

【Top 33 HK】 Annual Report ——2018

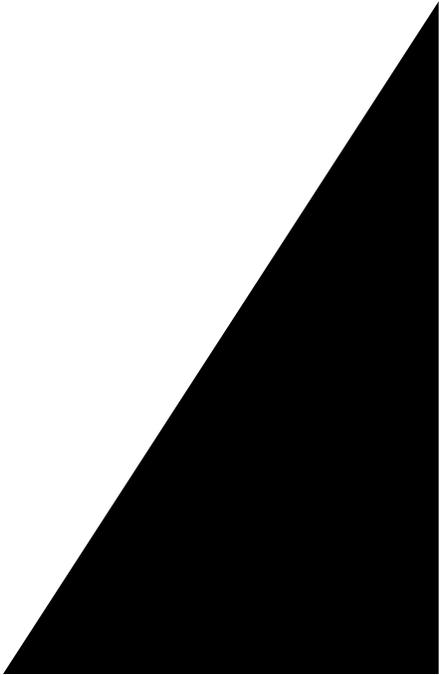
MARKETSMITH INCORPORATED



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Introduction to Top 33 HK

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Top 33 HK

C

Current Earnings

Stocks with big earnings in their latest reported period. Growths of at least 25% is a good start point.

A

Annual Earnings

Annual earnings growth of at least 25% for each of the last 3 years.

N

New Factor

New products, new services, new leaderships, new price high or a new condition in the industry.

S

Supply & Demand

Strong demand for a limited supply of available shares will push a stock price up.

L

Leader vs. Laggard

Best earnings growth, strong sales, superior price performance and in LEADING industry groups.

I

Institutional Sponsorship

Holdings of mutual fund, banks and other professional investors, which are key players to drive the market.

M

Market Condition

75% stocks follow the market's trend. So trade in sync with the market.

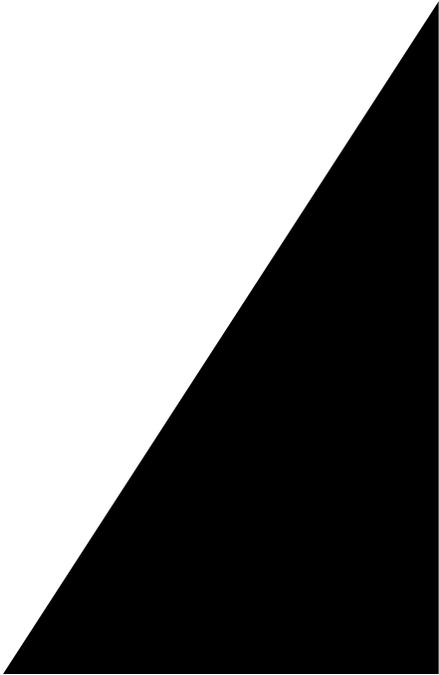


Pick up top 33 stocks based on the CAN SLIM investment system created by the famous investment master, William J. O'Neil. Every stock is a high-quality stock with strong growth potential.

