Chapter 9:
Case Study 1 -
V.S. Industry Berhad

9.1 Fundamental Analysis

V.S. Industry was a one-stop solution provider of electronic manufacturing services Koon invested in 2013, and held the stock until 2016. Koon started buying it when its share price was Rm 0.215/share in late 2013, and began selling it when it was around Rm 1.300/share in late 2015.

Prior to investing in a stock, Koon would look at the business, and earnings growth prospect of the company. In addition, he would also assess the efficiency, and capability of its management, and the value of the stock compared to its share price.

9.1.1 Understanding the Business of V.S. Industry Bhd.

V.S. Industry is a leading provider of integrated electronic manufacturing services in Malaysia. With headquarter and manufacturing facilities in Senai, it currently employs more than 12,000 staff across Asia for its manufacturing plants in Malaysia, China, Indonesia, and Vietnam. In addition, it has operations in the United Kingdom, the United States, Japan, and Europe.

Its broad range of capabilities include design, development, manufacturing, assembling, and testing of electrical and electronic products, and plastic moulded components. In addition, it produces a range of original design manufacturer (ODM)/original equipment manufacturer (OEM) products, including remote control units, printers, vacuum cleaners, home appliances, white goods, audio, video and DVD products. Also, it produces large-scale printed circuit boards, and provides packaging and logistics services to customers.

When Koon first invested in the stock, the company continued to expand its capacity and product lines aggressively to meet the needs of its existing and new customers.

9.1.2 Assessing the Financial Performance of V.S. Industry Bhd.

Having a good understanding of the business and its outlook is not enough, we must also analyse the financial health of the company and buy it below its fair price. To judge the financial status of V.S. Industry, we need to study the profitability, solvency, liquidity and activity ratio of its business.

- **Profitability**

  First of all, we must make sure that the business made more profits this year than last year and will earn more profits next few years than this year before placing our bet.

Profit growth rate (YoY)
= [(Net profit in 2013 / Net profit in 2012) – 1] × 100%
= [(Rm 43,910,000 / Rm 37,390,000) – 1] × 100%
= 17.44%

Profit growth rate (4-yr CAGR)
= {[(Net profit in 2013 / Net profit in 2011) $^{1/2}$ *] – 1} × 100%*
= [(Rm 43,910,000 / Rm 27,721,000) $^{1/2}$ *] – 1 × 100%*
= 25.86%

It can be seen from the calculation above that the net profit growth rate of V.S. Industry in 2013 was maintained around 20%. This is an indicator showing that the company was able to grow its business at a constant rate, around 20%. Also, in 2013 it had developed a few new key customers, which was expected to contribute significantly to the top and bottom lines, and the growth of V.S. Industry. Moreover, the strengthening of USD against MYR would benefit V.S. Industry. As a result, the net profit of V.S. Industry shot up to Rm 53.63 million in 2014, and Rm 132.74 million in 2015 (refer to Figure 9.1).

