 Index	500 Largest Market Cap	504 stocks
Total Stock Price Increase (3 month)	Top 10% Rank	51 stocks
Total Stock Price Increase (6 month)	Top 10% Rank	5 stocks



Backtesting Structure

Sub-Criteria

Criterion	Description
# of Positions	Hold Top 5-6
Weighting Scheme*	Market Cap Weighted
Testing Period	10-year, 3-year, 1-year
Rebalance Freq.*	Quarterly
Special Considerations	with and w/out NVDA

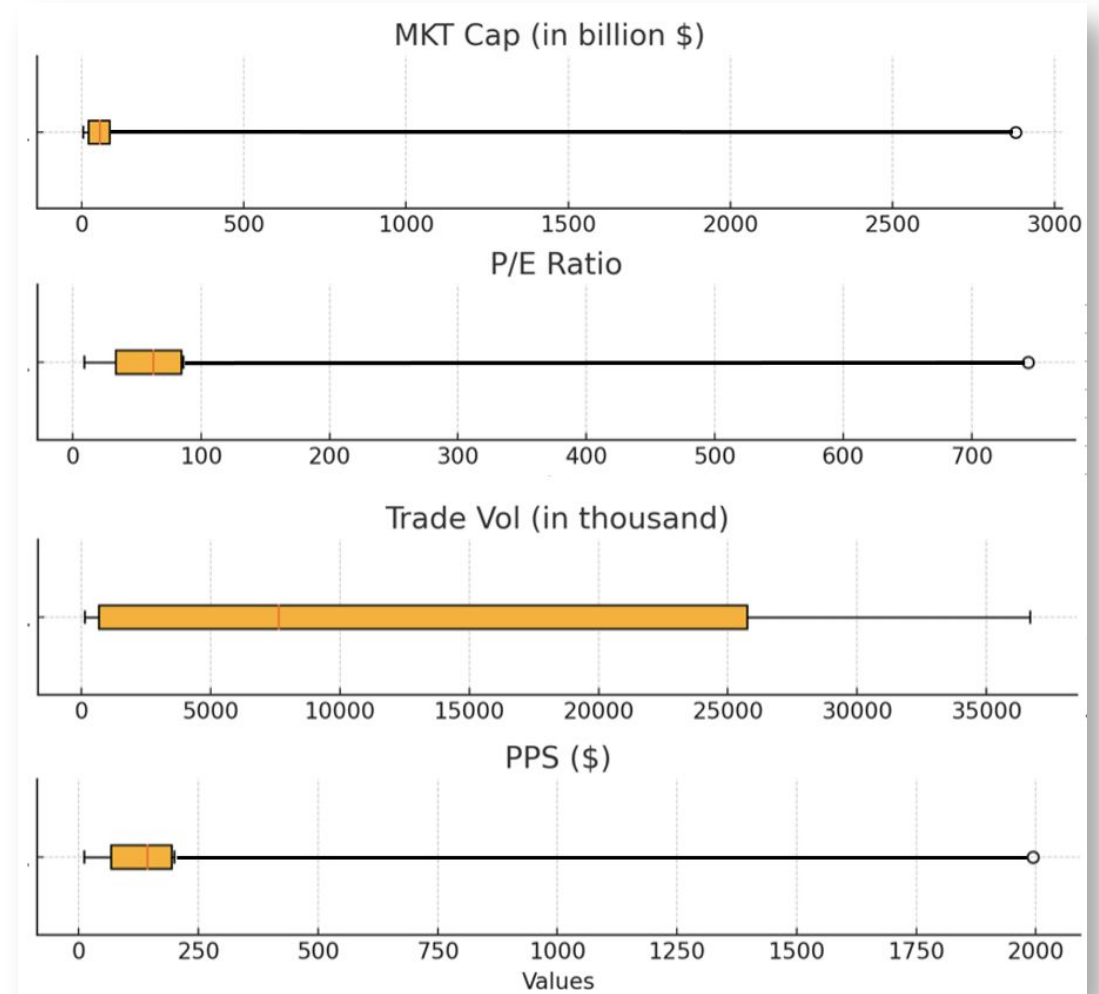


Backtesting Results – Stock Characteristics

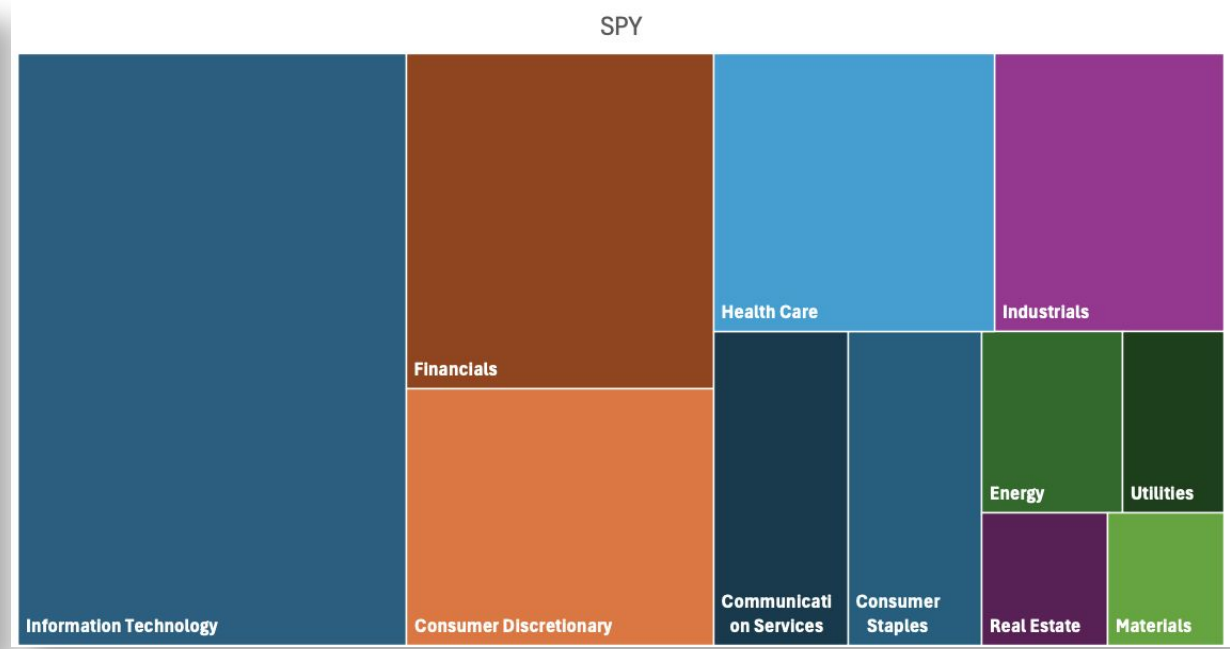
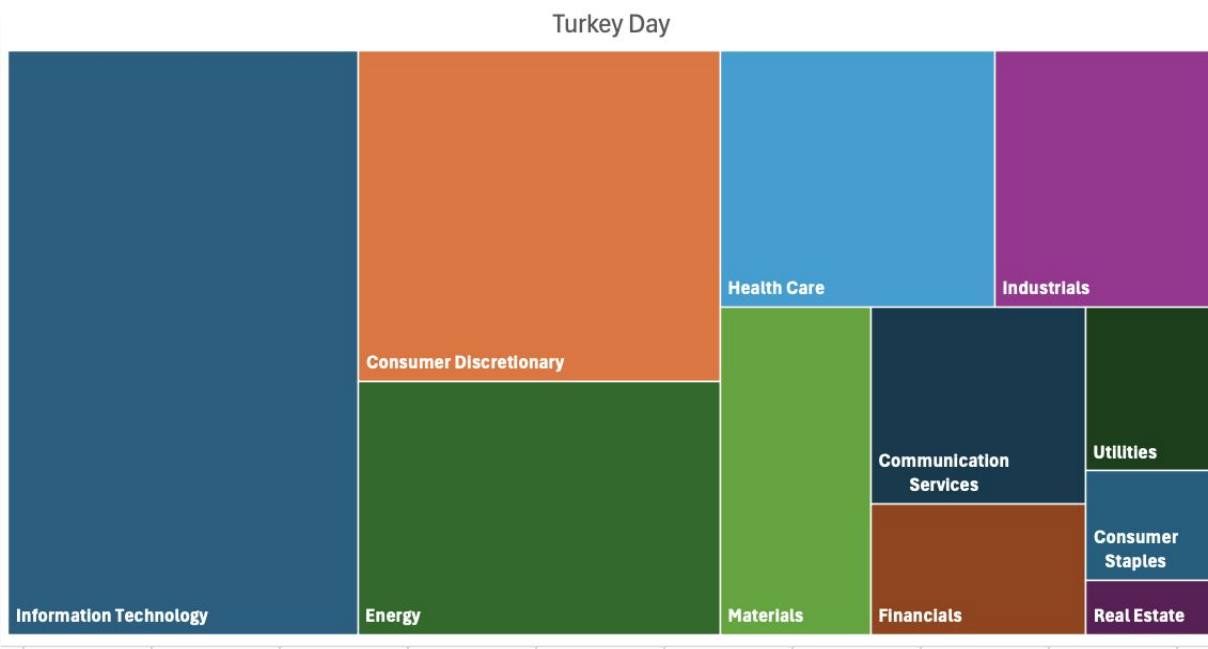
10-Year Analysis	MKT Cap (in billion \$)	P/E Ratio	Trade Vol (in thousand)	PPS
Mean	\$81.9	86.1	13,696.6	\$175.05
Min	\$4.7	9.1	136.8	\$11.26
25%	\$15.8	29.5	396.4	\$52.63
Median	\$29.5	46.0	1,522.9	\$110.65
75%	\$85.5	79.4	29,759.0	\$198.91
Max	\$2,878.7	743.7	36,668.0	\$1,993.11

