

FastTrack Follow Up Session

San Diego Chapter AAll – Risk Management SIG
March 5, 2022

Presented by
Rob Bernstein, President RGB Capital Group LLC
and
Jim Hoffmann, Individual Investor

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Contact Information: Rob Bernstein
RGB Capital Group LLC
858-367-5200
rob@rgbcapitalgroup.com

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Agenda

- FTCloud - Review
- Observations from an Individual Investor
- An Opportunity In the Making

Don't forget: Flexible Meeting Registration Fees
Pay at www.aaisandiego.com or use QR code.



Upcoming Events

Current calendar can be found at www.aaiisandiego.com

Upcoming Meeting Dates



April 9, 2022 – Marilyn Cohen, Envision Capital Management
Damn the Torpedoes...Inflation Ahead: Bonds to Ballast Your Portfolio

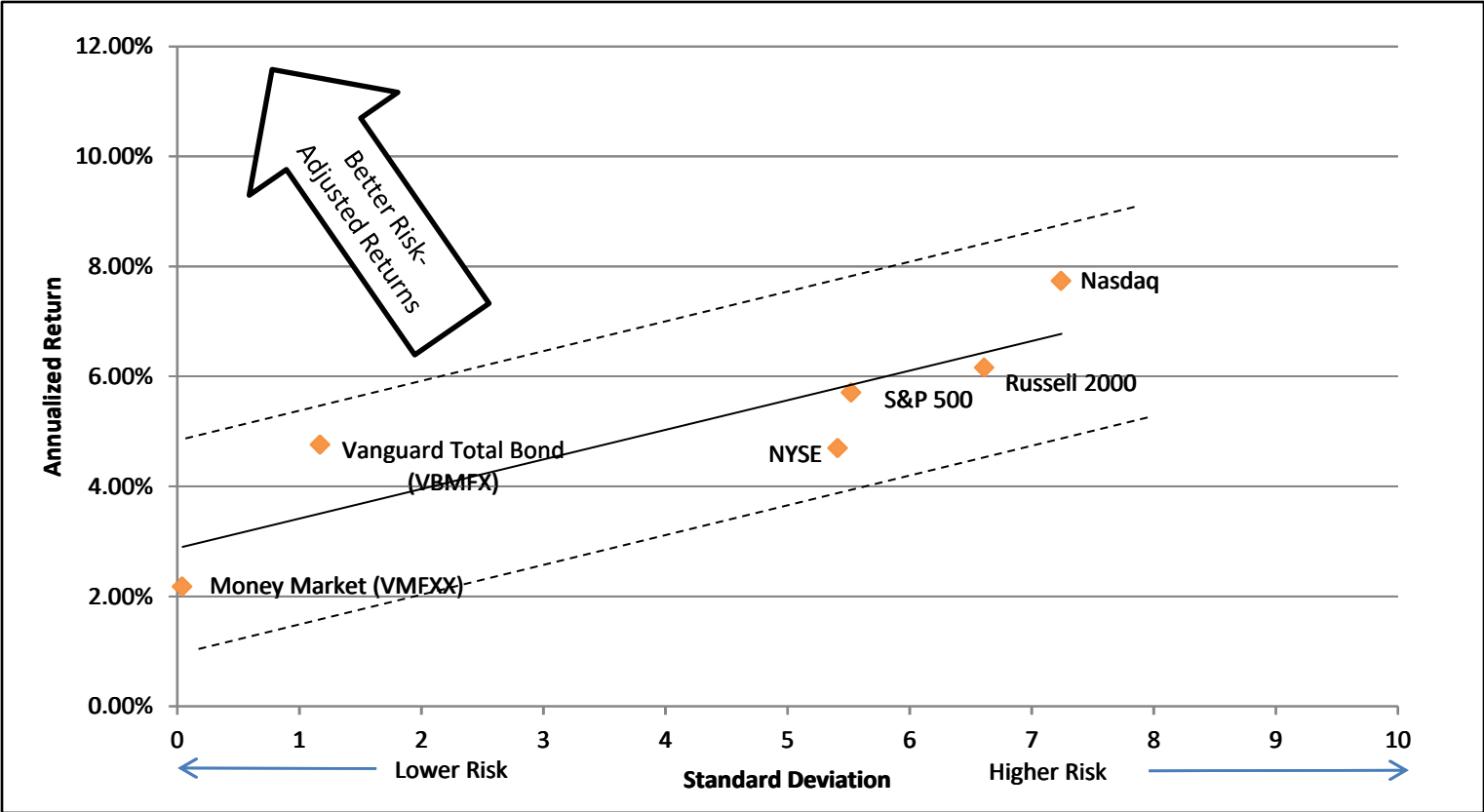


May 14, 2022 – Matthew McCall, Stansberry Research
The Roaring 2020s: How to Invest in the Best Decade Ever for Innovation