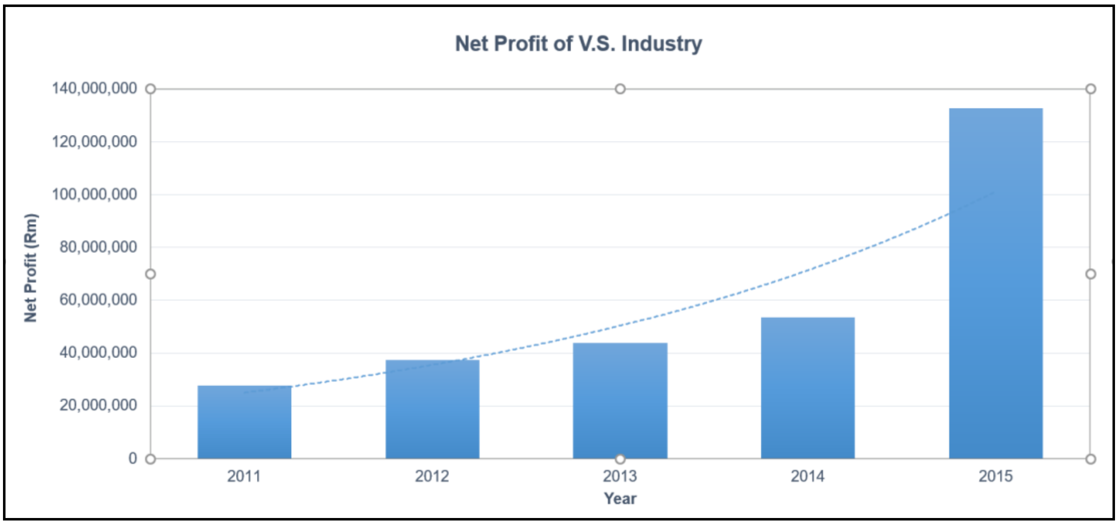

Figure 9.1: Net Profit of V.S. Industry from 2011 to 2015

Net profit margin (NPM)
= Net profit / Sales
= (Rm 43,910,000 / Rm 1,163,910,000) × 100%
= 3.77%

In addition, the net profit margin of V.S. Industry showed an improvement from 2.70% in 2011 to 3.77% in 2013, which was higher than that of the industry average, 3.24% in 2013. This implied that the business's profitability was improving and was better than that of its peers.

Return on equity
= Net profit attributable to shareholders / Shareholders' equity
= (Rm 43,910,000 / Rm 479,646,000) × 100%
= 9.15%

Further, its return on equity demonstrated an improvement from 7.04% in 2011 to 9.15% in 2013, which was higher than that of the industry average, 8.69% in 2013. This figure suggested that the management was efficient in utilising the available resources to generate profits for the company. The return of equity of V.S. Industry hit 17.08% in 2015 as the company's net profit continued to rise (as shown in Figure 9.2).

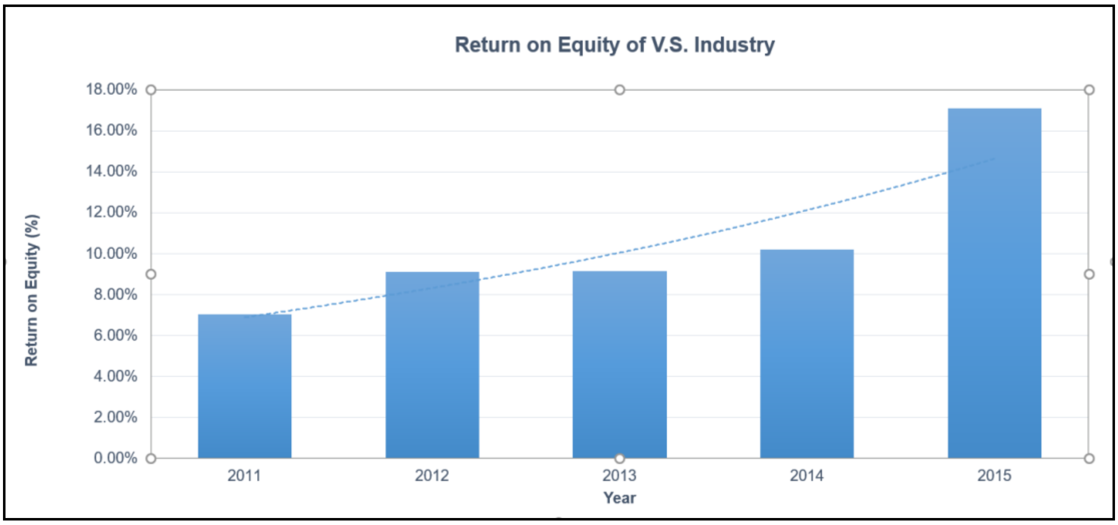

Figure 9.2: Return on Equity of V.S. Industry from 2011 to 2015

- **Solvency**

Subsequently, we have to ascertain the solvency of the company to ensure that the company has the ability to meet its long-term financial commitments. It can be done by analysing the debt-to-EBITDA and debt-to-equity ratios of the firm.

Debt-to-EBITDA ratio
= Debt / EBITDA
= Rm 361,757,000 / Rm 92,027,000
= 3.93

Debt-to-Equity ratio
= Debt / Shareholders' Equity
= Rm 361,757,000 / Rm 479,646,000
= 0.75

The debt-to-EBITDA ratio and debt-to-equity ratio of V.S. Industry in 2013 were at 3.93 and 0.75, respectively. The figures were higher than those of the industry averages, 2.71 and 0.59, respectively. The reason is that the company took more loan to expand its business aggressively in 2013, as the management foresee more opportunities and orders would be received in the next few years. Koon always says, debt is not a bad thing if a business owner knows how to use, and manages it wisely. If we shun stocks with higher debt blindly without trying to understand their reasons of borrowing more money from banks, a lot of good opportunities would be slipping through our fingers.