Over 40 Quarters:

- 225 holdings included 129 different tickers
- 60.5% (78) appeared only once
- 20.9% (27) appeared in consecutive quarters
- 5.4% (7) appeared in more than two quarters
- 82.6% average rebalance turnover



Backtesting Results – Sector Analysis

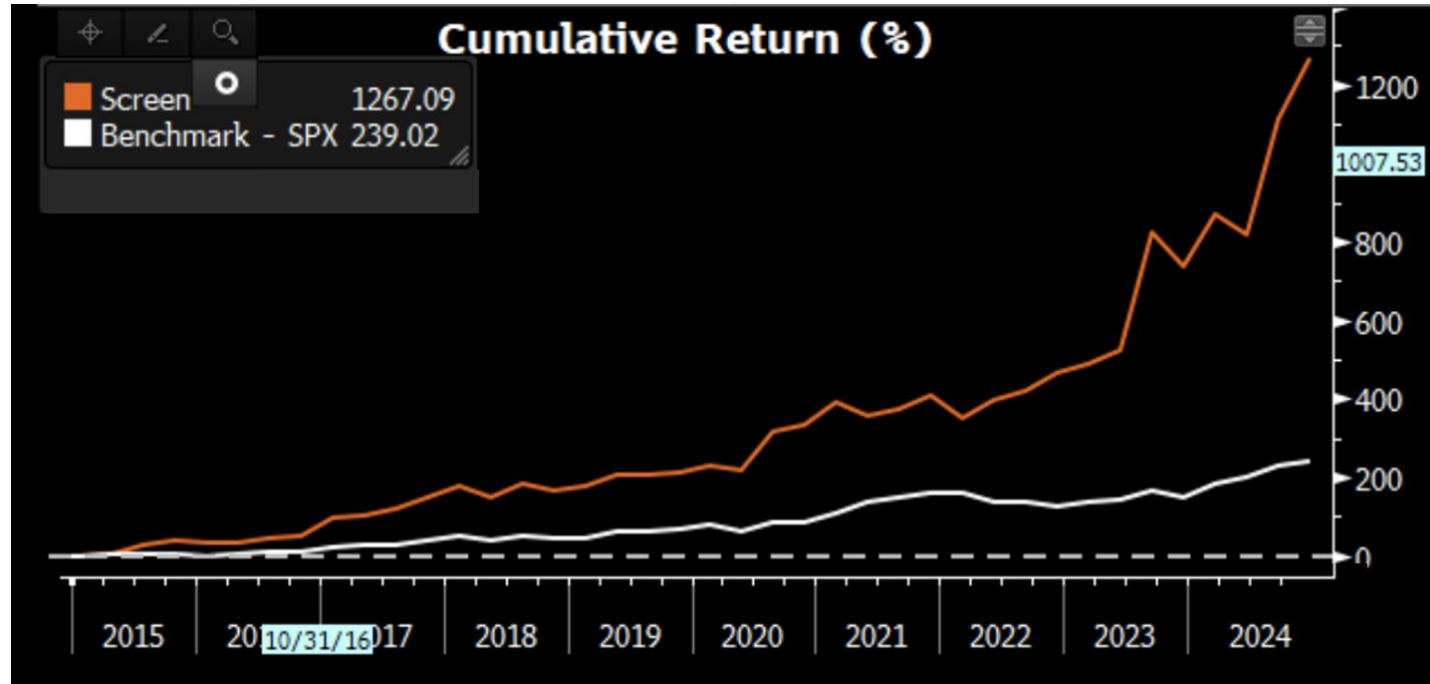


<u>10-Year Analysis</u>	Info. Tech	Cons. Discr.	Energy	Health Care	Industrial	Material	Comm. Services	Financial	Utilities	Cons. Staples	Real Estate
Turkey Day	29%	17%	13%	10%	8%	7%	6%	4%	3%	2%	1%
SPY	31%	11%	3%	11%	9%	2%	6%	14%	2%	6%	2%

The 10-year correlation was 0.61, and YTD correlation is 0.62.



