



SHADOWRIDGE
ASSET MANAGEMENT, LLC

Risk Management SIG Meeting
Wednesday, March 1st, 2023

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*Past performance does not indicate future returns.

**“It’s way easier to watch a drawdown
from the sidelines.”**

– ValueHive Podcast

Who is this guy?

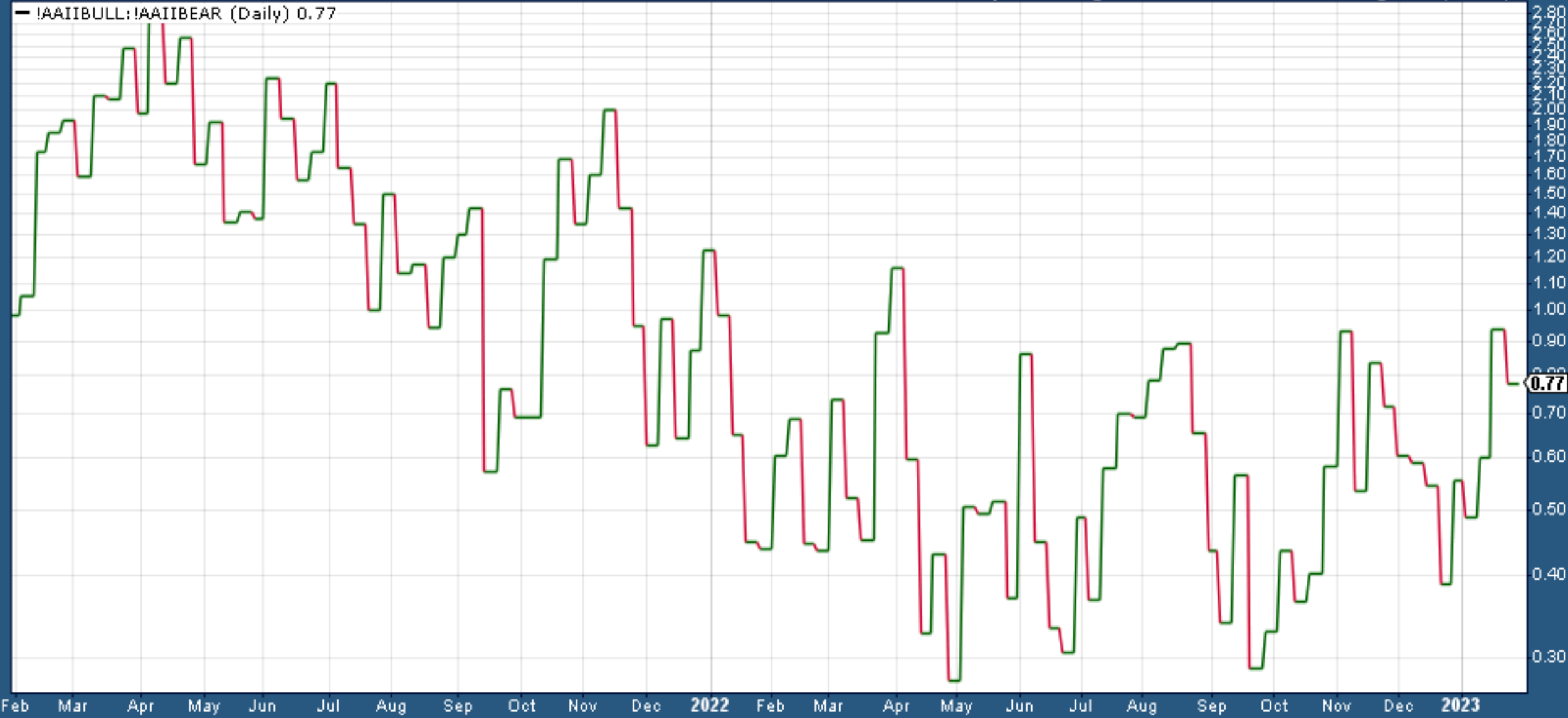
Ryan Redfern, CMT[®], ChFC[®]

- Involved in the securities industry since 2003
- President and Portfolio Manager of Shadowridge Asset Mgmt, LLC
- Managing Partner of Shadowridge Capital, LLC
- President of the National Association of Active Investment Managers (NAAIM)
- Member of the Chartered Market Technicians Association (CMT)