- **Liquidity**

Also, we must not forget to assess the company's ability to pay its short-term obligations. It can be done by determining the current ratio and quick ratio of the stock.

Current ratio
= Current assets / Current liabilities
= Rm 686,454,000 / Rm 591,893,000
= 1.16

Quick ratio
= (Current assets – Inventories) / Current liabilities
= (Rm 686,454,000 – Rm 177,760,000) / Rm 591,893,000
= 0.86

The current ratio and quick ratio of V.S. Industry in 2013 were 1.16 and 0.86, respectively, which were slightly lower than those of the industry average, 1.25 and 0.94, respectively. But the company still managed to maintain them at a manageable level, and had no problem in meeting its short-term obligations.

- **Activity Ratio**

To prevent investing in a poorly-managed company, we have to compare the total asset turnover ratio, inventory turnover ratio, and receivable turnover ratio of the company with those of its peers.

Total asset turnover ratio
= Sales / Average total assets
= Rm 1,163,911,000 / Rm 1,404,443,000
= 0.83

Inventory turnover ratio
= Sales / Average inventory
= Rm 1,163,911,000 / Rm 177,760,000
= 6.55 (56 days of inventory on hand)

Receivables turnover ratio
= Net credit sales / Average accounts receivable
= Rm 1,163,911,000 / Rm 410,526,000
= 2.84 (129 days of credit)

In comparison, the asset turnover ratio of V.S. Industry in 2013, 0.83, was lower than that of the industry average, 1.13. The reason is that the company anticipated that more orders would be received in the coming years. Therefore, they invested more heavily in plant, property and equipment than their peers ahead of time, in order to expand their plant capacity, and offer a wider range of services.

Its inventory turnover ratio, 6.55, was lower than that of the industry average, 8.75. As the management foresaw more orders would be coming in near future, it was sensible that the management kept more inventories so they could fill the new orders quickly once they received them and to prevent shortage of stock. Moreover, fifty six days of inventory on hand signified that the inventory moved fairly quickly.

Compared to its peers, its receivables turnover ratio, 2.84, was lower than that of the industry average, 3.91. This was an anomaly as the company took a month longer than usual to collect the receivables. But the company quickly corrected it by increasing the turnover ratio to 3.83 the following year.

- **Cash Flow**

Just like managing our personal finances, we must make sure that the company can continue its operation without running out of cash. Therefore, we must analyse the free cash flow and operating cash flow to sales ratio of the firm.

Free cash flow
= Operating cash flow – Capital expenditures
= Rm 19,666,000 – Rm 31,394,,000
= - Rm 11,728,000

Operating cash flow to sales ratio
= Operating cash flow / Sales
= Rm 19,666,000 / Rm 1,163,911,000
= 0.02

The free cash flow of V.S. Industry, - Rm 11,728,000, was lower than that of the industry average, Rm 6,793,134. The reason is that the company expanded aggressively in 2013 in order to meet the needs of its clients.