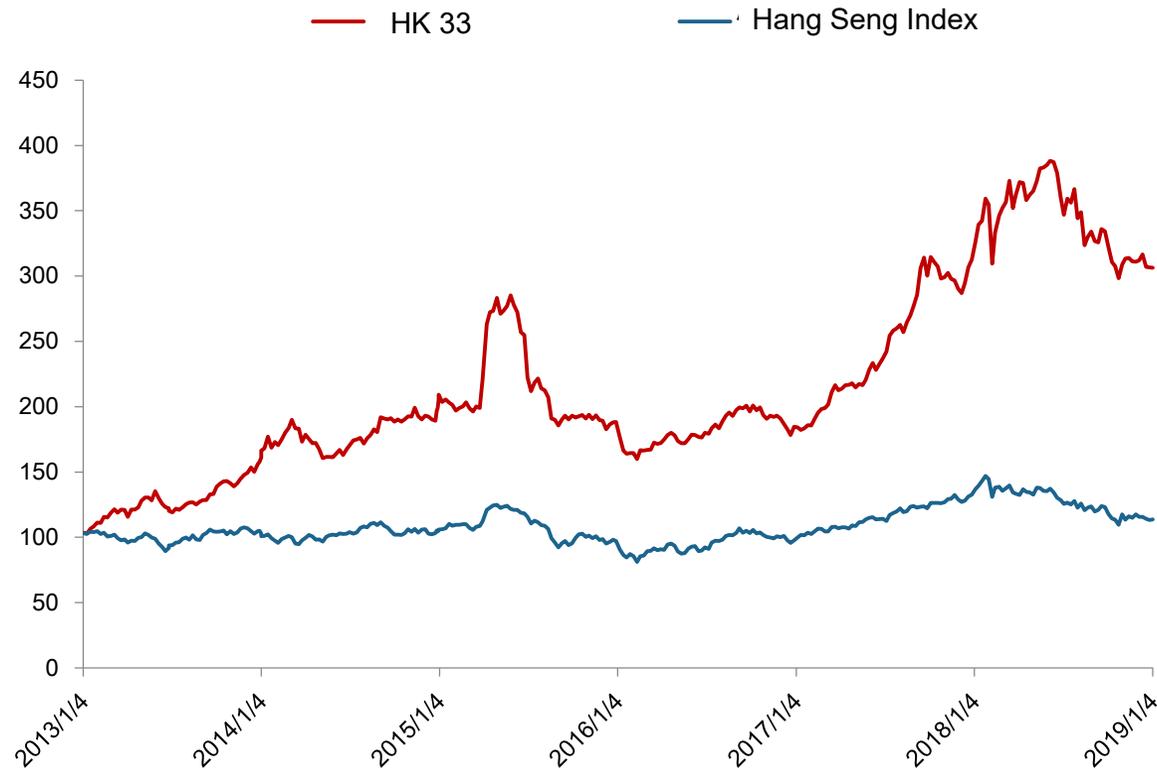
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Historical Returns: 2013-2018