Better Risk-Adjusted Returns

12/31/1996 – 12/31/2018



Our goal as investors is to achieve returns outside the long-term, expected return channel by striving for better risk-adjusted returns (i.e. upper left-hand quadrant).

Better Risk-Adjusted Returns

The incremental or additional return received for a given level of risk.

$$\frac{(r - r_f)}{\text{risk factor}}$$

Risk-Adjusted Return Metric	Risk Factor
Sharpe Ratio	Standard Deviation
Treynor Ratio	Beta
Sortino Ratio	Downside deviation
Ulcer Performance Index	Ulcer Index

A detailed guide to the Ulcer Index and Ulcer Performance Index is available at www.rgbcapitalgroup.com/resources. Look at the bottom of the page for UI-UPI Guide.

Daily FastTrack Routine

1. Review your current holdings
2. Review stock market indices
3. Review the low volatility bond/income funds
4. Review items on your watch list
5. Review market sectors

How to Monitor Securities and Indices

1. Create a FTCloud Family (pages 5-1 to 5-3)
 - A FTCloud family is a group of symbols that provides easy access in the chart and spreadsheet tabs.
 - Create a family to hold a group of symbols that belong together (i.e. current holdings, watch list, indices, etc.)
 - Update Families, as necessary.
2. Launch a Chart window (page 2-1)
3. Load Family into List Sub-Tab and scroll through symbols (pages 2-24 and 2-25)

San Diego Chapter AAll – Risk Management SIG

- Becoming a Fastrack user as an individual investor and developing risk mitigated investor mindset.
- Monthly : read and review Market Monitor newsletter.
 - Sets the big bigger on the market cycles
 - Page 8 “Bond/income environment”
 - Page 9 list of Fastrack Native Units (FNU)
- Weekly Newsletter : (email or www.RGBcapitalgroup.com)
 - One page insight into current market conditions
 - Refines focus on market.
- Daily: Download FNU updates, compare market holding and identify trends
- Building/adjusting current holdings in Fastrack to compare risk adjusted return, instead of looking at just total return. Understanding Ulcer Performance Index
- Fastrack tips.

The Current Opportunity

- The current market environment is uncertain, and risk is elevated.
- This is not a time to despair; it is a time to prepare.
- Many of the low volatility bond/income funds have strong trend persistence. We can use this to our advantage.
- The current downtrend will come to an end. We just don't know when. Monitor the declines in low volatility groups for a reversal in trend.
- Be prepared for an eventual bottom to the current trend.