Description	2011	2012	2013	2014	2015	Industry Average (in 2013)
Revenue (Rm)	1,026,818,000	1,201,992,000	1,163,911,000	1,715,082,000	1,936,885,000	434,957,148
Net profit (Rm)	27,721,000	37,390,000	43,910,000	53,633,000	132,739,000	14,104,333
Earnings before interest, tax, depreciation and amortisation, EBITDA (Rm)	95,712,000	95,275,000	92,027,000	119,548,000	239,218,000	35,382,928
Adjusted earnings per share (Rm)	0.0149	0.0201	0.0236	0.0288	0.0712	0.0166
Net profit margin (%)	2.70%	3.11%	3.77%	3.13%	6.85%	3.24%
Profit growth (year over year, %)	14.13%	34.88%	17.44%	22.14%	147.50%	-64.34%
Equity (Rm)	393,609,000	410,491,000	479,646,000	526,160,000	777,034,000	162,236,056
Return on equity (%)	7.04%	9.11%	9.15%	10.19%	17.08%	8.69%
Debt (Rm)	134,829,000	138,008,000	361,757,000	409,791,000	412,208,000	96,059,991
Debt-to-EBITDA ratio (times)	1.4087	1.4485	3.9310	3.4278	1.7231	2.7149
Debt-to-equity ratio (times)	0.3425	0.3362	0.7542	0.7788	0.5305	0.5921
Current ratio (times)	1.3149	1.2751	1.1598	1.1687	1.4605	1.2532
Quick ratio (times)	1.0318	0.9977	0.8594	0.7945	1.0697	0.9423
Total asset turnover ratio (times)	1.3298	1.4125	0.8287	1.1053	1.0438	1.1284
Inventory turnover ratio (times)	11.7718	11.4938	6.5477	6.3570	7.1012	8.7481
Receivables turnover ratio (times)	5.0520	3.7849	2.8352	3.8322	3.8685	3.9071
Capex	43,268,000	40,360,000	31,394,000	55,704,000	64,302,000	12,828,452
Operating cash flow	94,277,000	34,111,000	19,666,000	46,368,000	56,452,000	19,621,586
Free cash flow (Rm)	51,009,000	-6,249,000	-11,728,000	-9,336,000	-7,850,000	6,793,134
Operating cash flow to sales ratio (times)	0.0918	0.0284	0.0169	0.0270	0.0291	0.0451
Market Capitalisation (Rm)	391,440,000	447,360,000	372,800,000	773,560,000	2,190,200,000	199,080,694
Price to earnings ratio (P/E)			8.4901			15.4262

Figure 9.3: Summary of V.S. Industry Berhad's Financial Performance

9.1.3 *Valuing the Business of V.S. Industry Bhd.*

To avoid paying too much for sellers, and to avoid overpaying for what the business is worth, Koon would make sure that the Price-to-Earnings ratio or forward Price-to-Earnings ratio of the stock did not exceed 10, and did not exceed that of the industry average.

Price-to-Earnings ratio
= Share price / Earnings-per-share
= Rm 0.2150 / Rm 0.0236
= 9.13

Forward Price-to-Earnings ratio
= Share price / Estimated earnings-per-share
= Rm 0.2150 / Rm 0.0300
= 7.17

Predicted share price of V.S. Industry in 2014
= Industry average P/E ratio × Predicted earnings-per-share
= 15.43 × Rm 0.0300
= Rm 0.46

The Price-to-Earnings ratio and forward Price-to-Earnings ratio of the stock were only about 9.13 and 7.17, respectively, when Koon started to accumulate the shares of V.S. Industry in 2013. Both ratios were lower than 10, and were below the industry average, 15.43. Based on the calculation above, the share price could go up to Rm 0.46 when Mr. Market re-valued it using the industry average P/E the following year.

9.2 Technical Analysis

Figure 9.4 is the price chart of V.S. Industry from November 2013 to May 2016, the period when Koon invested in the company. The green coloured line and red coloured line are 50-day SMA and 200-day SMA, respectively. The Golden Cross appeared in the chart on 2 December 2013 when the price was Rm 0.215/share, whereas the Death Cross appeared in the chart 5 April 2016 when the price was Rm 0.975/share.

Figure 9.4: Price Chart of V.S. Industry from November 2013 to May 2016
Source: TradingView (www.tradingview.com)

Prior to studying how Koon traded V.S. Industry, it is important to analyse the support and resistance areas of the stock. Then we have to draw those obvious and not-so-obvious support and resistance lines and to identify the price levels that had been tested a few times. Those are the points where Koon would pay attention to, and would make his buy and sell decisions. In addition, Koon would also monitor the trade volume of the stock, and its trend. Figure 9.5 is the price chart of V.S. Industry with its support and resistance lines drawn on the chart.

Figure 9.5: Price Chart of V.S. Industry with Support and Resistance Lines from November 2013 to May 2016
Source: TradingView (www.tradingview.com)

Figure 9.6 shows the major points where Koon would buy and sell V.S. Industry shares. The points with strong support or weak resistance were probably his buying points, whereas those points with weak support and strong resistance after peaking were probably his selling points.

