

JUNIOR TRADER 2023/24 COMPETITION RULES

Scenario: Your client is a 55 year old employed couple, parents of graduates with a £1m pension and ISAs to invest. They have no income requirements and are looking to maximise their investments before retirement at 60. Their attitude towards risk is “medium to low” but they expect you to always beat the market average. They have no ethical, religious or political investment philosophies that you must follow.

Teams of 3 or 4 traders must be uniquely named after global financial institutions e.g. Goldman Sachs etc along with your school name e.g. “AGGS Goldman Sachs”. [Please can teaching staff ensure team names are not repeated].

The Dealing Platform is available at www.bayfield-capital.com where you will find the Junior Trader Section. You will need your school’s unique password to enter the Dealing Room.

The **first** dealing day for 2023 is Friday 15th December at the market close, 4.30pm, when you will buy your positions. Trades may be placed any time up to the closing bell on or before the dealing day via the platform by clicking SUBMITTING TRADE after making your selections, which may only be done **once**.

The first trade submission is your only submission – there is no undoing a trade.

Students must choose a security from EVERY drop-down menu on the platform.

There is a retail stock from the different types of retailer, an index, a commodity and a currency to allocate within your portfolio, as a balanced pension fund would. Allocations to each investment are mandatory, and range from 10-25%. There is also a cash holding option for the more cautious investors which bears interest.

Investment allocation must always add up to 100% and from every sector, index or security. Any error in this above or below 100% will be posted to your team’s *error account* and forfeited.

Students must try and either balance their portfolio defensively, or position it up to take advantage of whatever thematic investment trend is expected by the team to be later explained in an investment report to the client

Themes might be *Inflation, War/unrest, Supply Chain, Cost pressure, Consumer Trends, Bull/Bear market etc.* Political themes are best avoided as cannot be predicted by a market.

The second dealing day is Tuesday 16th January 2023 when all students' investments will be automatically liquidated.

The trading results will be published a week later.

In order to complete the competition, and gain your individual certificate of attendance, each team member must contribute to a team investment report to be delivered within a fortnight of the results being published. The report should be at least 4 pages in length, and may include graphical or tabular insertions. The report should explain the team's thematic approach to its investment allocation, its investment allocation within each subsector, and a review of its own performance. Lengthier submissions are not discouraged, but reports are expected to be concise.

The report should be signed off by all team members who contribute to it, thus any team member absenting from contributing to the report may not receive a certificate of attendance.

The top three teams based on a 50/50 assessment of the investment report and peer relative trading performance, and **every** other team who outperform my own selection, will receive commendations.

Teams should concisely demonstrate in their report to the client:

- Sensitivity to the client's investment needs
- Insight into current financial affairs that have been moving markets.
- Their reasoning behind portfolio goals (defensive, preservation, inflation, hedging)
- Their weighting between different types of retailers
- Selection of retailer in between categories
- Reasoning behind selection of index and commodity choices

Supporting evidence behind reasoning could include analyst opinion, trading statements from the retailers, UK Inflation or Retail Sales Data and other public sources.

Resources:

[IG Index Introduction to trading](#)

[Chartered Institute of Securities and Investment Jargon Buster](#)