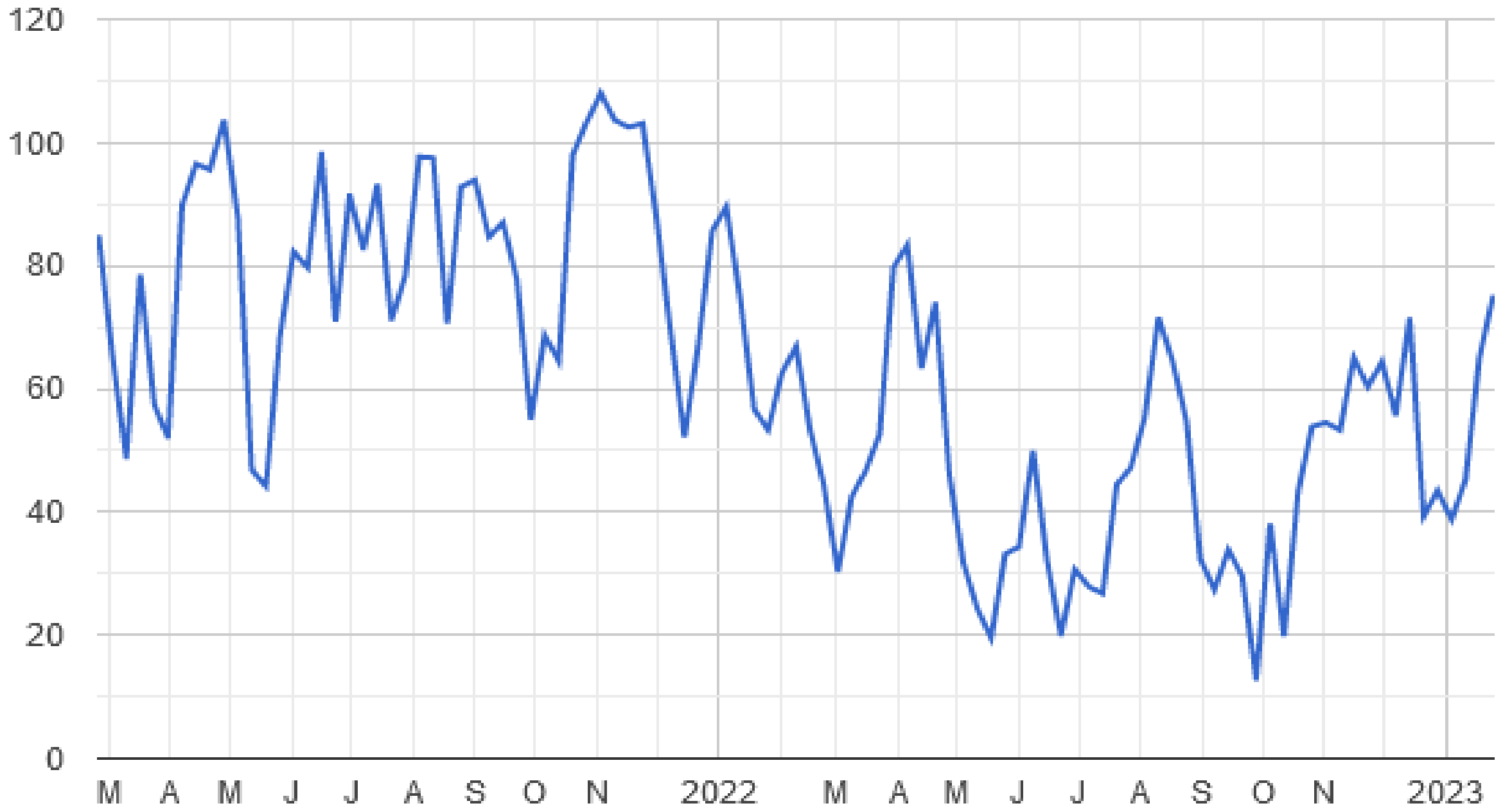
31-Jan-2023

Open 0.77 High 0.77 Low 0.77 Close 0.77 Chg +0.00 (+0.00%)

!AAIBULL:!AAIBEAR (Daily) 0.77



NAAIM Number



NYSE Cumulative 55 Day SMA 21 Day EMA