Figure 9.6: Price Chart of V.S. Industry and Good Trading Points from November 2013 to May 2016

Source: TradingView (www.tradingview.com)

Point A

The first point where Koon would start building his position in V.S. Industry was Point A, where its short-term moving average (50-day SMA) crossed above its long-term moving average (200-day SMA), on 2 December 2013. Even though the fundamental analysis of V.S. Industry's business showed that it was safe to buy the stock, Koon would not go all-in at the beginning of his venture in the investment. Instead of taking too much risk before his hypothesis was proved right, as usual, he would probably dip his toe in V.S. Industry with just 20 ~ 30% of the money in his fund, around the price of Rm 0.215/share, when the Golden Cross appeared. He would cut loss if the company reported two consecutive quarters of reduced profits, or if downtrend started.

Point B

As can be seen from the chart, the share price of V.S. Industry had stopped falling after the golden cross appeared. Point B was probably the time when Koon would add more shares to his original position, with 20 ~ 30% of the money in his fund, when the stock tested its bottom, around the price of Rm 0.220/share, and when its price broke above its previous high or resistance (LN2), with higher volume (1.75 million shares) around Rm 0.235/share the following month. In addition, the company just reported the second quarter of increased profits (on a YOY basis).

Point C

After rising for a while, the stock came down to retest its short-term moving average support (50-day SMA) at Point C, around Rm 0.225/share, with light trading volume, on 5 February 2014. Short-term traders and weak holders who had no intention to hold the stock for long term would be taken out of the stock when the share price declined. Other than the emotions of market participants turned negative, the profit growth prospect of the company had not changed. That was a great bargain that Koon would not want to miss. He would add more shares to his position, with another 5 ~ 10% of the money in his fund.

Point D

The stock retested its short-term moving average support (50-day SMA) again at Point D, around Rm 0.235/share, on 3 March 2014 with light trading volume (0.41 million shares). In general, a low volume pullback toward a support area near the bottom is actually a healthy correction, which signifies not many people are willing to part with their shares, and that the uptrend is still intact. That was another time when Koon would add more shares to his position, with another 5 ~ 10% of the money in his fund, before the value of the stock was discovered by the crowd.

Point E

The stock retested its short-term moving average support (50-day SMA) the fourth time at Point E on 27 March 2014, but at a higher price, Rm 0.240/share. It is noteworthy that the stock did not make a lower low even though it came down to retest its support. That was an indication that the demand for the stock was getting stronger and stronger. Again, that was the time when Koon would add more shares to his position, with another 5 ~ 10% of the money in his fund, as the share price continued to climb. Also, smart money would take advantage of the elevated platform to build their positions in the stock.

Point F

The stock broke above its previous high (Rm 0.255/share) with high volume (5.70 million shares) on 30 April 2014. Around that time, the stock reported the third quarter of increased revenue and earnings. In addition, the management of V.S. Industry mentioned in the quarterly report that the company had developed a new key account, which was expected to contribute meaningfully to its top and bottom lines. That was another point where Koon would to add more shares to his position, with 5 ~ 10% of the money in his fund.

Point G

After moving sideways for six weeks, the stock retested its short-term moving average support (50-day SMA) again on 13 June 2014. But its trading volume had dropped significantly (46.25 thousand shares), as the number of people who were willing to sell their shares at the level had also dropped a lot since many of sellers had been taken out of the stock earlier. That was the point where Koon would scoop up the fantastic bargains before they were gone. In investing, when you discover a gem, you cannot get enough of it.

Point H

The stock broke above its resistance (LN4), around Rm 0.265/share on 8 July 2014. At the same time, its volume jumped to 9.99 million shares at the breakout point (higher than the trade volume of the previous high), which showed that the breakout was a valid one. That was the point where Koon would add more shares to his winning position, as its resistance was weak, supply was low and demand was high. In addition, the company just reported the fourth quarter of increased earnings on a YOY basis. Further, the uptrend was strong, as the stock continued to produce more higher highs and higher lows.