Backtesting Results – Performance

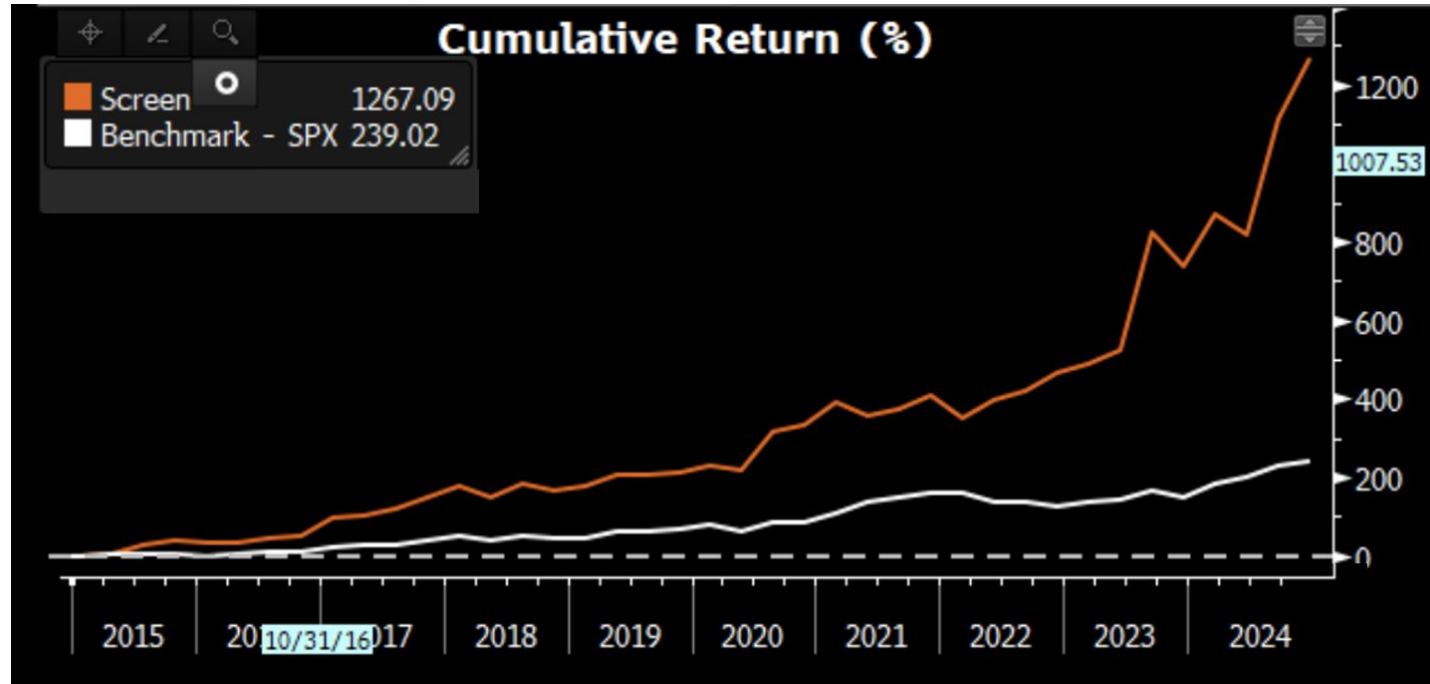


<u>Year</u>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024*	Avg
Turkey	40.9%	5.2%	68.5%	7.0%	17.2%	38.1%	7.4%	11.5%	47.6%	96.3%	34.0%
SPY	1.3%	12.0%	13.6%	-4.3%	31.2%	18.4%	28.9%	-17.6%	26.1%	38.1%	14.7%

2024* TTM



Backtesting Results – Performance



<u>Period</u>	<u>Return</u>	α^*	β^*	σ^*	<u>Max DD*</u>	<u>Sharpe*</u>	<u>Treynor*</u>	<u>Idio. Risk*</u>	<u>Info Ratio*</u>
1yr TD	96.3%	+14.3%	2.31	32.4%	-9.2%	2.83	0.55	0.0%	1.45
1yr SPY	38.1%	-	1.00	17.6%	-8.4%	2.15	0.34	-	-
10yr TD	1,267.1%	+16.5%	1.18	26.1%	-11.1%	1.13	0.33	3.2%	0.71
10yr SPY	239.0%	-	1.00	16.2%	-38.8%	0.76	0.11	-	-



Backtesting Results – 3 Years Performance



<u>Period</u>	Return (C)	Return (A)	α^*	β^*	σ^*	Max DD*	Sharpe*	Correl
3yr TD	169.5%	51.8%	+33.4%	1.26	40.1%	-11.1%	1.17	0.55
3yr SPY	29.7%	15.5%	-	1.00	17.6%	-33.7%	0.36	1.00



Recommended Action Plan - Purchases

Name	Ticker	P/E Ratio	Trading Volume (n thousands)	Market Cap (In billions)	Share Price	# of Shares	\$ Allocated	Weight
Tesla Inc	TSLA	94.3	89,111.0	\$1,107.9	\$345.16	28	\$9,644.48	80.4%
Palantir Tech	PLTR	335.4	69,537.4	\$152.8	\$67.08	20	\$1,341.60	11.1%
Axon Enterprise	AXON	166.7	667.6	\$49.3	\$646.96	1	\$646.96	3.6%
Texas Pacific LA	TPL	82.0	189.8	\$36.8	\$1,600.09	1	\$1,600.09	2.7%
United Airlines	UAL	11.5	7,617.3	\$31.8	\$96.83	3	\$290.49	2.2%
Total							\$13,543.62	100%