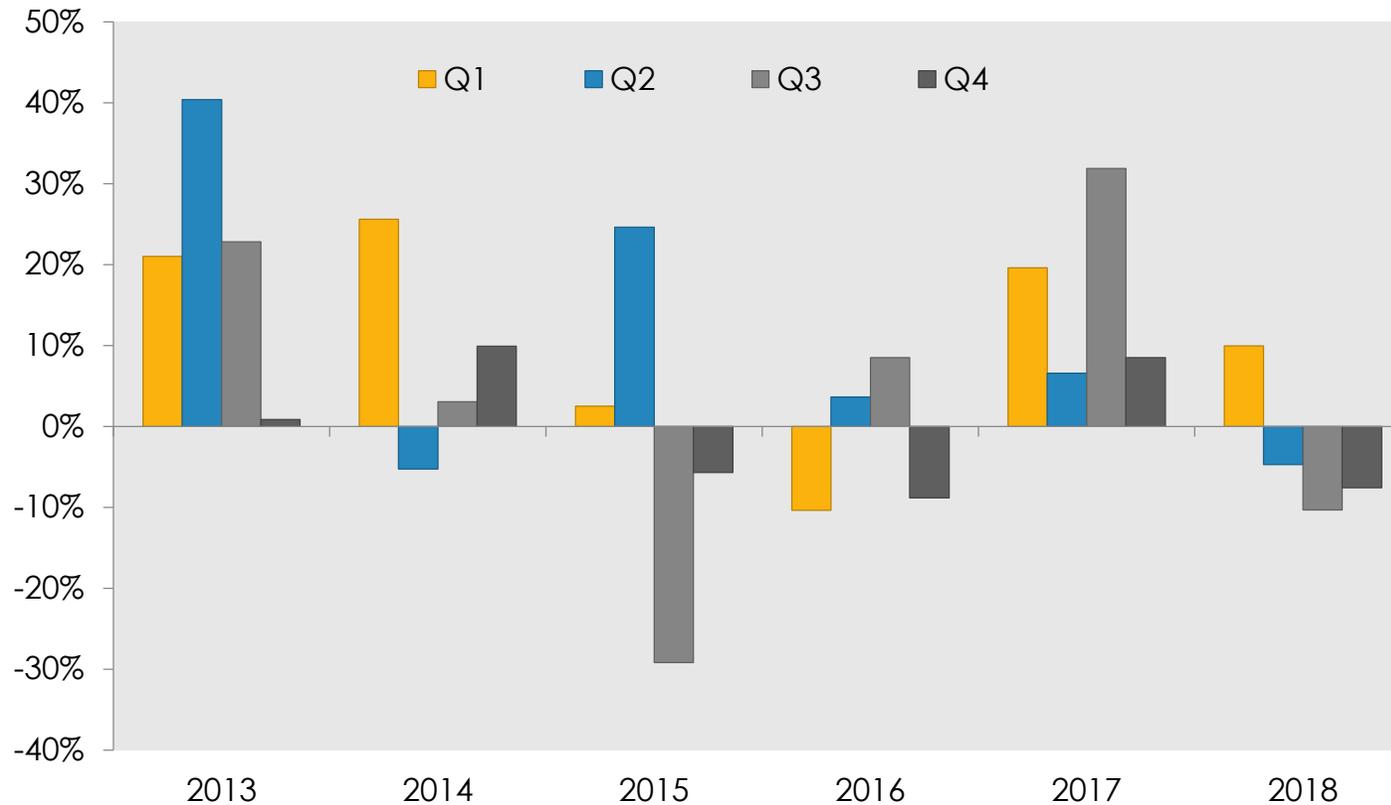
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Historical Annual Returns: 2013-2018



