

San Diego, CA
February 2015



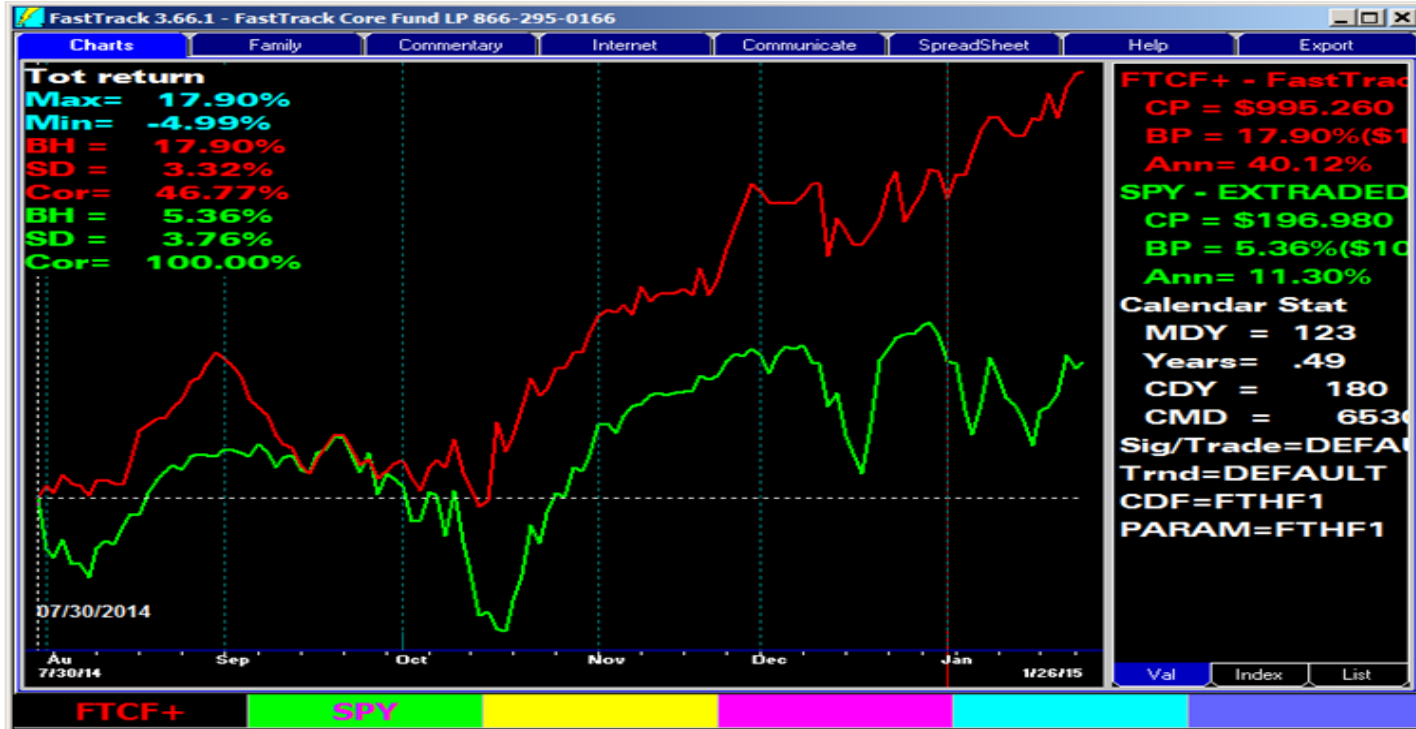
Paul Charbonnet

- Investors FastTrack founded 1989.
- Family Business since the beginning
- Spent the last 26-years, everyday, training investors and money managers.
- FT4Web - Charting, ranking, analysis, strategies software for your PC
- FTCloud - for money managers and mutual fund managers.
- All products have a free trial and thousands of customers.
- FastTrack Core Fund,LP – 2014. Available to FastTrackers as of January 2015. (7-figure investment)