As of January 31, 2023

Source: Shadowridgedata.com



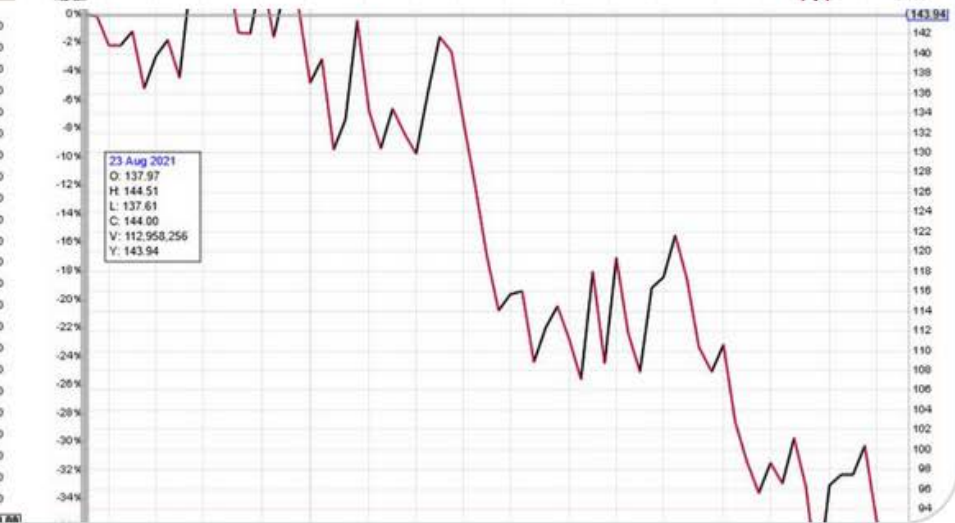
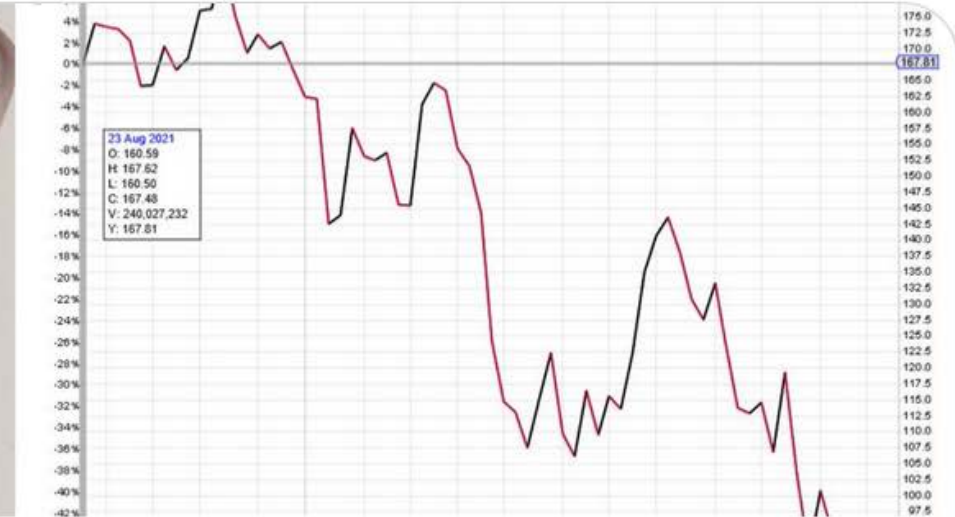
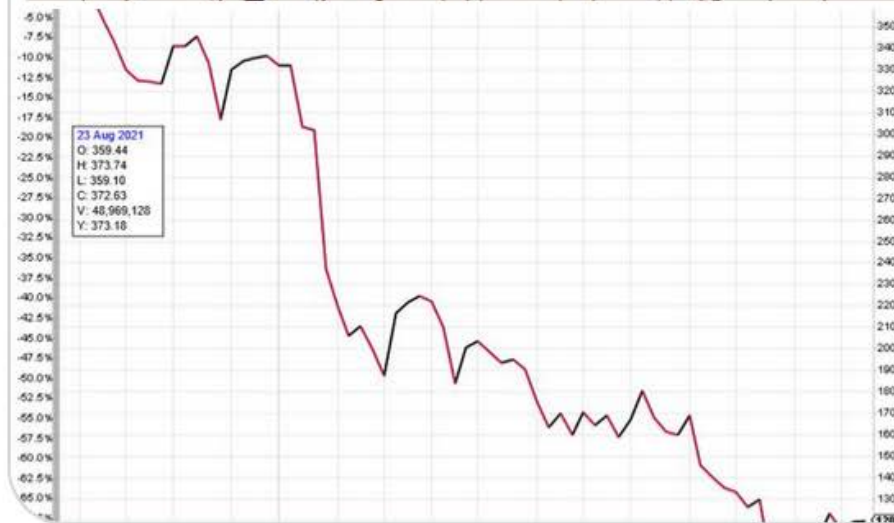
As of January 31, 2023