RGB Market Monitor Bond/Income Groups

A Potential Opportunity in the Making

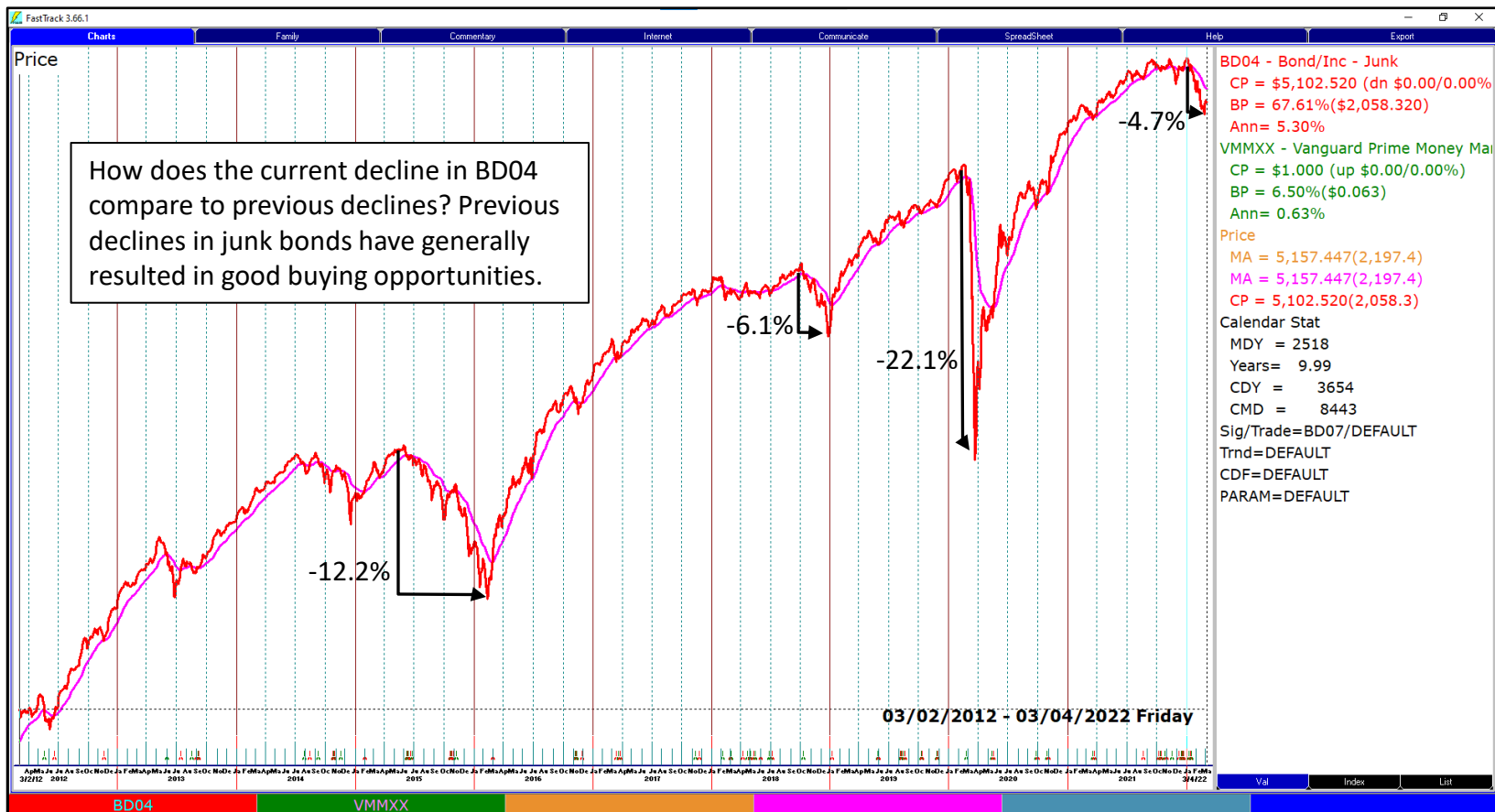
Symbl	Description	FTCloud Family	Statistics for 7/30/21 - 2/9/22						YTD	One Year
			Return	Annual Return	ULCER	UPI	MaxDrawDown	SD	Return	Return
BD03	Bond/Inc - Floating Rate	Bank Loan	2.04%	3.87%	0.15	19.4	-0.56%	0.35%	0.15%	4.05%
BD07	Bond/Inc - Securitized Credit	N/A	0.61%	1.16%	0.14	1.15	-0.59%	0.20%	-0.56%	3.57%
BD06	Bond/Inc - High Yield Muni	High Yield Muni	-2.53%	-4.71%	1.11	-5.13	-2.97%	0.58%	-2.80%	0.94%
BD04	Bond/Inc - Junk	High Yield	-1.66%	-3.10%	1.03	-3.99	-2.98%	0.88%	-2.71%	1.38%
BD05	Bond/Inc - Muni Bond	Muni National	-3.01%	-5.58%	1.23	-5.35	-3.12%	0.46%	-2.60%	-1.67%
BD09	Bond/Inc - Inflation Protected	Inflation-Protected	-2.29%	-4.27%	1.47	-3.59	-4.00%	1.26%	-3.45%	1.39%
BD10	Bond/Inc - Preferred Securities	Preferred Stock	-3.08%	-5.71%	1.25	-5.37	-4.02%	0.68%	-3.21%	0.13%
BD01	Bond/Inc - US Treasuries	Government	-4.29%	-7.92%	2.03	-4.4	-4.69%	1.49%	-3.23%	-3.83%
BD02	Bond/Inc - Corporate	Corporate	-5.07%	-9.32%	2.19	-4.7	-5.43%	1.20%	-3.75%	-3.94%
BD08	Bond/Inc - Emerging Market Debt	Emerging Markets	-4.89%	-8.99%	3.6	-2.78	-6.75%	1.21%	-2.42%	-5.52%

Source: RGB Market Monitor, February 10, 2022

- The larger the decline, the bigger the opportunity.
- How has the environment changed in the last three weeks? Use FTCloud to re-create the table above.