- 01 Absolute return**
Top 33 (HK): 206% vs. Hang Seng Index(HSI): 14%
- 02 Relative return**
Outperforming HSI for 5 out of 6 years, with year 2016 excluded.
- 03 Win-rate (winning weeks %)**
188 winning weeks in the past 6 years, with a win-rate of 59%.
- 04 Largest weekly gain**
Largest weekly gain of 19%.
- 05 Annualized return**
Top 33 (HK): 20% vs. HSI: 2%

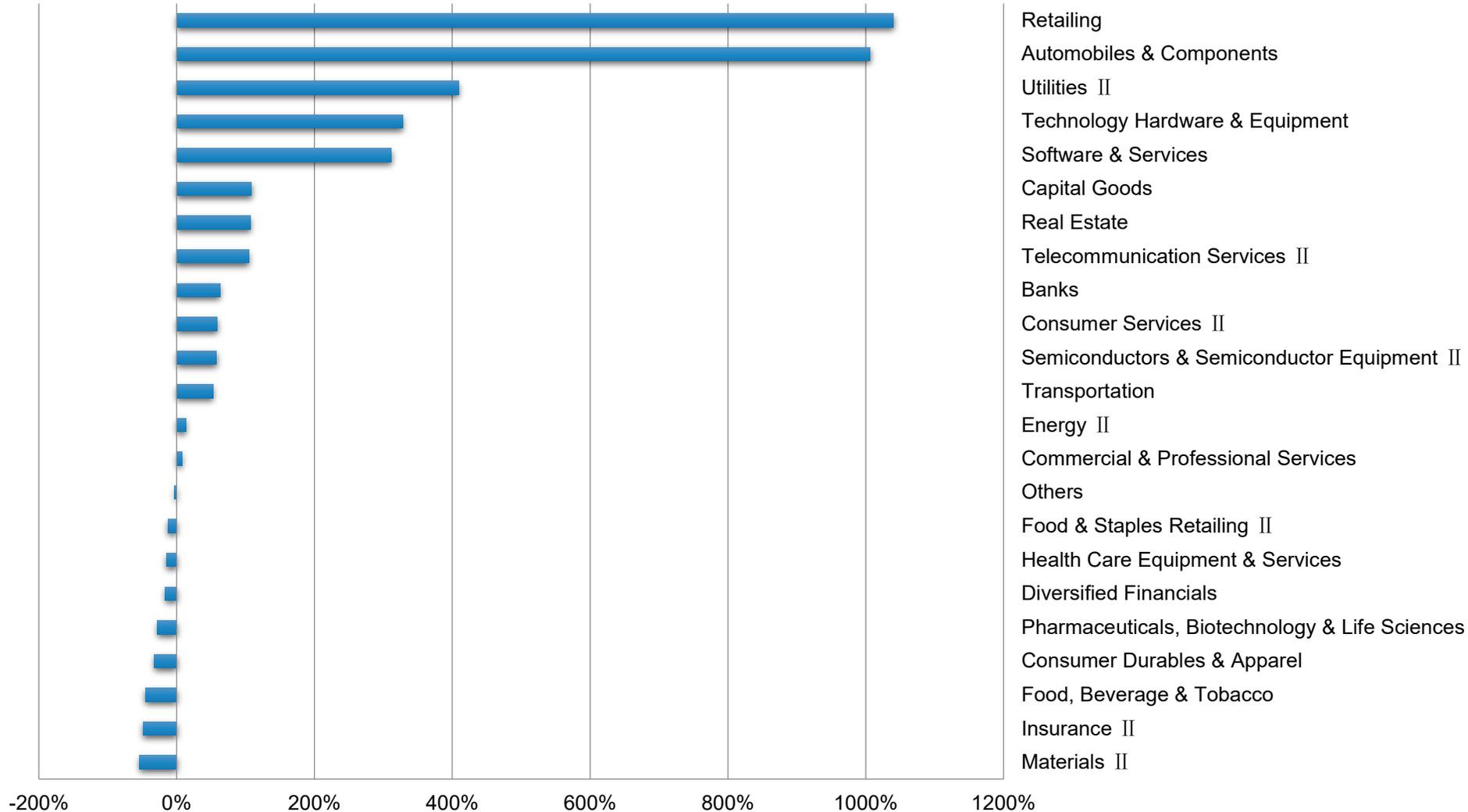
Historical Quarterly Returns: 2013-2018



16 gaining quarters with 6 quarters of +20% gains

8 losing quarters with Q3, **quarterly win-rate of 66.7%.**

Performance Attribution (by Wind Industry Classification Standard): 2013-2018

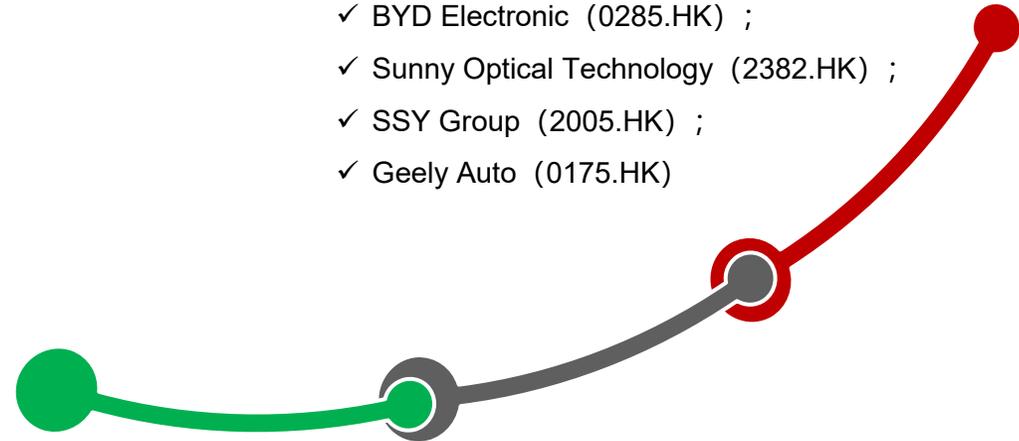


Performance Attribution (by stocks):2013-2018

- 1,135 trades over 432 stocks
- Average holding period: 25.61 days
- Top gainers:

Gainers

- ✓ Tencent Holdings (0700.HK) ;
- ✓ BYD Electronic (0285.HK) ;
- ✓ Sunny Optical Technology (2382.HK) ;
- ✓ SSY Group (2005.HK) ;
- ✓ Geely Auto (0175.HK)

