CLASS TALK #1: WILL THE ANOMALIES BE PERSISTENT INTO THE FUTURE?

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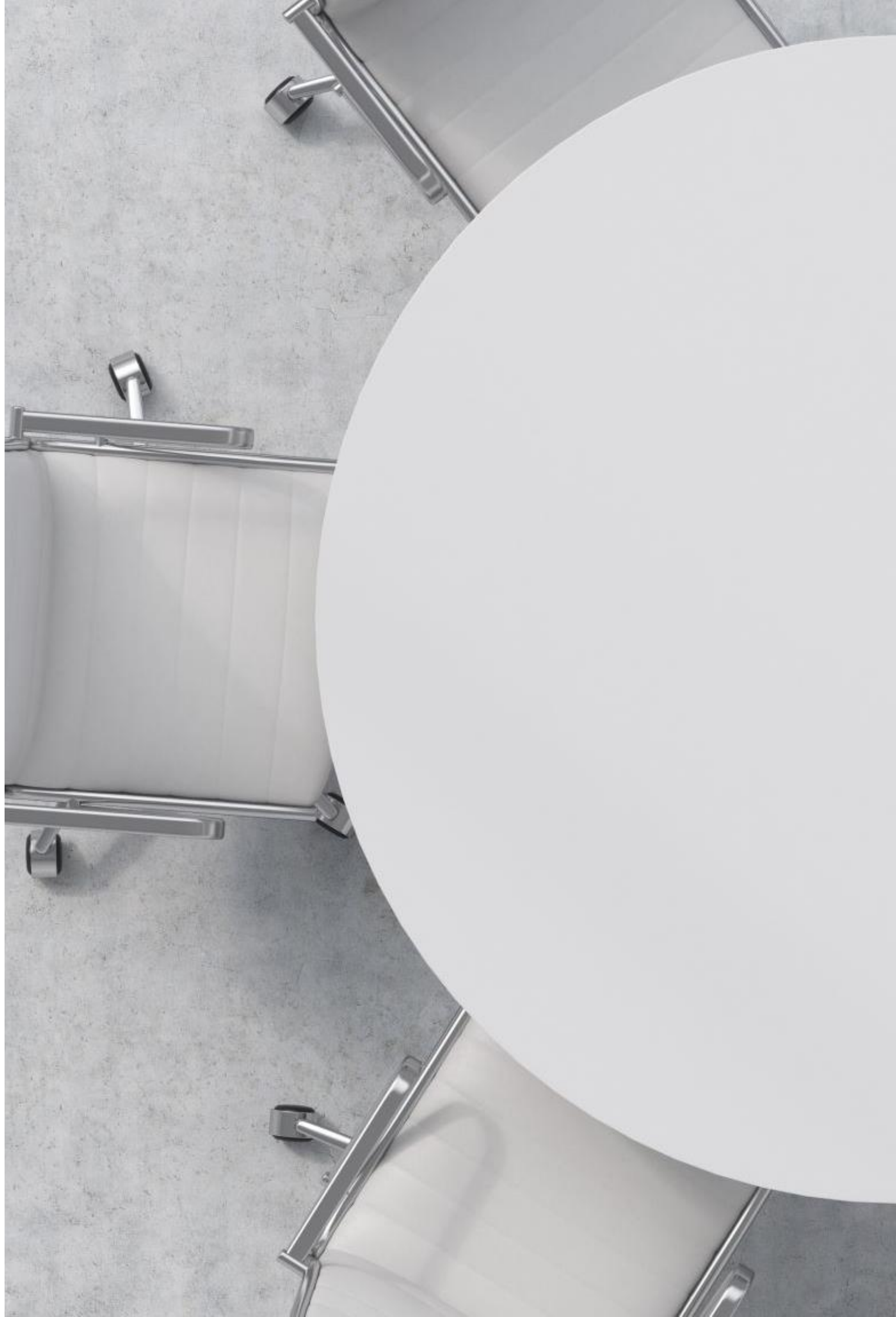

Single Stock Futures: Introduction

- Single stock futures (SSFs) are contracts between two investors. The buyer promises to pay a specified price for 100 shares of a single stock at a predetermined future point. The seller promises to deliver the stock at the specified price on the specified future date.
- The contract terms call for stock delivery by the seller at a specified future time. However, most contracts are not held to expiration. The contracts are standardized, making them highly liquid. To get out of an open long (buying) position, the investor simply takes an offsetting short position (sells). Conversely, if an investor has sold (short) a contract and wishes to close it out, he or she buys (goes long) the offsetting contract.
- When an investor has a long margin account in stock, he or she is borrowing part of the money to buy stock, using the stock as collateral. In an SSF contract, the margin deposit is more of a good faith deposit, which the brokerage firm holds toward the contract settlement. The margin requirement in an SSF applies to both buyers and sellers.

https://www.investopedia.com/articles/optioninvestor/06/singlestockfutures.asp

Single Stock Futures: Introduction

- Suppose the margin requirement is 20%, consider the following example.
- Example - Suppose an investor is bullish on stock Y and goes long one September SSF contract on stock Y at $30. At some point in the near future, stock Y is trading at $36. At that point, the investor sells the contract at $36 to offset the open long position and makes a $600 gross profit on the position.
- The investor's initial margin requirement was only $600 ($30 x 100 = $3,000 x 20% = $600). This investor had a 100% return on the margin deposit. This dramatically illustrates the leverage power of trading SSFs. Of course, had the market moved in the opposite direction, the investor easily could have experienced losses exceeding the margin deposit.
- For SSF in Thailand, see https://www.tfex.co.th/en/products/stock-spec.html

https://www.investopedia.com/articles/optioninvestor/06/singlestockfutures.asp

What is a Robo-Advisor?

- Robo-advisors are digital platforms that provide automated, algorithm-driven financial planning services with little to no human supervision.
- Robo-advisors most often automate and optimize passive indexing strategies that follow mean-variance optimization.
- Robo-advisors are often very inexpensive and require very low opening balances so that nearly everybody can benefit from a robo-advisor if they choose.
- After a decade of development, robo-advisors are now capable of handling much more sophisticated tasks, such as tax-loss harvesting, investment selection, and retirement planning. The industry has experienced explosive growth as a result; client assets managed by robo-advisors hit $60 billion at year-end 2015 and is projected to reach US$2 trillion by 2020 and $7 trillion worldwide by 2025.
- Other common designations for robo-advisors include "automated investment advisor," "automated investment management" and "digital advice platforms." …

https://www.investopedia.com/terms/r/roboadvisor-roboadviser.asp

Will the anomalies be persistent into the future?

- A retail investor can trade in big amount with the help of financial derivatives.
- AI and robot can learn quickly from our own experience.
- The world has employed Robo-advisor for a while, and most anomalies persist.
- However,
  - Will the anomalies be persistent into the future?
  - Can we still expect an excess return from investing in stock markets?
  - Can we still employ trading strategies, such as high minus low, betting-against-beta, or up minus down, in the future?