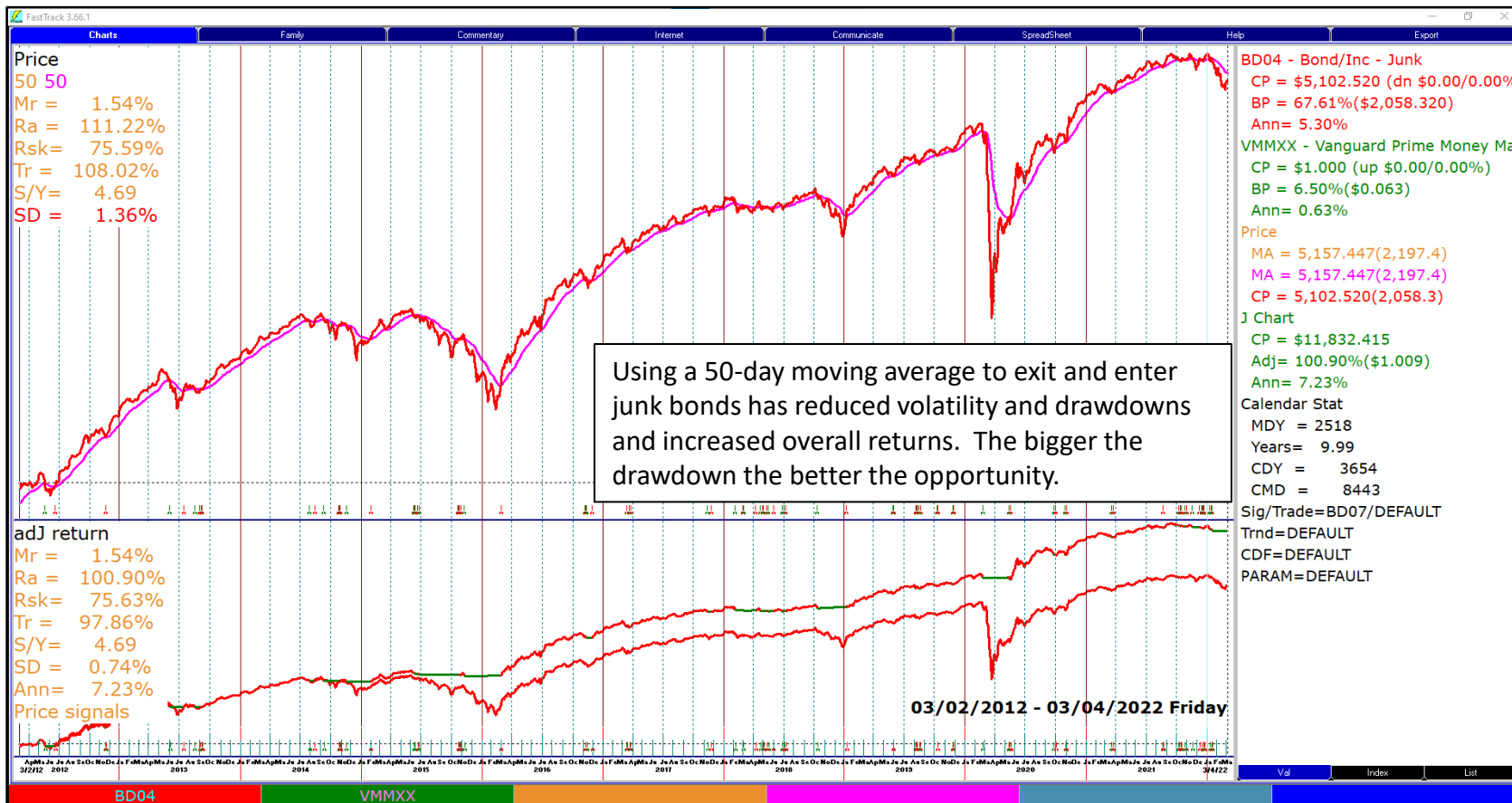
The Current Opportunity – Junk Bonds (BD04)