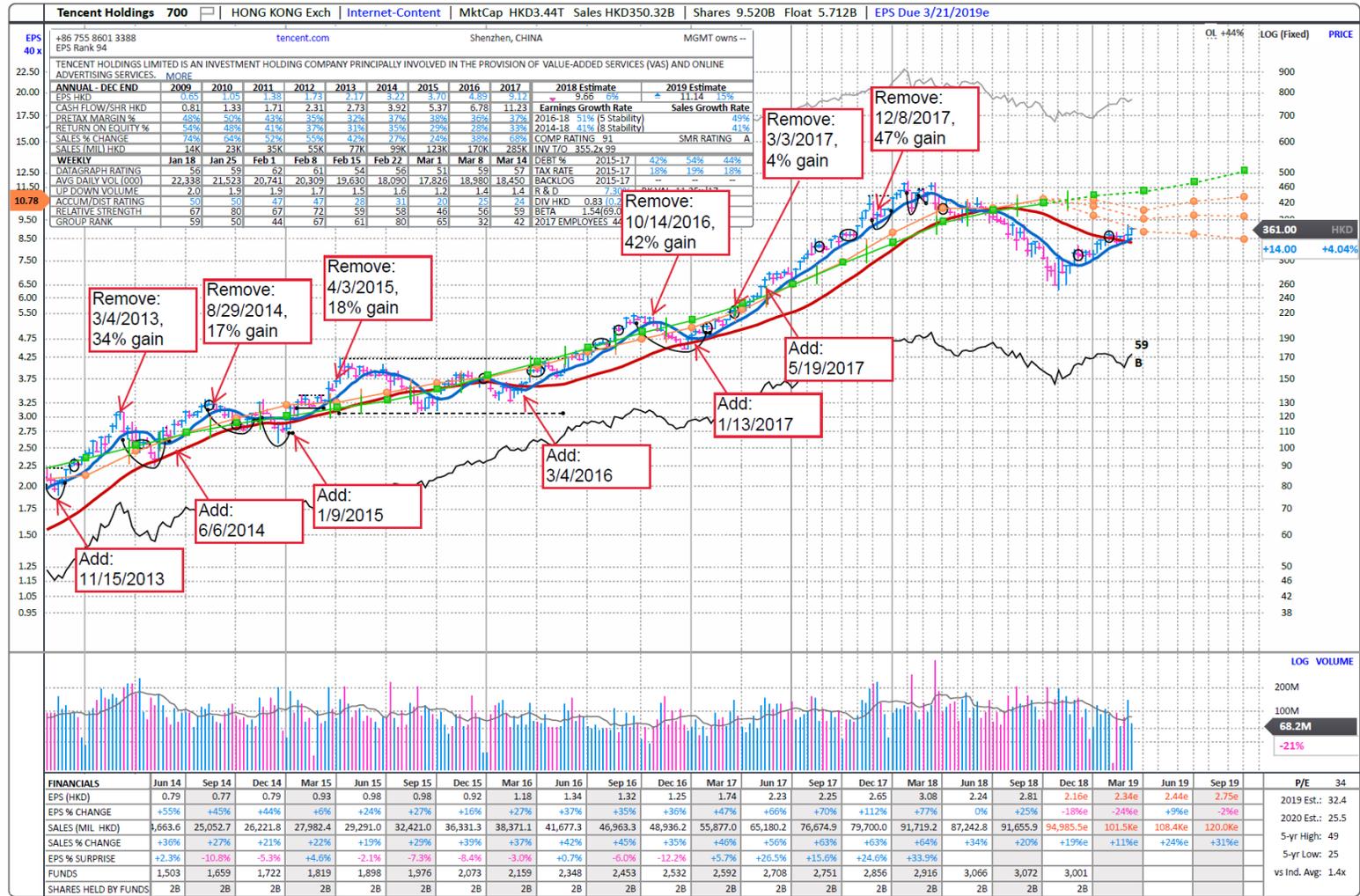


Losers

- 1,377 trades over 517 stocks
- Average holding period:13.72 days



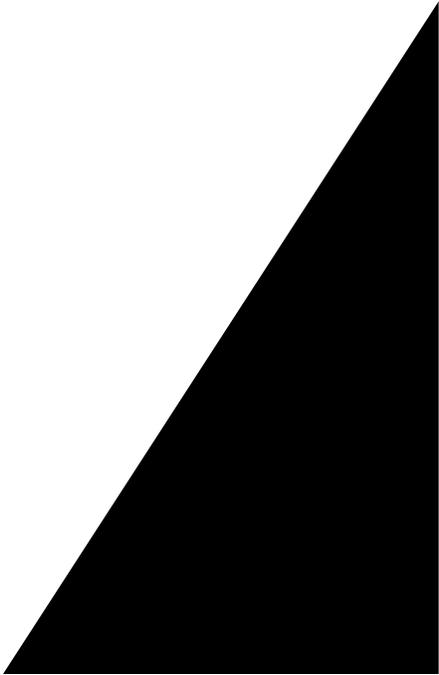
Individual Stock – Tencent Holdings: 2013-2018



