



BACHELOR'S THESIS REVIEWER'S REPORT

Student's name: Dmitrii Khusnutdinov

Bachelor's Thesis Reviewer (BT): Ing. Lubor Homolka, Ph.D.

BT topic: Developing Your Own Strategy for Trading Digital Assets

Acad. year: 2023/2024

Notes on completing the report:

1. A - fulfilled very well with no remarks, B - fulfilled very well with minor remarks, C - fulfilled at an average level, D - fulfilled with deficiencies, E - fulfilled but with significant deficiencies, F - not fulfilled.
2. If any criterion is graded F, the thesis must be evaluated as unsatisfactory overall, not meeting the criteria for the BT defence, and such a thesis cannot be recommended for the defence.
3. BT Reviewer must comment verbally on each evaluation criterion!

Assessment criteria:

Assessment

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1. Thesis Objectives and Methods <i>The commentary focuses on: clarity of the formulation of the thesis objectives and the methods used in the thesis elaboration; evaluation of the objectives of the thesis following the thesis theme; the methods and procedures chosen to fulfil the thesis objectives.</i> The thesis objectives are clearly defined in the section Objectives and Methods of the Study. I appreciate the methodological plan and methods used in the practical part that are adequately set to meet the thesis objectives. The author aims to create a strategy that "should minimize risks and maximize potential profits". The proposed strategy, however, does not optimise both and "only" focuses on profits.	B
2. Theoretical Background <i>The commentary focuses on: the content of the critical literature research; the appropriateness of the chosen domestic and foreign literature sources; the method of citing sources in an adequate manner.</i> The theoretical background is appropriately structured and details all necessary components of the studied problem. The literature sources are broad enough to provide a complete picture of the indicators and different types of digital assets. I would appreciate at least a small paragraph about the theoretical differences between trading in traditional and digital assets markets (if there are any). I understand that we have DeFi, smart contracts, etc. But the major question is – are there any differences in trading that require a different skill/knowledge set apart from the technicalities (setting up a wallet, KYC differences, ...)? Please see my first question.	A
3. Practical Application – Analysis <i>The commentary focuses on: the use of knowledge from theory, its appropriateness of application; sufficient description of the process of application of the methods of work; overall assessment of the current state; sufficient substantiation of the conclusions of the analyses; the difficulty of data collection and processing.</i> The strategy is outlined in section 4. I appreciate the precise computation of the required returns, which is also clearly illustrated by examples. The justification of an initial model setting and a choice of traded assets is clearly described. The proposed strategy is based on the components described in the theoretical part. I would prefer reading about the position size calculator and the importance of leverage in the theoretical part, but the explanation suits the current place, too.	A

4. Practical Application – Project/ Research	A
<p><i>The commentary focuses on: the connection of the solving part of the thesis to the theory and to the analyses results; supporting the proposals with appropriate arguments; meeting the objectives set. For research-oriented BTs, the focus should be on the discussion of the results and their evaluation.</i></p> <p>The proposed strategy evolved from the backtested version. This initial system scored a Win rate of 52 %. The improved version is based on two improvements that are based on the author's evaluation rather than rigorous analytical optimisation (that would be a nice master thesis project!). The new strategy increased the Win rate by 20 %, which seems to work like magic (please see my second question). The trades are presented in a transparent way and appropriately discussed.</p>	
5. Formal Layout	A
<p><i>The commentary focuses on: logical coherence of the text of the thesis; use of correct terminology; use of the prescribed standard of citation of sources; appropriate linguistic and graphic level.</i></p> <p>The formal side of the thesis is on a high level. The language is accessible yet uses a technical terminology. Citations follow the citation norm.</p>	

Overall thesis assessment*	A
<p>The trading strategy thesis is a popular topic for the bachelor or master thesis. The proposed model is based on technical analysis, and similar models have been applied in the standard financial markets, especially in Forex. The student has proved that he can work with a large variety of literature sources and conduct advanced analytical tasks.</p> <p>It was a pleasure to read the thesis. I appreciate the overall approach as well as the transparency and communication of possible risks with unforeseen performance results as well as being an ambassador of the trading platform. Another key point is that the author had "skin in the game" as he traded with his real money. Therefore, I suggest grade A as an overall assessment.</p>	

* The final grade is not an arithmetic average of the individual criteria for assessing the thesis.

Questions for the defence:

1. Can we copy-paste & tune the successful trading system from Forex on the ETH-trading market? Or does digital assets trading require a different approach/method/strategy?
2. The effective market hypothesis (EFH) expects that prices reflect ("price in") all currently known information. Do you agree with this hypothesis (let alone insider trading and scams)? Why do you think that your strategy (all of its components are available to other traders, no optimisation of parameters, ...) managed to have a 70 % winning rate in light of the EFH?

The thesis **fulfils** the criteria for the defence of the BT. The thesis is **recommended** for the defence.

Date 28.05.2024


Signature of BT Reviewer