Source: StockCharts.com



StockCats @StockCats · Dec 21, 2022

"The Unstoppable Rise of Big Tech"



20

38

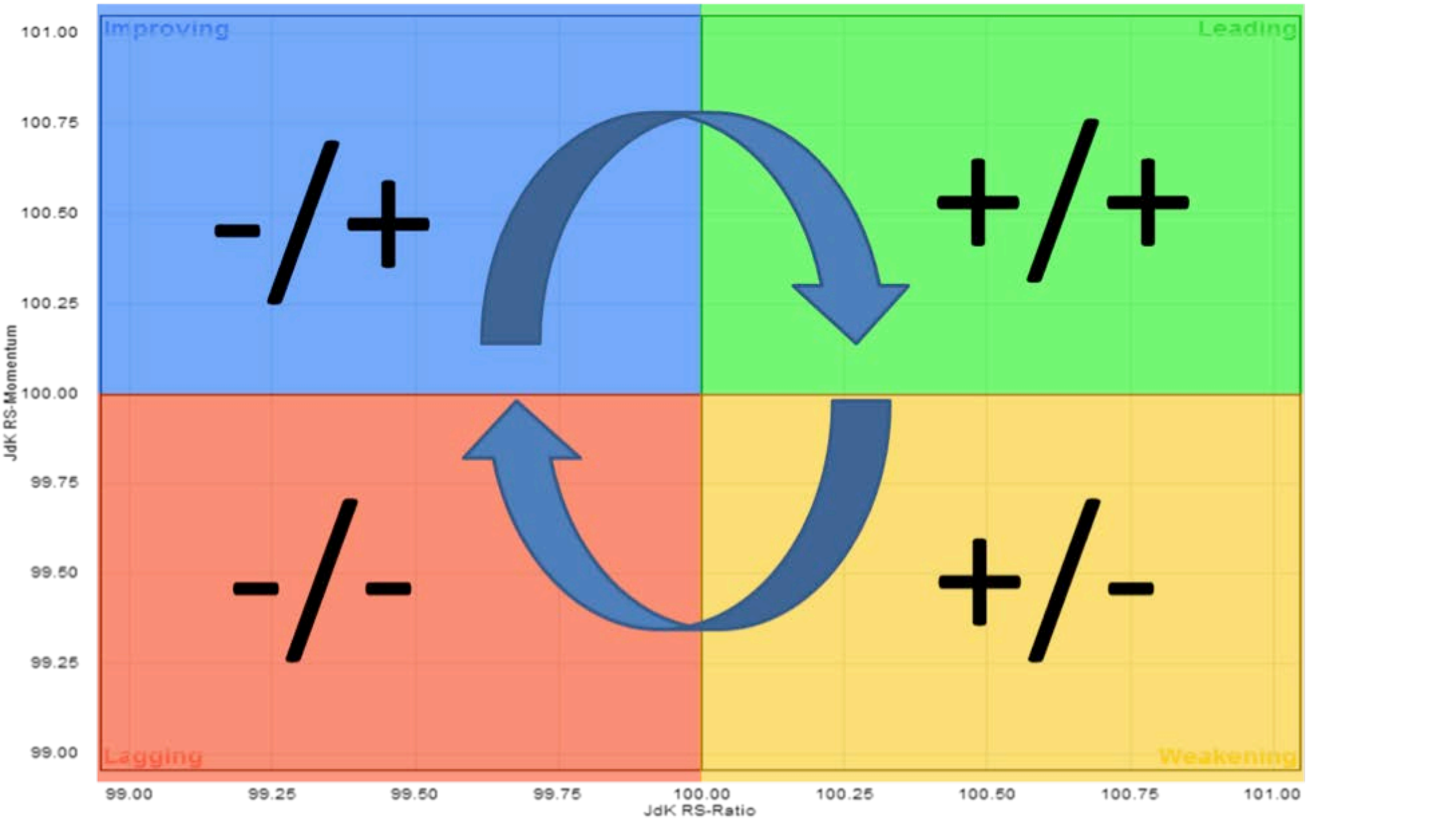
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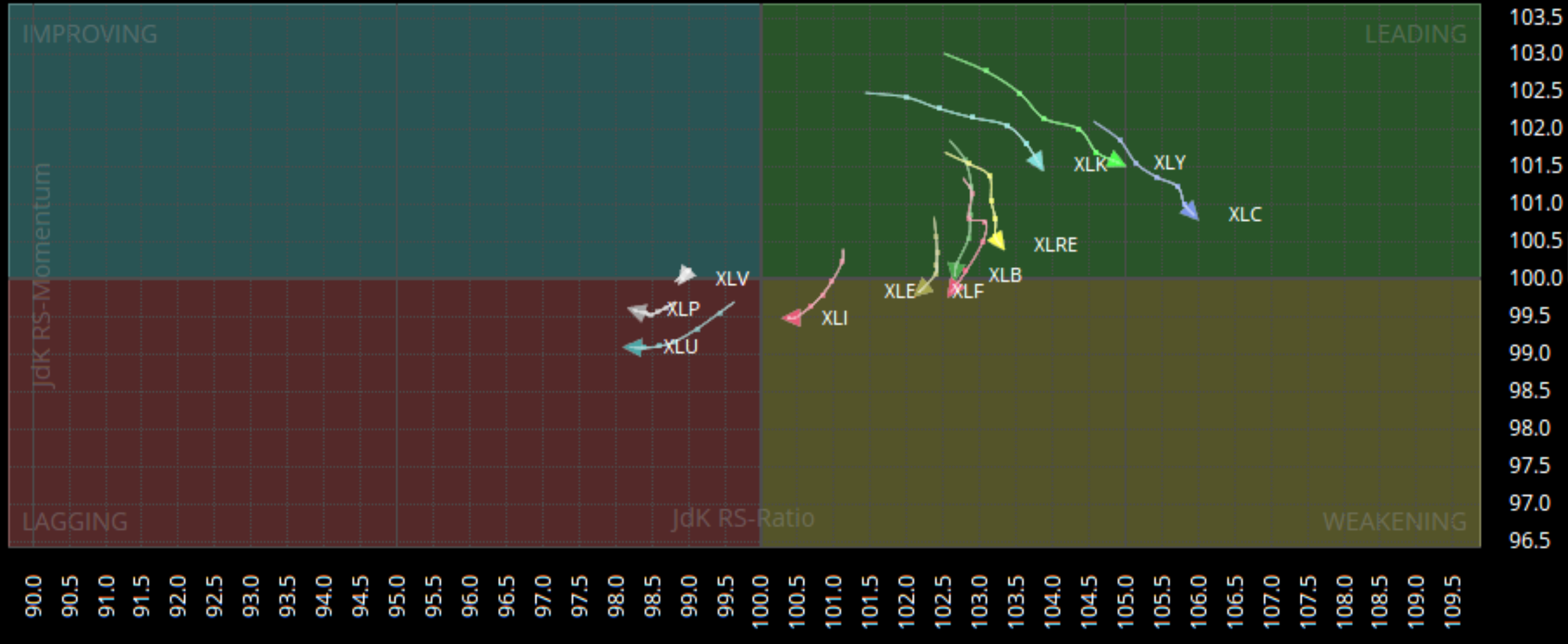
31.5K



RRG – Relative Rotation Graphs

- Visual tool for Relative Strength and Momentum
- Shows rotation of strength (Ratio Values and Momentum)
- Four Quadrants:
 - Leading
 - Weakening
 - Lagging
 - Improving