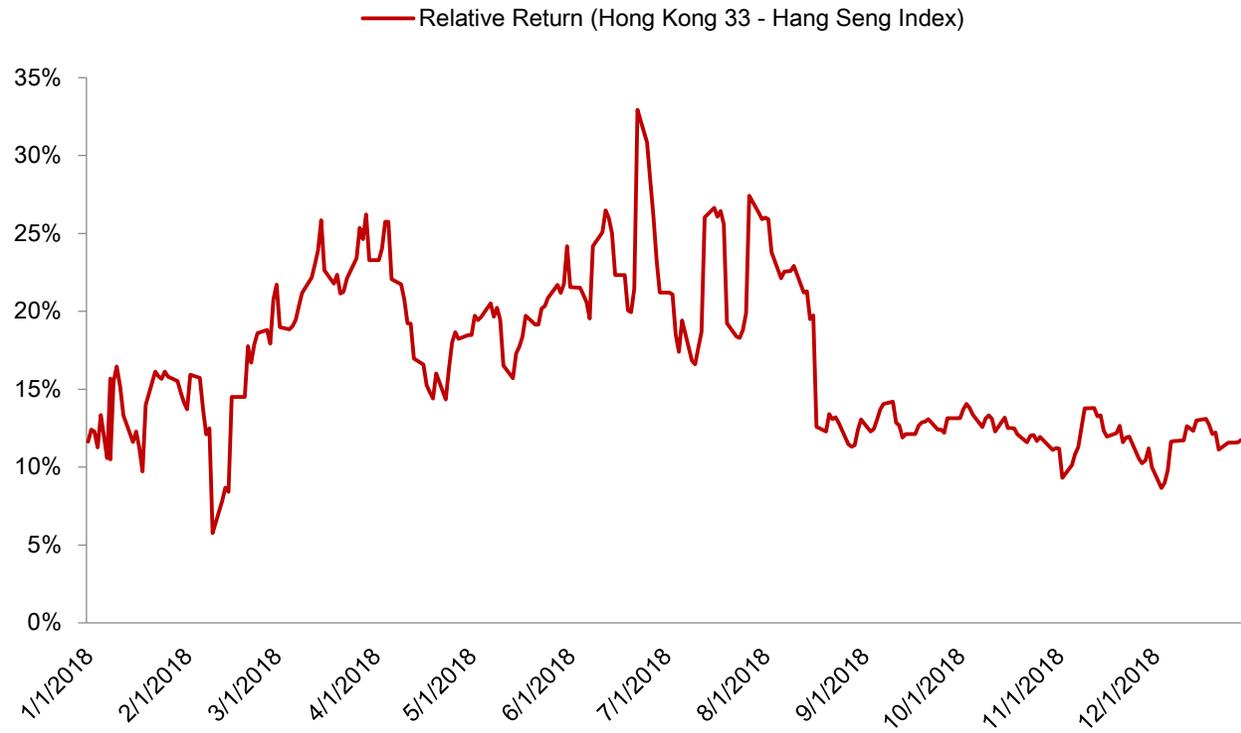
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Performance Analysis: 2018

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Portfolio Performance: 2018



- Relative return: 11.63%
- Beta: 1.20
- Sharpe: -0.16
- Win-rate (wining days %): 47%
- Longest period of uninterrupted gains : 6 days

Gains/Losses

	Jan-Jun 2018	Jun-Dec 2018	Jan-Dec 2018
Total return	15.44%	-17.06%	-4.25%
Relative total return	21.21%	-6.32%	11.63%
Largest gain	26.25%	11.04%	26.25%
Annualized return	34.50%	-31.01%	-4.30%
Average annualized excess return	48.72%	-12.16%	11.77%
Downside risk	29.40%	23.76%	26.62%
Annualized volatility	43.04%	29.07%	36.78%
Tracking error	4.55%	3.01%	3.86%
Correlation coefficient	0.65	0.63	0.65
Alpha	50.25%	-10.84%	15.02%
Beta	1.37	1	1.2
Sharpe	0.77	-1.12	-0.16
Treynor	24.14%	-32.52%	-4.82%
Jensen	50.80%	-10.84%	15.33%
R2	0.42	0.4	0.42
Semi-variance	0.007	0.0081	0.0151
Sortino	1.12	-1.37	-0.22