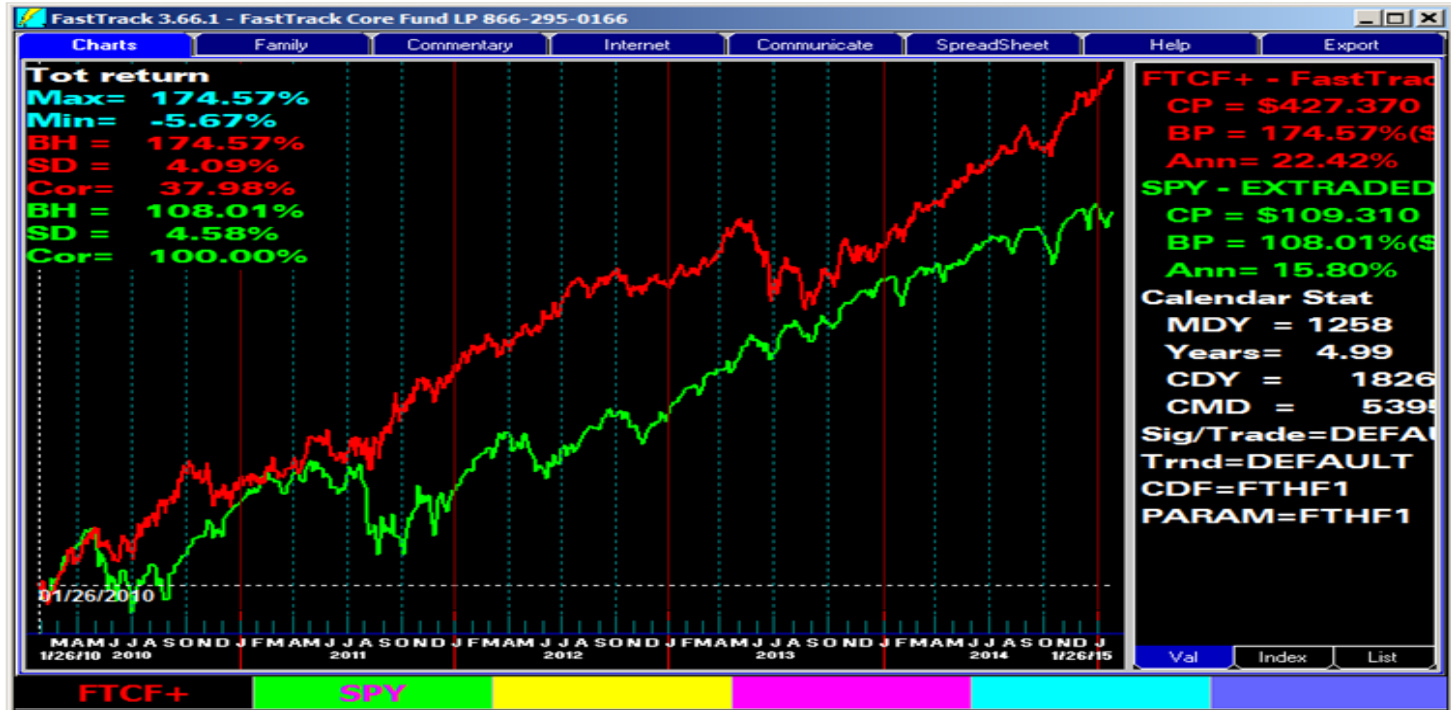
Charting, Ranking, Analysis

- Simple strategies for individuals
 - Modest number of trades.
 - Easily understood systems.
 - NOT day trading.
- Critical to Money Managers:
 - Simple, low trading strategies that DO NOT lose money.

The FastTrack Core Fund, LP



The FastTrack Core Fund, LP



Managing FastTrack Core Fund, LP

- Diversification is critical to generating Alpha.
- I use FTCloud to manage the computer model.
- Use professional judgement to avoid a correction (and an ensuing Bear Market) starting with the first day of the downturn.
- Be prepared to spend excess return to control draw downs.
- Sometimes nothing beats cash.
- Know your/clients tolerance for risk.
- Have a continuity plan.

The FastTrack Continuity Plan

Daniel Charbonnet

- Economics degree at Fordham in NYC 2006.
- 5-years in NYC financial industry at JP Morgan and Sumitomo Mitsui. 4-Years with FastTrack in NYC.
- Developer of FTCloud and FT data collection programming
- General Partner of the FastTrack Core Fund, LP (6-figure investment)

The FastTrack Continuity Plan



The FastTrack Continuity Plan



The Rest of the Story

- Of course, I'd like you to consider the FastTrack Core Fund, LP.
- Product for “everybody” is FT4Web.
Try it free for 30-days.
- Daniel is going to talk about using FTCloud to get the kind of performance that I have been showing you.
- Rob Bernstein is a professional who works to grow your money. There are many ways to use FastTrack.
He will show you how FastTrack fits into his services.