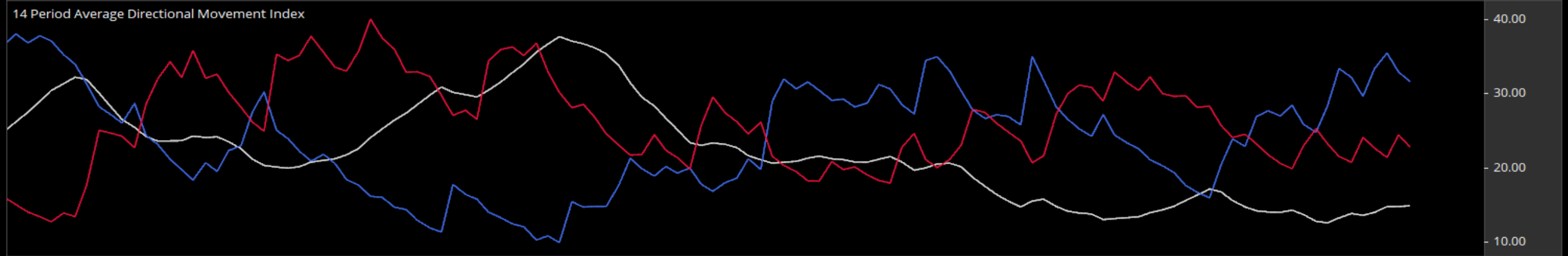
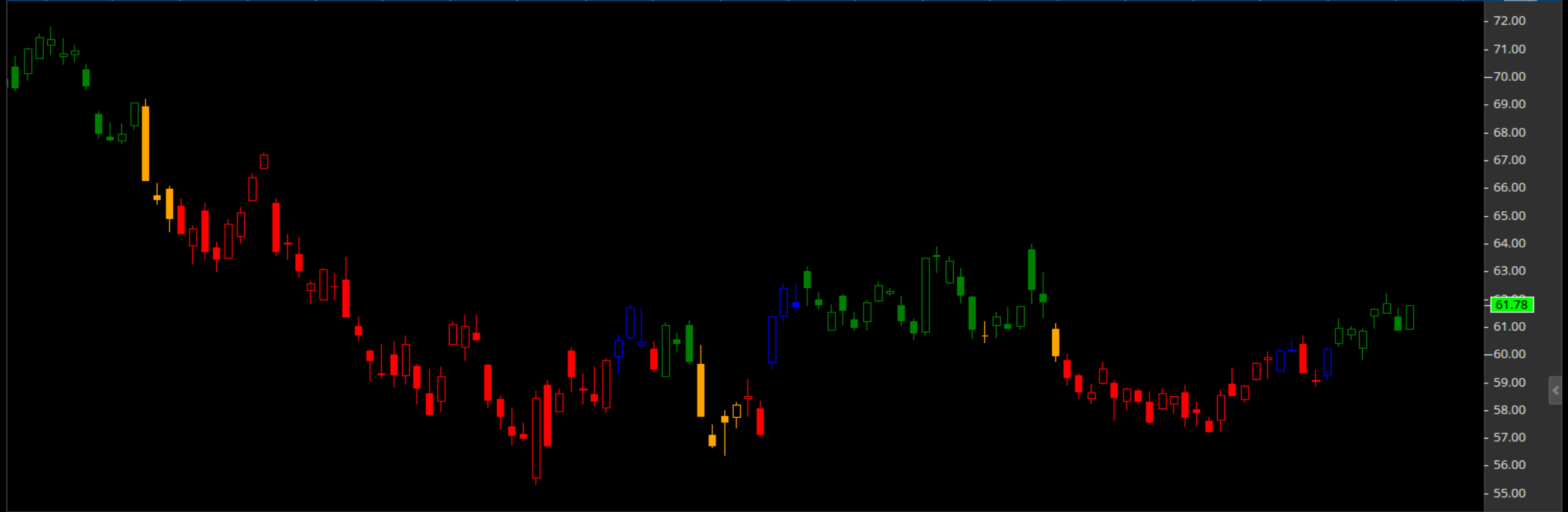


31st Jan 2023

DMI / ADX – Directional Momentum Index

- Welles Wilder 1978 book: New Concepts in Technical Trading Systems
- Shows who is in control: Buyers or Sellers
- Shows strength of the trend