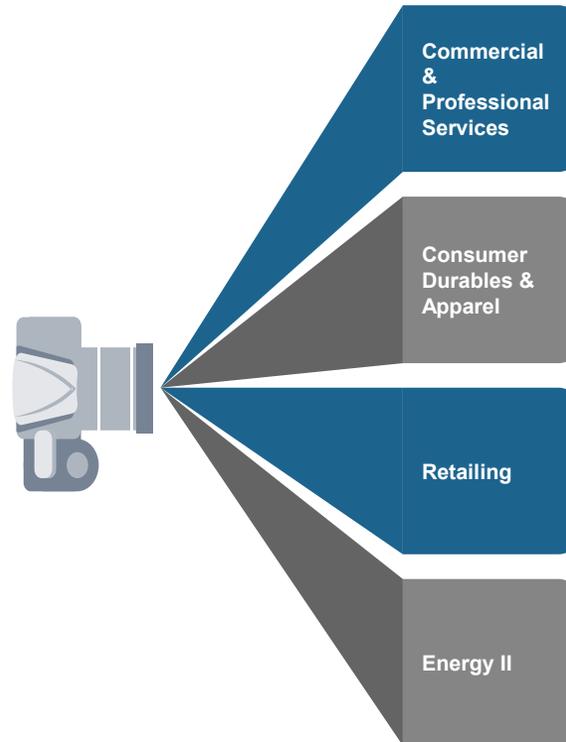


【Top 33 (HK)】 lost 4.25% in 2018, yet with a 11.63% relative return against Hang Seng Index(HSI).

In H1, the portfolio outperformed the HSI with a 21% relative return, making a 15% gain by seizing every opportunity when the market was in an uptrend.

In H2, the portfolio underperformed the HSI when the index itself was also trending down.

Performance Attribution (by industry)



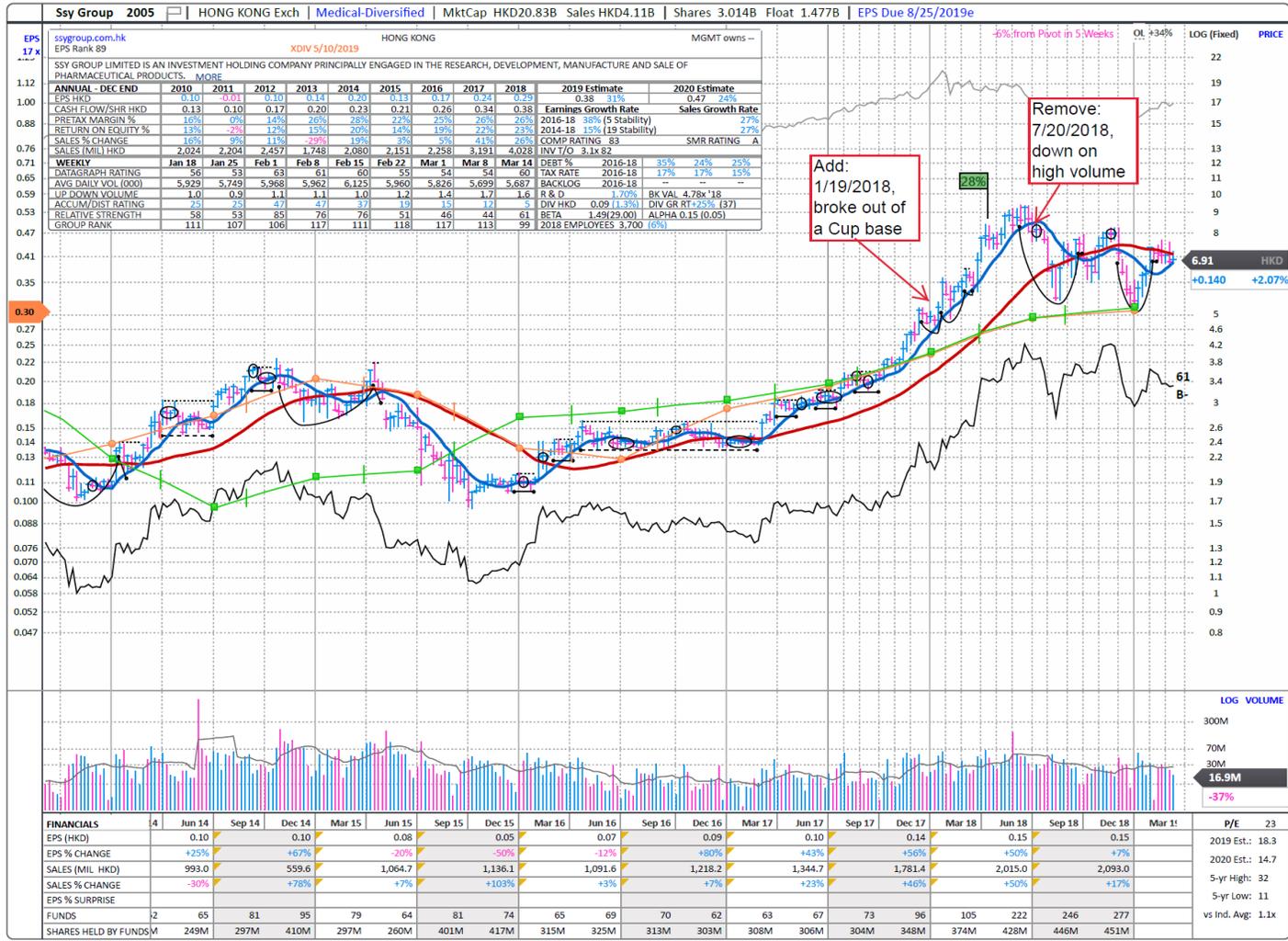
Symbol	Name	Return
1360.HK	MEGAEXPO HLDG	29.97%
1884.HK	EPRINT Group	15.95%
3306.HK	JNBY Design	31.05%
3998.HK	Bosideng International	46.42%
2331.HK	Li Ning	16.86%
1169.HK	Haier Electronics	16.81%
1212.HK	Lifestyle International	25.90%
0881.HK	Zhongsheng Group	25.18%
1268.HK	China Meidong Auto	14.27%
1088.HK	China Shenhua Energy	18.77%
0467.HK	United Energy Group	7.99%