Today I'll answer

"Where do I start?"

Life On Wall Street

My first Investment

- Household name
- Fortune 100
- AAA Rated
- In my coverage industry (Financial Institutions)
- Easy money!

Life On Wall Street

Investing Like a Pro



Option 2 - “Diversification”

- Vanguard Growth Fund
- Vanguard Income Fund
- Vanguard Large Cap Fund
- Vanguard Small Cap Fund

5 Years ending 2/4/15

	Fund Mix	SPY
Ann	17.1%	16.2%
SD	4.9%	4.6%
Corr	99.1%	100%
Max DD	(20.5%)	(18.6%)



Option 3 - Cash



Thank God, I was 100% in money market!

Today's Topic

Model Building with Index Funds

(Creating a Plan)

Investment Objectives

Focus on Core
Wealth

No Day Trading

Improve Risk
Adjusted Return

Reduce
Drawdowns

Static Model

1. Weighting

- 60% - US Equities
- 20% - Bonds
- 10% - Alpha (Health)
- 10% - Cash

2. Rebalance monthly



Static Model vs S&P 500

- 60% S&P - 10% Health
- 20% Bonds - 10% Cash

	Static	S&P
Ann	15.3%	15.2%
SD	2.8%	4.6%
Corr	97.8%	100%
Max DD	(10.5%)	(18.7%)

S&P 500: VFINX, Bonds: VWESX,
Health: VGHCX, Cash: VMMXX



5 Years ending 2/4/15

Static Model

Pros

- Models don't have to be complicated
- Limit volatility - $\frac{1}{2}$ SD vs S&P 500
- Limit drawdown - $\frac{1}{2}$ Max Draw vs S&P 500
- Not Optimized

Cons

- Pay for it on upside - Model lags in strong bull markets
- Not Optimized

How to Improve?

Dynamic Models

What is Dynamic Model?

- Rotation and ranking strategy
- “Buy the winners. Sell the losers.”
- Not timing
- Not speculation (Index Funds)
- Its asset allocation with diversity

Use Vanguard Indexes

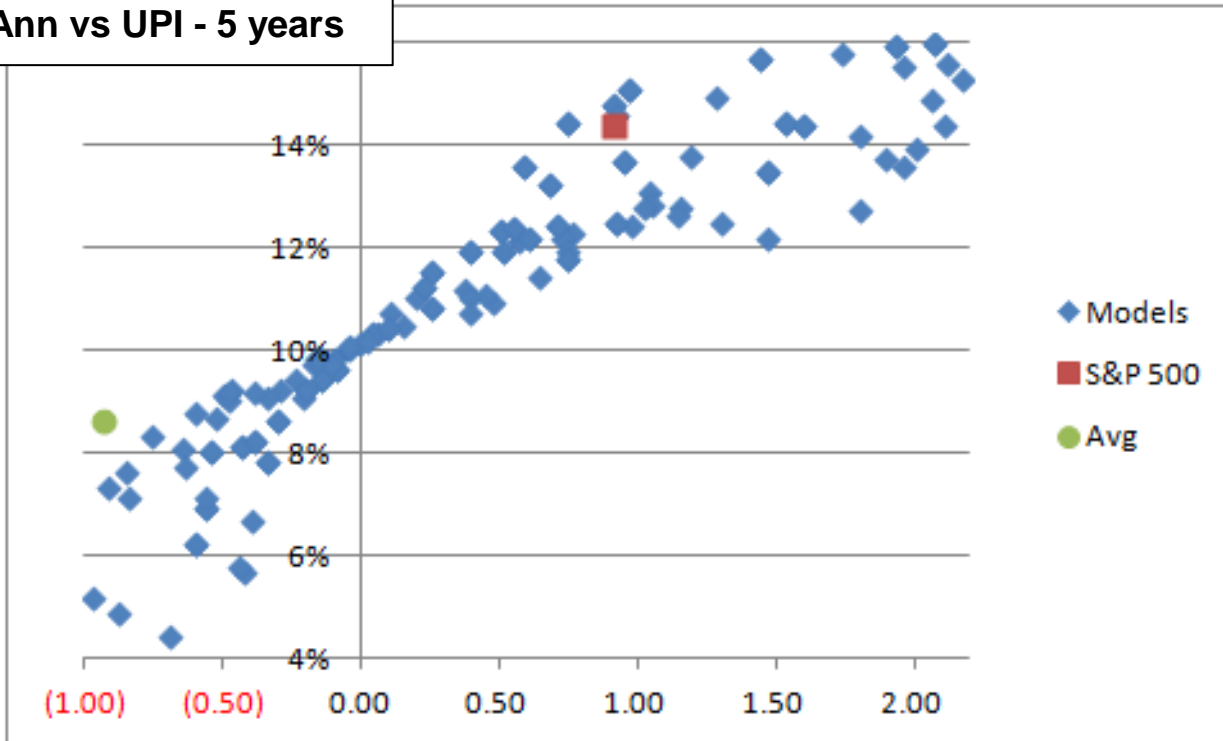
Ticker	Name
VUSTX	Long-Term US Treasury
VWESX	Long-Term Investment Grade
VMMXX	Money Market Prime
VBMFX	Total Bond Market Index Fd
VFIIX	GNMA
VFSTX	Short-Term Investment Grade
VWEHX	Hi-Yield Corporate
VGHCX	Health Care
VWINX	Wellesley Income
VINEX	International Explorer
VGENX	Energy
VTRIX	International Value
NAESX	SmallCap Index Fund
VGSTX	STAR
VFINX	S&P 500 Index Fund