- John Carter used it to make \$1 Million on a TSLA trade in 2 days

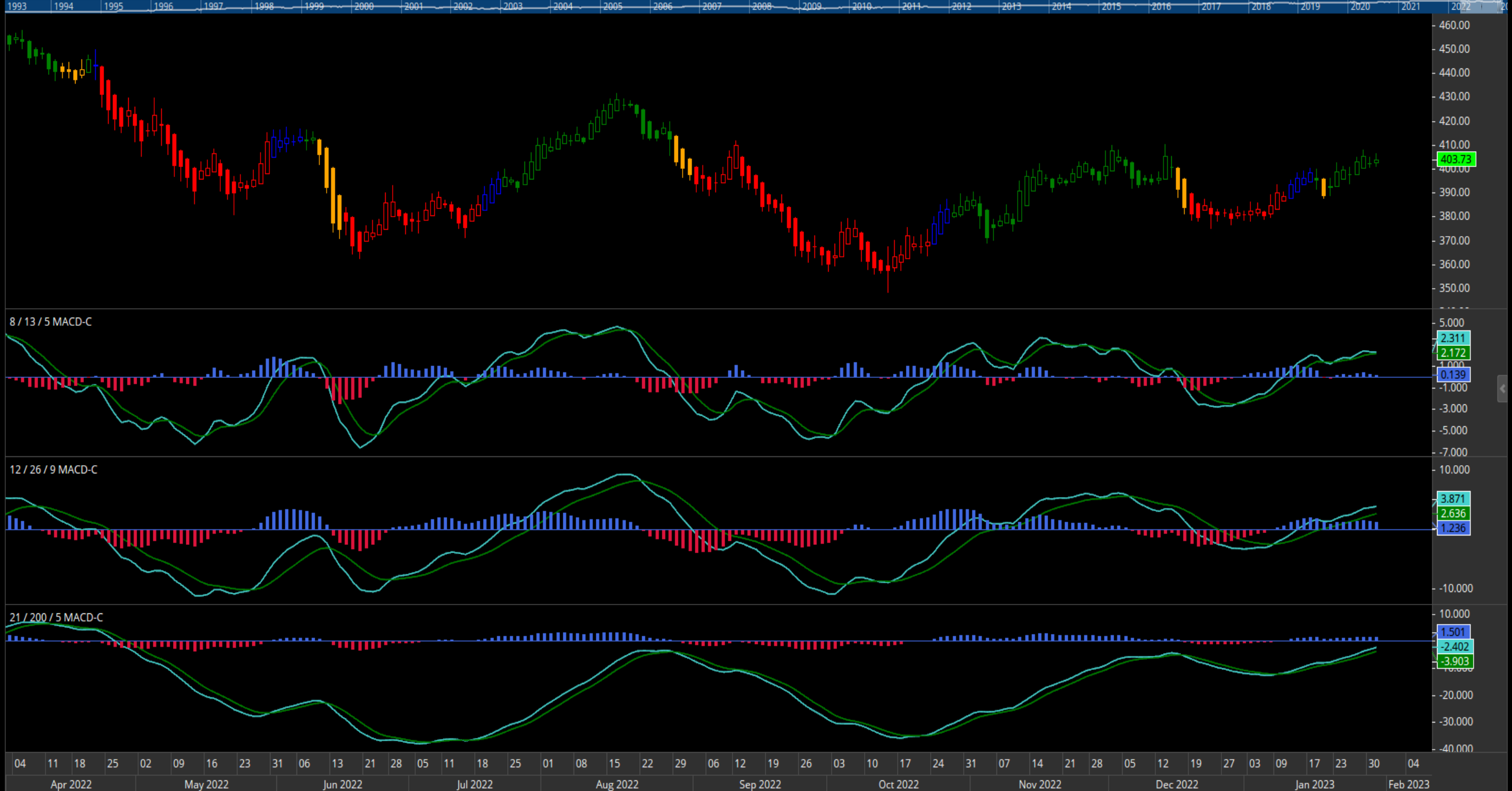


MACD – Moving Average Convergence/Divergence

- Both Trend Following and Momentum
- MACD Line = $(12\text{ema} - 26\text{ema})$
- Signal Line = 9ema of MACD Line

- Standard Settings: 12,26,9

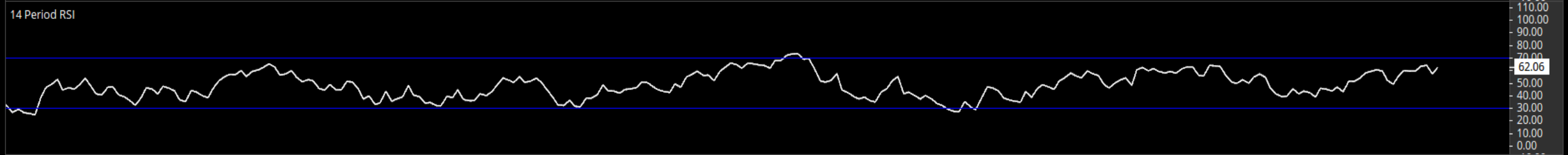
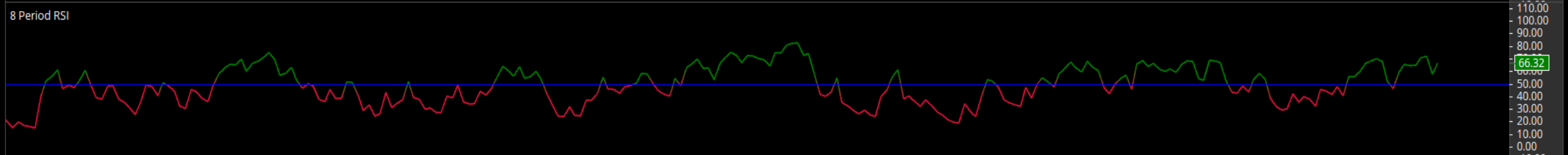
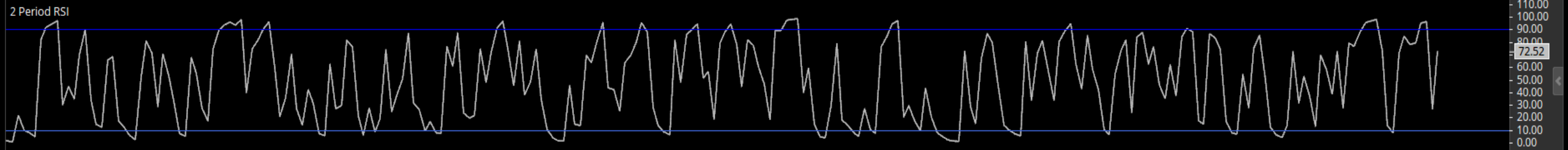
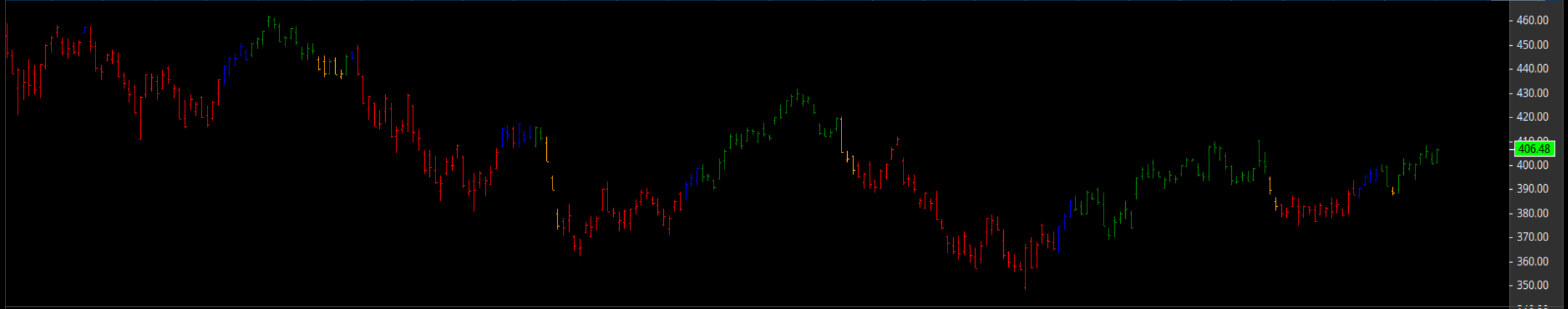
- Short Term: 8,13,5 (“heads-up” setting)
- Long Term: 21,200,5



RSI – Relative Strength Index

- Welles Wilder (again)
- Measures Momentum and Overbought/Oversold levels
- 14 period is standard
 - Overbought above 70
 - Oversold below 30

- Modifications:
- RSI 8 – above/below 50 line
- RSI 2 – very fast, above 90 / below 10, for Mean Reversion





StockCats @StockCats · Jan 23



why is the market going up?