Performance Attribution (by stocks)

Top20			
Symbol	Name	Industry	Return
2005.HK	SSY Group	Medical-Diversified	68.83%
3998.HK	Bosideng International Holdings	Retail-Apparel/Shoes/Acc	46.42%
0743.HK	Asia Cement Corporation	Bldg-Constr Prds/Misc	40.39%
3306.HK	JNBY Design	Apparel-Clothing Mfg	31.05%
1233.HK	Times China Hold	Bldg-Resident/Comml	30.64%
1061.HK	Essex Bio-Tech	Medical-Biomed/Biotech	30.50%
0189.HK	Dongyue Group	Chemicals-Specialty	30.14%
0054.HK	Hopewell Holdings	Real Estate Dvlpmt/Ops	30.06%
1360.HK	MEGAEXPO HLDG	Leisure-Services	29.97%
6830.HK	Huazhong In-Vehicle Holdings	Auto/Truck-Original Eqp	27.77%
0586.HK	Conch Venture	Medical-Biomed/Biotech	27.76%
1600.HK	China Tian Lun Gas Hlds	Finance-Invest Bnk/Bkrs	26.92%
1177.HK	Sino Biopharm	Medical-Diversified	26.41%
1212.HK	Lifestyle Int'l	Retail-Department Stores	25.90%
0881.HK	Zhongsheng Group	Retail/Whlsle-Automobile	25.18%
2662.HK	Camsing Int'l	Elec-Semiconductor Mfg	21.04%
1088.HK	China Shenhua Energy	Energy-Coal	18.77%
0819.HK	Tianneg Power	Electrical-Power/Equipmt	18.06%
2588.HK	BOC Aviation	Comml Svcs-Leasing	18.02%
1572.HK	China Art Financial Holdings	Financial Svcs-Specialty	17.86%



Individual Stock – Ssy Group: 68% gain in 2018



PANARAY® 2019 WILLIAM O'NEIL + CO. INC. Ssy Group (LUU.HK) Weekly as of Fri, March 15, 2019

Disclaimer

Performance results do not represent actual trading and may not reflect the impact that material economic and market factors might have had on the investment decision-making process if actually managing client money. The Performance is theoretical, assuming all the money are fully invested in the portfolio all the time without any control to positions. The performance does not include transaction or market impact costs. Past performance is not necessarily an indication of future performance. Percent gains and losses are calculated on an equal-weighted base for all shares on the “Hong Kong 33” list at the end of the week.

August 09, 2016
United States

Thanks for your time.

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