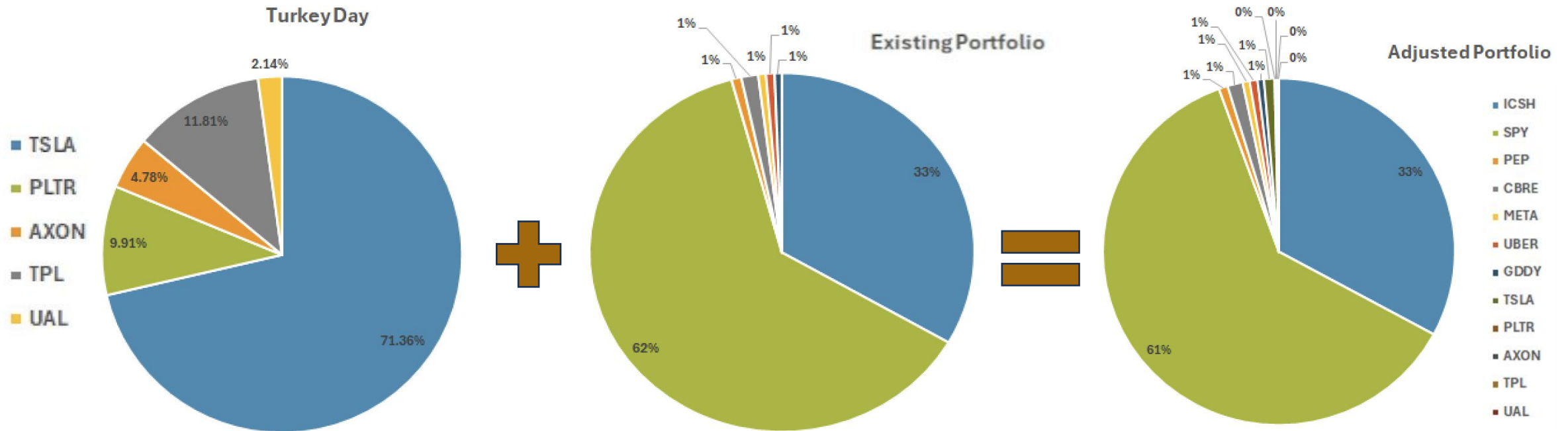
Sell Proposal – Performance Comparison

	SPDR S&P 500 ETF Trust (SPY)	iShares Ultra Short-Term Bond Active ETF (ICSH)	Turkey Day
Date Adopted	11/26/24	11/26/24	TBD
Profile	Large Cap	Fixed-Income	Systematic
% of Overall Fund	63.0%	32.7%	1.2%
\$ Allocated	\$611,588.25	\$317,322.25	\$13,543.62
Return (10 yr)	239.0%	23.1%	1,267.1%
β (10 yr)	1.00	0.05	1.18
σ (10 yr)	16.2%	0.8%	26.1%
Sharpe (10 yr)	0.76	0.63	1.13

Proposal: Sell off \$13,500 of SPY ETF, leave ICSH as is



Effect on the Portfolio



<u>Portfolio</u>	<u>Exp. Return</u>	<u>St. Dev*</u>	<u>Beta*</u>	<u>Sharpe Ratio*</u>	<u>Idio. Risk*</u>	<u>Info. Ratio*</u>
Existing	17.4%	6.3%	0.66	2.10	0.4%	-0.38
Adjusted	18.6%	6.5%	0.69	2.25	0.4%	-0.34

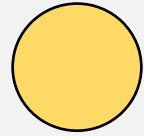


Summary & Recommendation

Strategy Merits

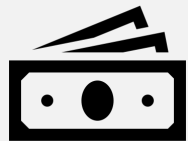


- Performance (Returns, Sharpe, Max DD)



- Idiosyncratic Risk
- Volatility
- Slow Momentum Reaction (Quarterly Rebalancing)