Point I
After consolidating for two weeks, the stock crossed above its resistance (LN5), around Rm 0.300/share, and produced another higher high on 23 July 2014, with high volume (17.80 million shares). That was another point where Koon would add more shares to his winning position. By that time Koon probably had used up all his original capital. But his accounts would not run out of money. In fact, with margin finance, he would never short of fund to add more shares if the share price continues to rise. As the share price of V.S. Industry went up, his collateral value also went up in tandem. Therefore, Koon could borrow more money from his brokers through margin finance to buy more shares as the price continued to climb.

Point J
After rising for a while, the share price stopped moving upward. The stock traded within a narrow price range, around Rm 0.350/share. It could also be due to a shakeout to drive weak holders out. The stock moved sideways for a month, from 14 August 2014 to 18 September 2014, and formed an elevated platform. The stock broke above its resistance (LN6) on 19 September 2014 with high volume (8.78 million shares). The elevated platform, and the breakout point were the area where Koon would add more shares to his winning position using borrowed money from his brokers. Additionally, the acquisition of shares by the founding directors in open market, and share buybacks were also important signs showing that it was safe to add more shares at the breakout point. Peter Lynch once said, “insiders might sell their shares for any number of reasons, but they buy them for only one: they think the price will rise.”

Point K
After the breakout, the original resistance (LN6) had now become a new support. The stock continued to rise following the breakout, but was rejected at the level of Rm 0.415/share. The stock then moved in a horizontal channel within a range, bounded by support (Rm 0.350/share) and resistance (Rm 0.415/share) for three months. On 15 December 2014, the stock broke below its support, but quickly regained its strength three days later, on 18 December 2014. In hindsight, the false breakout was actually a shakeout to eliminate weak hands. It is important to note that even though the price broke below the support, the stock had not shown any lower high and lower low, which indicated that the uptrend was still intact, and the bulls were still in control. Also, the company just reported two quarters of highest ever quarterly profits within that period of time. That was the area where Koon would add more shares to his position using borrowed money from his brokers.

Point L
Eventually the stock broke above its resistance (LN7) at Rm 0.415/share with high volume on 7 January 2015, after moving in a horizontal channel for three months, and tested its resistance for five times. Most of the weak holders and short-term traders had been taken out of the stock at the breakout point. In general, the more times price hits the key level, the more likely it is going to break it. Again, the breakout point was the point where Koon would add more shares to his position using borrowed money from his brokers.

Point M
Following the breakout, the stock shot up nearly 50% within three weeks without experiencing any pullback. The movement was obviously too fast, and the gradient was too steep, the stock was due for a correction. Koon always says no stock can continue to go up and up for whatever reasons, and after some time it will experience a pullback. A bearish engulfing candlestick was then appeared in the chart on 29 January 2015. That was the point or area where Koon would take some profit off the table to pare down his margin loan, and to reduce his cost.

Point N
After a brief correction, the stock continued to climb again until profit-taking began in March 2015. It then faced a strong resistance around Rm 0.700/share, and experienced a consolidation for four months. The price movement of V.S. Industry was bounded by its upper descending resistance (LN8) and lower ascending support (LN1). Shares changed hands from weak holders to newcomers, who had a tendency to hold the shares longer in their portfolios. That was not an alarming sign. In fact, the process would increase the stability of the stock. The volume dropped significantly when share price approached the apex of the triangle. A breakout then occurred when the share price crossed above the upper descending resistance with high volume on 19 June 2015, which showed that the buying interest was high. That was the area where Koon would add more shares to his position using margin loan.

Point O
After breaking above LN8, the share price continued to move up. It then stopped at the level of Rm 0.750/share, and moved sideways for a while. The stock broke above its resistance (LN9, around Rm 0.750/share) on 13 July 2015 with high volume (28.72 million shares), and continued its upward trend. One of the reasons why the share price continued to rise was the company just reported the eighth consecutive quarter of increased profit on a YOY basis, as the company was still expanding at a very fast pace. That was the time when Koon would add more shares to his position.

Point P
Following the breakout, the stock climbed rapidly. Within two weeks, the stock rose more than 33% without experiencing any pullback. Again, the share price went up too fast, too soon, and the gradient was too steep. A shooting star candlestick then formed on 3 August 2015. That was the time when Koon would sell some of his shares into strength, take some money off the table, so that he could buy more shares during correction.

