

Eurostoxx 50 Long Only Top 10 Strategy

Description

The Eurostoxx 50 Long Only Top 10 Strategy uses an active and systematic investment style based on machine learning algorithms to trade a portfolio of 10 stocks that are expected to beat the market. For each day, cross-sectional forecasts are used to build a raw alpha vector, which is then ranked by model score in order to pick the top 10 stocks in the investment universe and invest 10% of the portfolio on each of them. Rebalancing is carried out daily only if the correlation between desired and actual portfolio weights is lower than a 0.925 threshold. Transaction costs are modeled with an average 5 basis points round-trip spread.

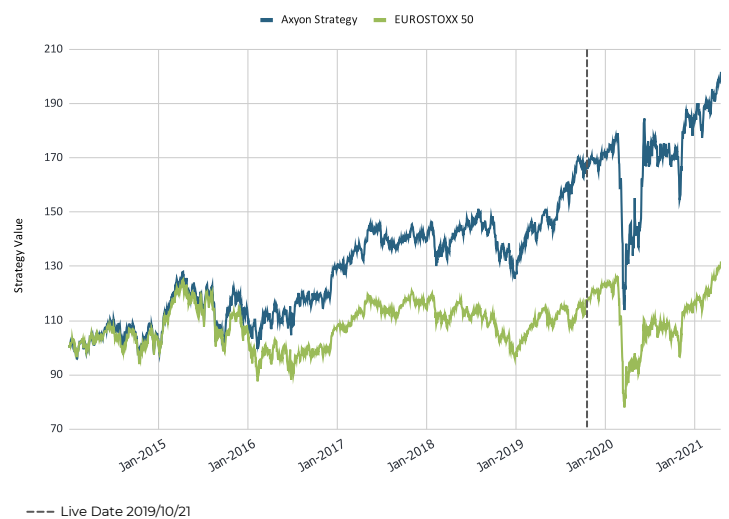
Performance

Returns	2021 YTD	2020	2019	2018	2017	2016	2015
Strategy	9.7%	8.0%	33.5%	-8.3%	7.9%	13.6%	9.6%
Benchmark	13.5%	-5.1%	24.8%	-14.3%	6.5%	0.7%	3.9%

Strategy Metrics

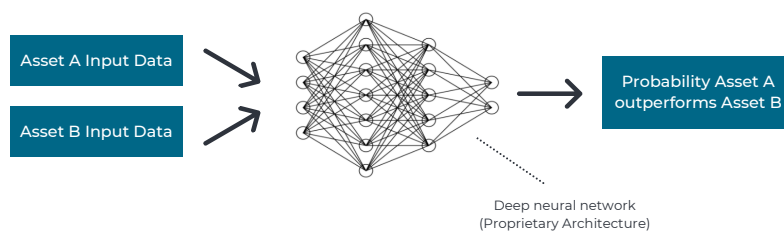
Starting Portfolio	\$ 10M	Sharpe Ratio	0.56
Final Portfolio	\$ 20.2M	Calmar Ratio	0.27
CAGR	9.9%	Sortino Ratio	0.79
Annual Vol	20.5%	Max Drawdown	-36.4%

Strategy Performance



Model Development

A machine learning model (deep neural network) is trained to predict the probability that any given asset A outperforms another asset B over a given time horizon. The model is trained on historical data of target assets and context indicators. The output of the model is used to rank all the assets in the investment universe.



Development Steps

- A large number of candidate models is trained in an asset-agnostic supervised learning framework
- Hyperparameter optimization and input data selection is performed automatically using Genetic Algorithms
- An optimal ensemble of predictors is selected and used to produce test (out-of-sample) predictions

Traded Instruments

The Eurostoxx 50 Long Only Top 10 Strategy trades large cap stocks that belong to the **EUROSTOXX 50 Index**.

Contacts

Francesca Campanelli (Chief Commercial Officer): francesca.campanelli@axyon.ai

Website: <https://www.axyon.ai/>

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