'because people are buying'

why are they buying?

'because the market is going up'

 35

 58

 514

 55.5K



Positive - Sectors (8)

Ticker ↑↓	ADX ↑↓	RSI8 ↑↓	ADX Trend ↑↓	MACD ↑↓
XLC	28.67	68.17	Yes	pos 18 days
XLY	21.14	68.13	Yes	pos 16 days
XLRE	13.75	61.65	Yes	pos 16 days
XLF	17.14	61.60	Yes	pos 18 days
XLK	20.05	59.78	Yes	pos 14 days
XLB	17.60	55.42		pos 15 days
XLI	13.08	49.23		neg 8 days
XLE	11.88	46.84		pos 24 days

As of January 31, 2023

Negative - Sectors (3)

Ticker ↑↓	ADX ↑↓	RSI8 ↑↓	ADX Trend ↑↓	MACD ↑↓
XLP	15.84	40.32	Yes	neg 37 days
XLU	16.07	33.48	Yes	neg 10 days
XLV	12.69	30.09	Yes	neg 34 days

Source: Shadowridgedata.com

Daily - Watch List - SDW Dashboard2 Layout



<input type="checkbox"/>	Code	Last	Change (%)	RRG	DMI▼	Slope	ROC21	Name +
<input type="checkbox"/>	XLY	148.70	2.29%	Green	True	True	14.82	SPDR Consumer Discretionary Select Sect
<input type="checkbox"/>	XLRE	40.59	1.83%	Green	True	True	8.91	SPDR Real Estate Select Sector Fund ETF
<input type="checkbox"/>	XLK	135.96	1.39%	Green	True	True	9.11	SPDR Technology Select Sector Fund ETF
<input type="checkbox"/>	XLI	101.85	1.70%	Green	True	True	3.3	SPDR Industrial Select Sector Fund ETF
<input type="checkbox"/>	XLF	36.56	1.36%	Green	True	True	6.62	SPDR Financial Select Sector Fund ETF
<input type="checkbox"/>	XLC	55.08	1.21%	Green	True	True	14.82	SPDR Communication Services Select Sec
<input type="checkbox"/>	XLB	84.65	2.20%	Green	True	True	8.21	SPDR Materials Select Sector Fund ETF
<input type="checkbox"/>	XLV	133.36	1.29%	Red	False	True	-2.19	SPDR Health Care Select Sector Fund ETF
<input type="checkbox"/>	XLU	69.09	0.74%	Red	False	True	-2.94	SPDR Utilities Select Sector Fund ETF
<input type="checkbox"/>	XLP	73.74	1.08%	Red	False	False	-1.58	SPDR Consumer Staples Select Sector Fur
<input type="checkbox"/>	XLE	89.93	0.89%	Green	False	False	3.46	SPDR Energy Select Sector Fund ETF