Where to Start

- Build Models
 - *Trade monthly, quarterly, 45 days*
 - *Hold 2, 3, 4, 5+ positions*
- Do any models work?
- Are there patterns/trends?

Dynamic Model - 30,000ft

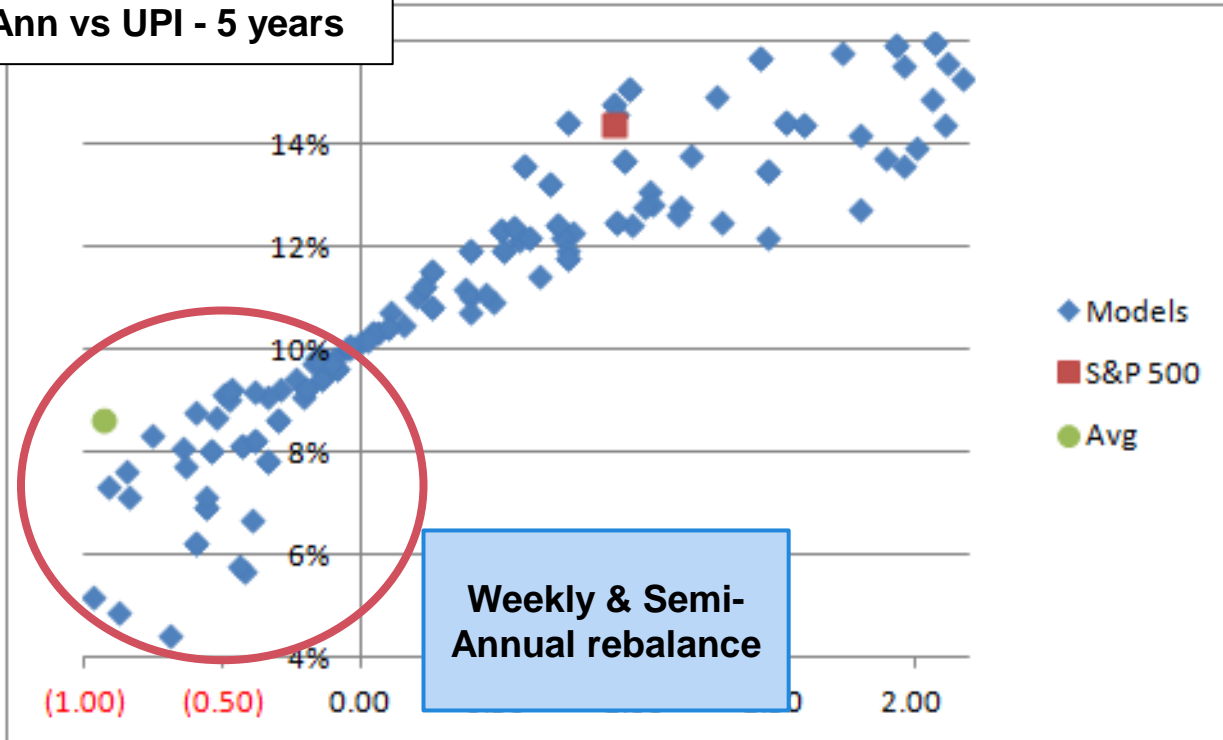
Ann vs UPI - 5 years



- UPI Benchmark = 50% S&P, 50% Bonds.
- 5 year time period ending 1/8/15

Dynamic Model - 30,000ft

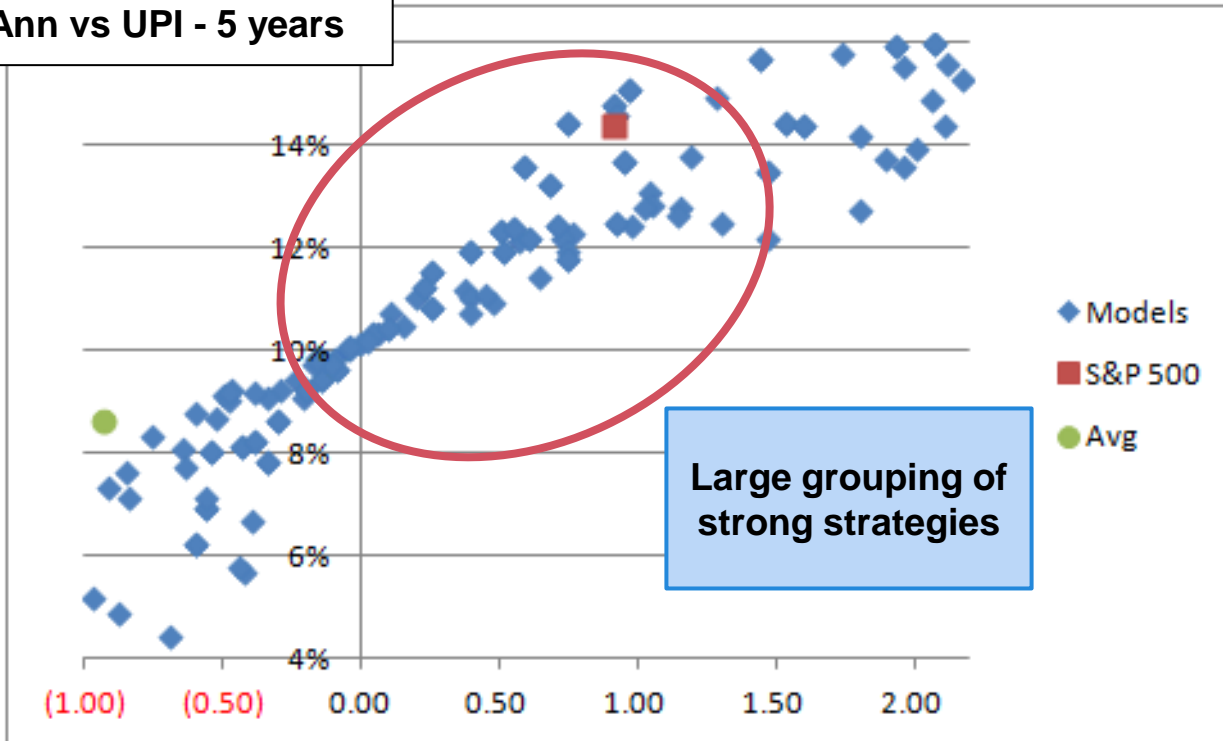
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Dynamic Model - 30,000ft

Ann vs UPI - 5 years



- UPI Benchmark: 50% S&P, 50% Bonds.
- 5 year time period ending 1/8/15

Dynamic Model



5 years

- Less risk (~2.6% SD)
- Good returns (12-14% annual)
- Substantially less draw down (~11%)

Dynamic Model



7 years

- Less risk (~2.9% SD)
- Good returns (11% annual)
- Substantially less draw down (~14-19%)

Dynamic Model

Pros

- Also not complicated
- Limit volatility - $\frac{1}{2}$ SD vs S&P 500
- Limit drawdown - $\frac{1}{2}$ Max Draw vs S&P 500
- More return

Cons

- Requires analysis

The Path Forward

Combining static models and dynamic models for the best risk adjusted return.

The Path Forward

Said another way:

Where does this fit into your life?

The End



www.FastTrack.net
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