Action Plan



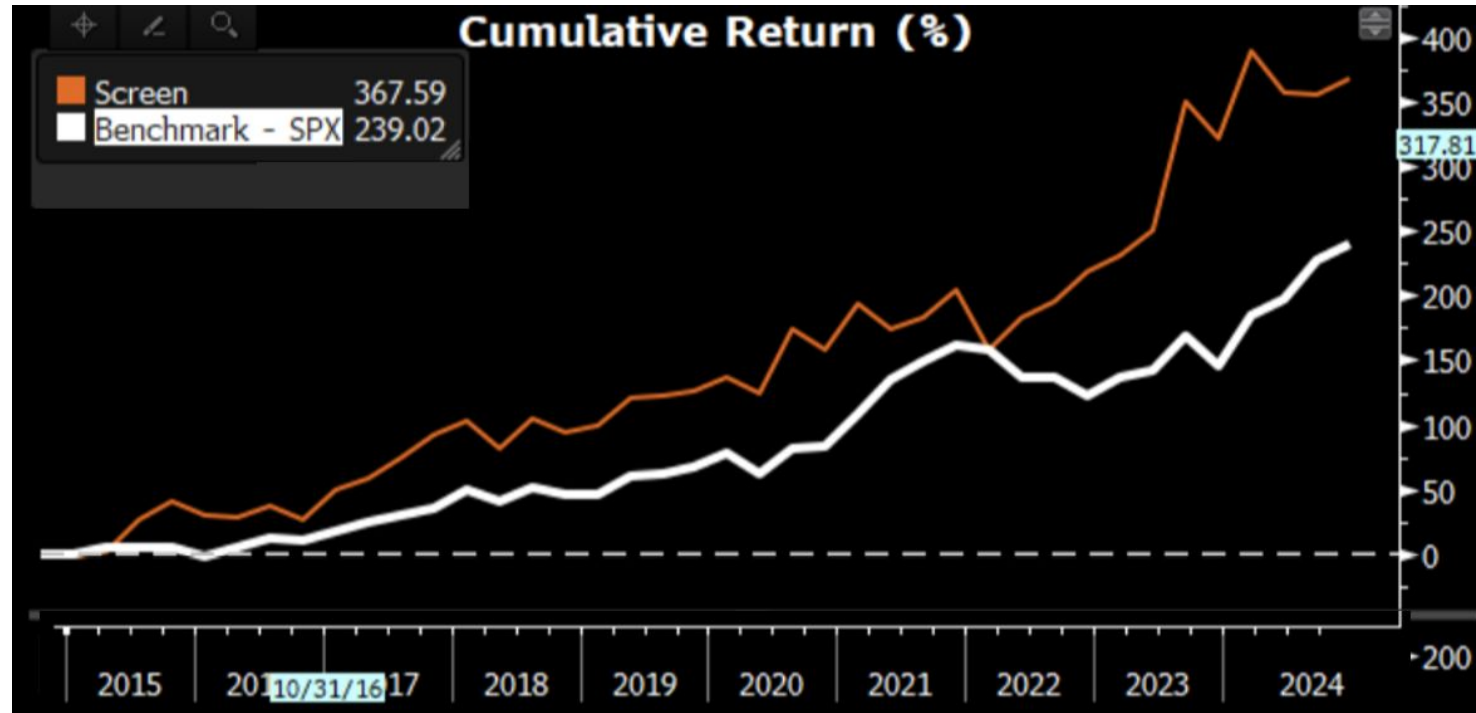
Recommendation: **Invest \$13,500** in Turkey Day Strategy, rebalancing every quarter