Point Q
After that the stock experienced a brief high-volume-pullback, and subsequently it formed a double bottoms (BTM1 and BTM2) pattern. Its price crossed above the neckline (LN10 at Rm 0.895/share) of the double bottoms on 1 September 2015. In general, a high-volume pullback indicates that the correction attracts a lot of buyers, and is a form of divergence, which suggests that the market may be reversing up soon. The double bottom pattern is a bullish reversal pattern.

That was the time when Koon would add more shares to his winning position with the sales proceeds.

Point R
After rising for a month, the stock experienced another high-volume pullback (but with relatively lower trading volume), and the second double bottoms (BTM3 and BTM4) pattern was then formed. Its share price crossed above the neckline (LN11 at Rm 1.17/share) of the double bottoms on 19 October 2015 with high volume (32.24 million shares). That was the area where Koon would add more shares to his position with borrowed money.

Point S
Following the breakout, the original resistance line or neckline (LN11) had now become a new support line. The stock attempted to climb after the breakout, but on falling volume. It was then rejected at the level of Rm 1.300/share (LN12), thus forming the first top. The stock then retraced and found a support near the level of Rm 1.170/share (LN11), as late comers who missed the buying opportunity during the breakout came in to buy at that level. That was also the time when Koon would add some shares to his position, but at a relatively lower volume. In general, rising price on decreasing volume is a form of bearish divergence, which suggests that the uptrend is not sustainable.

Point T
The stock tried to climb again after testing its support (LN11). Even though it managed to break above its resistance line (LN12) on 28 December 2015, it quickly reversed, gapped down, and crossed below the line (LN12) after the company issued bonus shares to shareholders, and had never broken through the barrier again. It was clearly a false breakout, which signified that the price might be changing its original direction, as smart money who just received the bonus shares had started to cash in after the issuance of the bonus shares. That was the period when Koon would start selling his shares.

Point U
The share price declined after the false breakout, which resulted in the formation of double tops (TOP1 and TOP2) pattern. The breakout (of the double-tops' neckline or LN11) to the downside on 18 January 2016 was a bearish sign that investors should not ignore. In addition, the price made a series of lower highs and lower lows. That was the time when Koon would continue to sell his shares as the stock declined further.

Point V
The stock continued to move downward, and crossed below its main trendline (LN1) on 11 February 2016 with high volume. It then breached its long-term moving average (200-day SMA) support the following day with higher volume. It implied that smart investors had been selling shares aggressively to realise their gains, whereas dumb money bought the shares from the smart money as the stock became more affordable after the share split, and issuance of bonus shares. That was another bearish sign that should not be ignored. That was also the area where Koon would continue to sell his shares. Bear in mind that the

only way to turn paper gains into hard cash is by selling stocks near their peaks, and if we do not act, someone else will.

Point W
After the share price crossed below its main trendline (LN1), the function of the trendline was changed from providing support to exerting resistance. The stock attempted to rally but was rejected when it touched the main trendline. A shooting star candlestick was then formed on 23 February 2016. That was also a bearish sign that should not be overlooked. If Koon still had any V.S. Industry shares left unsold in his portfolio, he would take advantage of the sucker rally to dispose his shares.

Point X
The price then retraced, and crossed below its long-term moving average (200-day SMA) support again on 2 March 2016. That was another bearish sign that any serious investors should not ignore. After the share price crossed below the long-term moving average (200-day SMA) support, the line would become a new resistance line.

Point Y
The stock attempted to rally again after the retracement, but was rejected when it hit the long-term moving average (200-day SMA). That was another sign of weakness, and it was the point where Koon would continue selling his shares if he had not completely disposed all his shares earlier.

Point Z
V.S. Industry's short-term moving average (50-day SMA) crossed below its long-term moving average (200-day SMA) on 5 April 2016. The death cross was the last bearish signal, and a loud warning alarm. On 28 March 2016, the company also reported decreased profits, on a QOQ basis. Long-term investors who had not sold their shares earlier should dispose their shares as soon as possible.

Remark:
The above-mentioned points are just some of the points where Koon would buy and sell the shares of V.S. Industry from 2014 to 2016. In fact, there are many other points where Koon would buy and sell. Sometimes, if the volatility was high or when the stock was overbought or oversold, he would trade around the core position actively in order to reduce his cost, and to optimise his return.