Type Code or Name to add an item to the watchlist

31st Jan 2023

As of January 31, 2023

Source: Optuma

SPDR S&P 500 ETF - SPY:US - Daily - USD

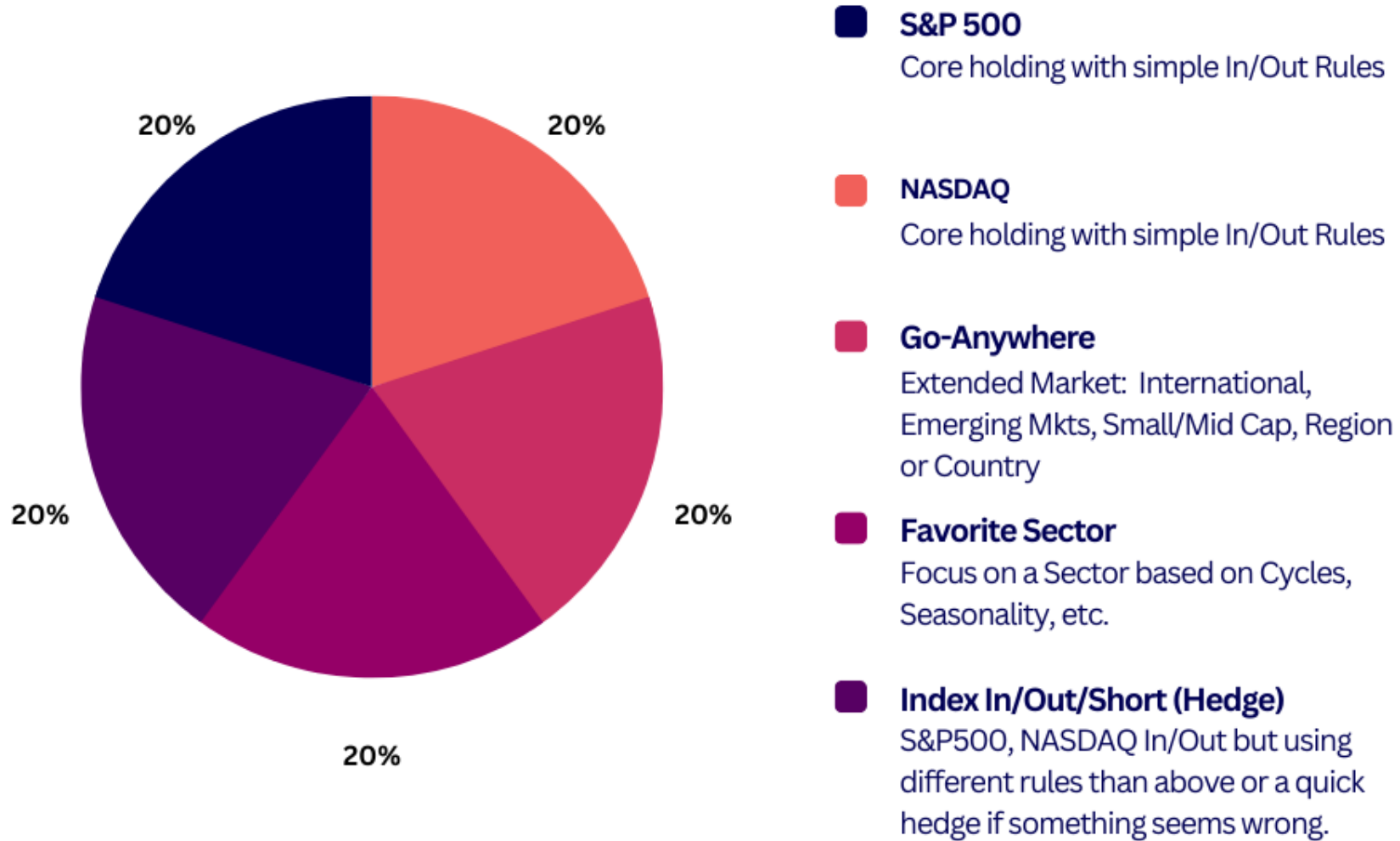


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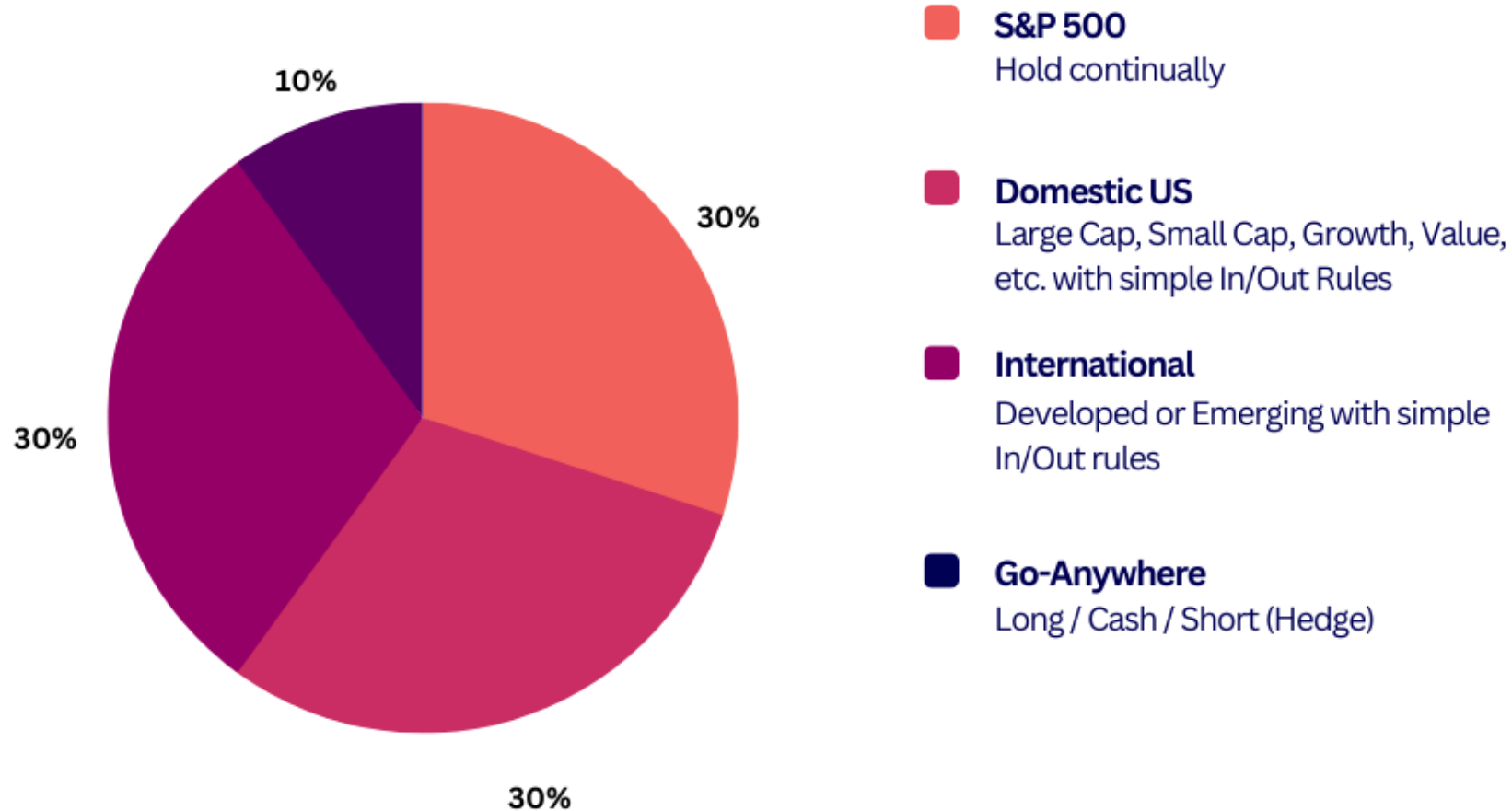
Modeling & Risk Management

- Divide and Conquer (use multiple angles)
- Keep it Simple
- A good strategy/model should be boring to execute

Allocation Example



Allocation Example #2



Contact Info

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