Appendix



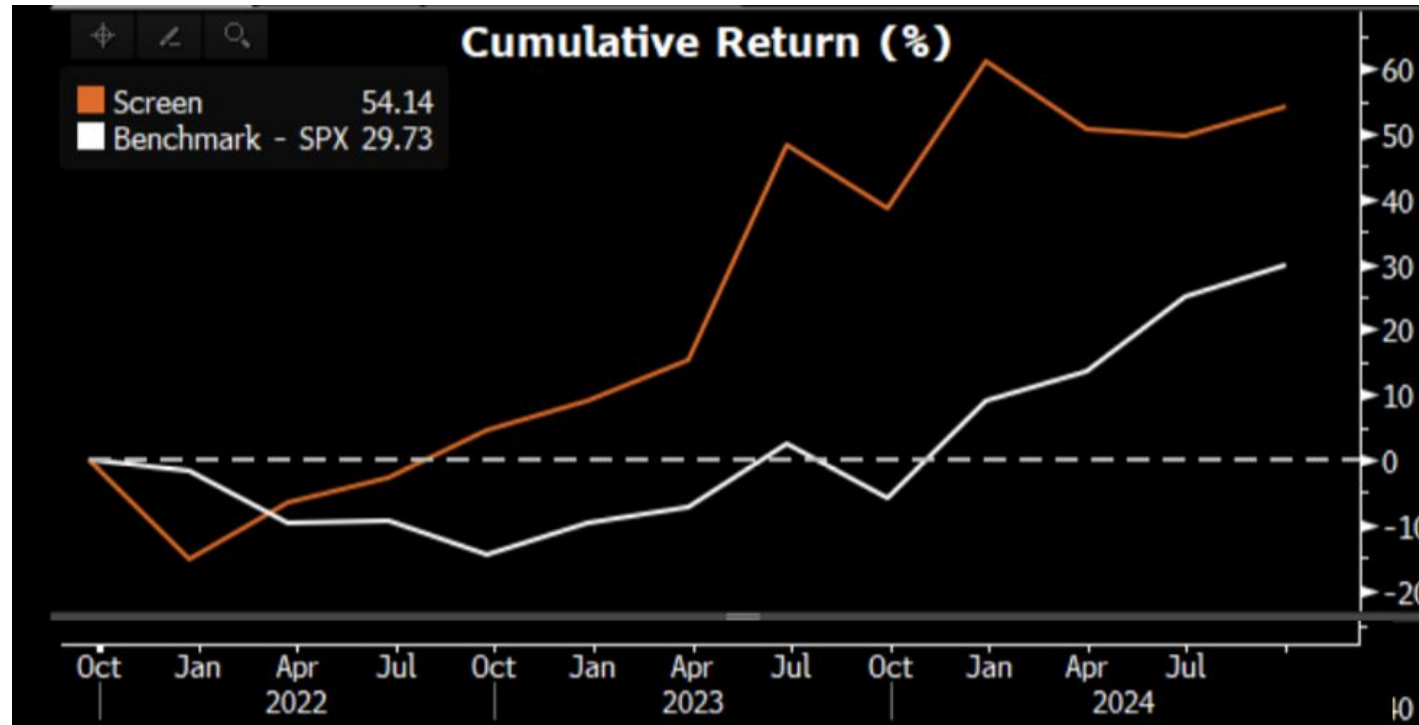
Backtesting – 10 Years Performance w/out NVDA



Period	Return (C)	Return (A)	α^*	β^*	σ^*	Max DD*	Sharpe*	Correl
10yr TD	367.6%	25.6%	+10.0%	1.09	31.8%	-15.3%	0.66	0.61
10yr SPY	239.0%	14.7%	-	1.00	17.6%	-33.7%	0.36	1.00



Backtesting – 3 Years Performance w/out NVDA



<u>Period</u>	Return (C)	Return (A)	α^*	β^*	σ^*	Max DD*	Sharpe*	Correl
3yr TD	54.1%	18.0%	+1.73%	1.07	24.7%	-15.3%	0.54	0.53
3yr SPY	29.7%	15.5%	-	1.00	17.6%	-33.7%	0.36	1.00



Key Terms

Performance Metrics

- **Alpha (α):** Measures a strategy's performance relative to a benchmark. Positive alpha indicates outperformance.
- **Sharpe Ratio:** Risk-adjusted return based on total risk (Return - Risk-Free Rate) / Standard Deviation.
- **Sortino Ratio:** Similar to Sharpe, but only considers downside risk, ignoring positive volatility.
- **Information Ratio:** Measures returns above a benchmark relative to the tracking error.
- **Treynor Ratio:** Risk-adjusted performance based on beta (Return - Risk-Free Rate) / Beta.

Parameters

- **Market Cap:** Total value of a company's shares (Share Price \times Total Shares Outstanding).
- **P/E Ratio:** Price-to-Earnings Ratio. Measures how much investors pay per dollar of earnings.
- **Rebalance:** Adjusting portfolio holdings to match the desired allocation (e.g., quarterly).

Risk Measures

- **Beta (β):** Measures sensitivity to market movements. A beta of 1 means the stock moves with the market.
- **Idiosyncratic Risk:** Risk unique to a specific asset, not due to market movements (e.g., company-specific events).
- **Systematic Risk:** Market-wide risk that affects all securities (e.g., interest rate changes).
- **Standard Deviation (σ):** Measures volatility by showing how much returns deviate from the average.
- **Max Drawdown:** The maximum observed loss from peak to trough during a specific period.
- **SML (Small Minus Large):** Measures the excess return of small-cap stocks over large-cap stocks.
- **HMB (High Minus Low):** Measures the excess return of high book-to-market stocks over low book-to-market stocks.