10-Year Chart



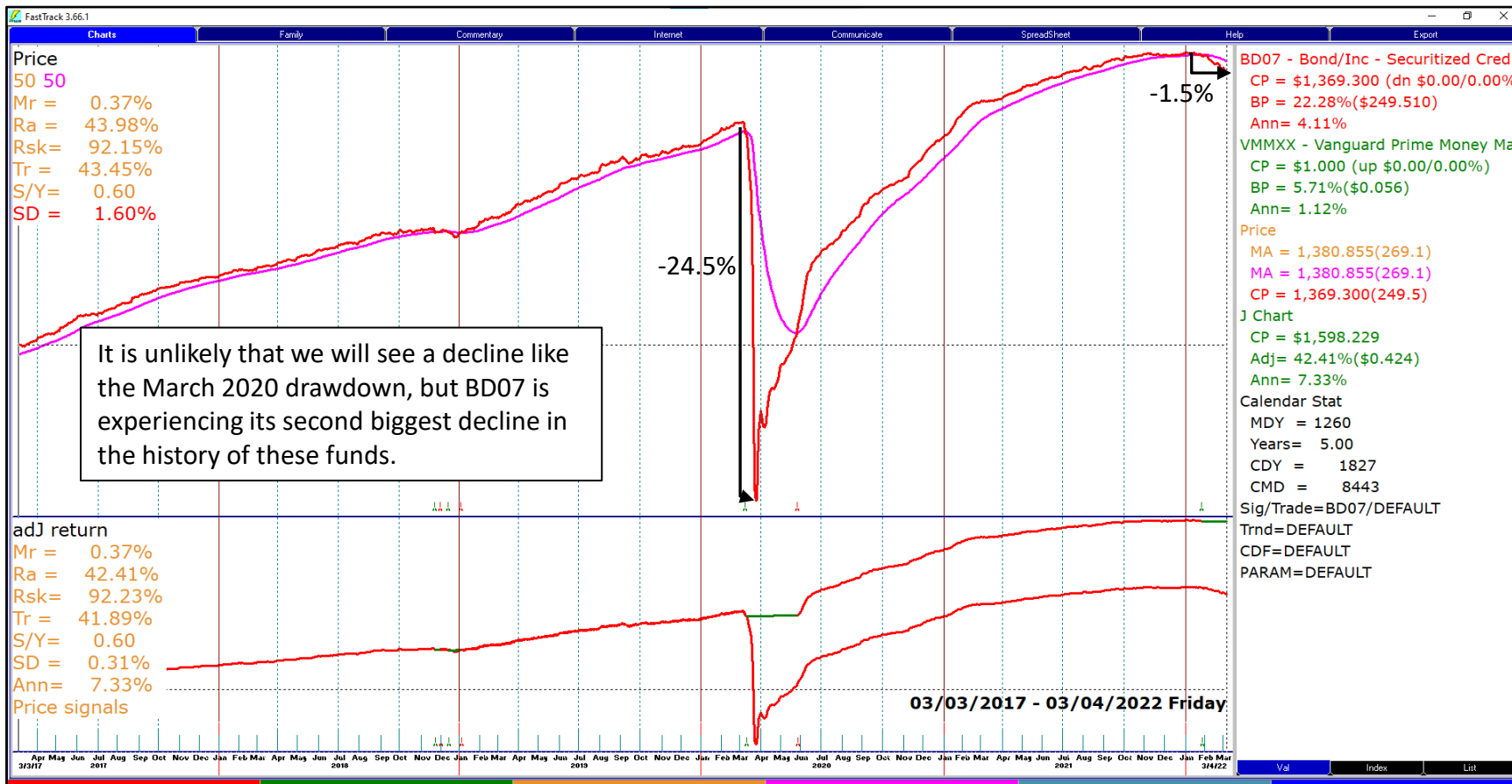
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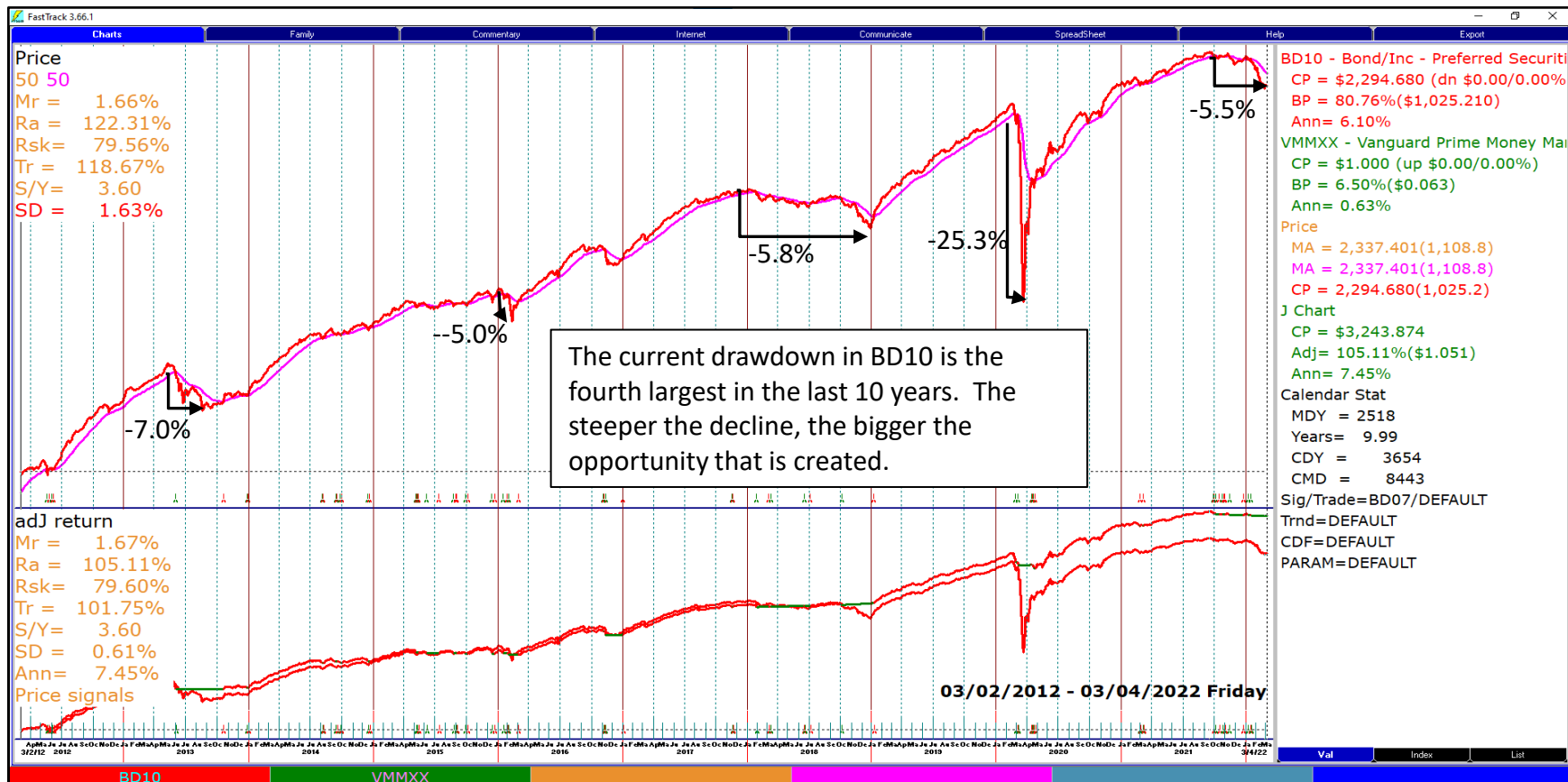
The Current Opportunity – Securitized Credit (BD07)

5-Year Chart



The Current Opportunity – Preferred Securities (BD10)

10-Year Chart



RGB Market Monitor Bond/Income Groups

A Time to Prepare; Not Despair



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Source: RGB Market Monitor, February 10, 2022

Preparing for an Eventual Bottom

Things to Consider

1. What types of funds am I likely to purchase (interest rate sensitive bonds vs. economically sensitive bonds)?
2. Review the prospectus before purchasing a fund.
3. What share classes are offered by the fund company?
4. What share classes are available on your trading platform?
5. What is the size of the fund (AUM)?
6. Does the fund company assess early redemption fees?
7. Is the fund an interval fund?
8. Is there a minimum initial purchase amount?

Advanced Exercise

How to Find Securitized Credit Funds with FTCloud Spreadsheet

1. Load 'All – Fixed Income' family into spreadsheet
2. Set BD07 (Securitized Credit) as the Benchmark
3. Verify 'Correlation' column is included in spreadsheet
4. Set your timeframe and 'Compute'
5. Sort the spreadsheet by Correlation – this will provide the funds that have the highest correlation to BD07.