

# Generating Better Risk-Adjusted Returns

## Tracking the Market

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## Other Low Volatility Asset Classes

The following asset categories possess some of the same characteristics as junk bonds. Therefore, they can be good candidates for moving average timing.

- US Treasury Bonds
- Corporate Bonds (Investment Grade)
- Floating Rate bonds
- Municipal Bonds
- High-Yield Muni Bonds
- Securitized Credit
- Emerging Market Debt
- Inflation Adjusted Bonds
- Preferred Securities
  
- Market Neutral, Long-Short Equity, Tactical, Arbitrage, Unconventional

# Ulcer Index and Ulcer Performance Index

**Ulcer Index (UI)** is a downside **volatility** metric that incorporates depth and duration of drawdowns. Lower values represent less volatile investments.

**Ulcer Performance Index (UPI)** is a measure of **trend strength** that uses downside volatility. Higher values represent better risk-adjusted returns.



For a detailed handout on how to calculate the Ulcer Index and Ulcer Performance Index please visit:  
[www.rgbcapitalgroup.com/resources](http://www.rgbcapitalgroup.com/resources) and select the UI-UPI Guide.

# Tracking the Market

## Which Asset Class is Providing the Best Risk-Adjusted Returns

- Asset classes provide different behavior in different market environments.
- Rank by factors that are important to you.
- Evaluate asset classes across different time periods.

Fasttrack Symbol	Description	FastTrack Family	Statistics for 12/31/24 - 12/31/25					
			Return	Annual Return	Ulcer	UPI	MaxDrawDown	SD
RGB08	RGB Emerging Market Debt Index	Emerging Markets	14.63%	14.78%	0.86	12.31	-4.53%	1.24%
RGB07	RGB Securitized Credit Index	N/A	8.44%	8.52%	0.51	8.52	-2.10%	0.89%
RGB10	RGB Preferred Securities Index	Preferred Stock	8.96%	9.05%	0.75	6.49	-3.52%	0.82%
RGB02	RGB Corporate Bond Index	Corporate Bond	7.74%	7.81%	0.79	4.61	-2.94%	1.28%
RGB04	RGB Junk Bond Index	Junk Bonds	7.92%	7.99%	0.85	4.47	-3.89%	0.99%
RGB09	RGB Inflation Protected Bond Index	Inflation-Protected Bond	6.85%	6.92%	0.77	3.55	-2.82%	1.11%
SP-CP	S&P 500 Composite Index		16.39%	16.55%	4.83	2.56	-18.90%	5.43%
RGB03	RGB Floating Rate Index	Bank Loans	5.33%	5.38%	0.61	1.96	-2.78%	0.78%
RGB01	RGB US Treasury Index	Government-Short, Inter., Long	6.64%	6.70%	1.31	1.92	-3.68%	1.57%
RGB05	RGB Muni Bond Index	Muni	3.97%	4.01%	1.72	-	-5.09%	1.37%
RGB06	RGB High-Yield Muni Index	Muni Junk	2.65%	2.68%	2.84	-	-6.83%	1.85%

Chart ranked by Ulcer Performance Index (UPI). Negative UPI values set to zero and then sorted by maximum drawdown. The S&P 500 Index is provided as a market reference.

# Tracking the Market

## Basic Concepts

- Getting an understanding of stock market conditions can be broken down into 3 parts: Trend, Momentum, and Market Breadth
- These can all be adapted to your preferred time frame: Weekly, Daily, Hourly, etc.
- Look at multiple time frames for confirmation
  - a) Long-Term
  - b) Intermediate-Term
  - c) Short-Term
- Keep it simple – select a few of your favorites and use them consistently

# Technical Environment

- **Trend** - The general direction of price movement over time: upward (higher highs and higher lows), downward (lower highs and lower lows), or sideways.
- **Momentum** - the speed or strength of a price change, showing how quickly prices are accelerating in their current direction; high positive momentum supports continuing uptrends, while fading momentum often signals potential reversals or loss of steam.
- **Market Breadth** - measures how widely a market move is supported by looking at the number of stocks advancing versus declining (or similar metrics like new highs/lows); strong breadth confirms a healthy trend with broad participation, while narrow breadth suggests weakness even if major indexes rise.

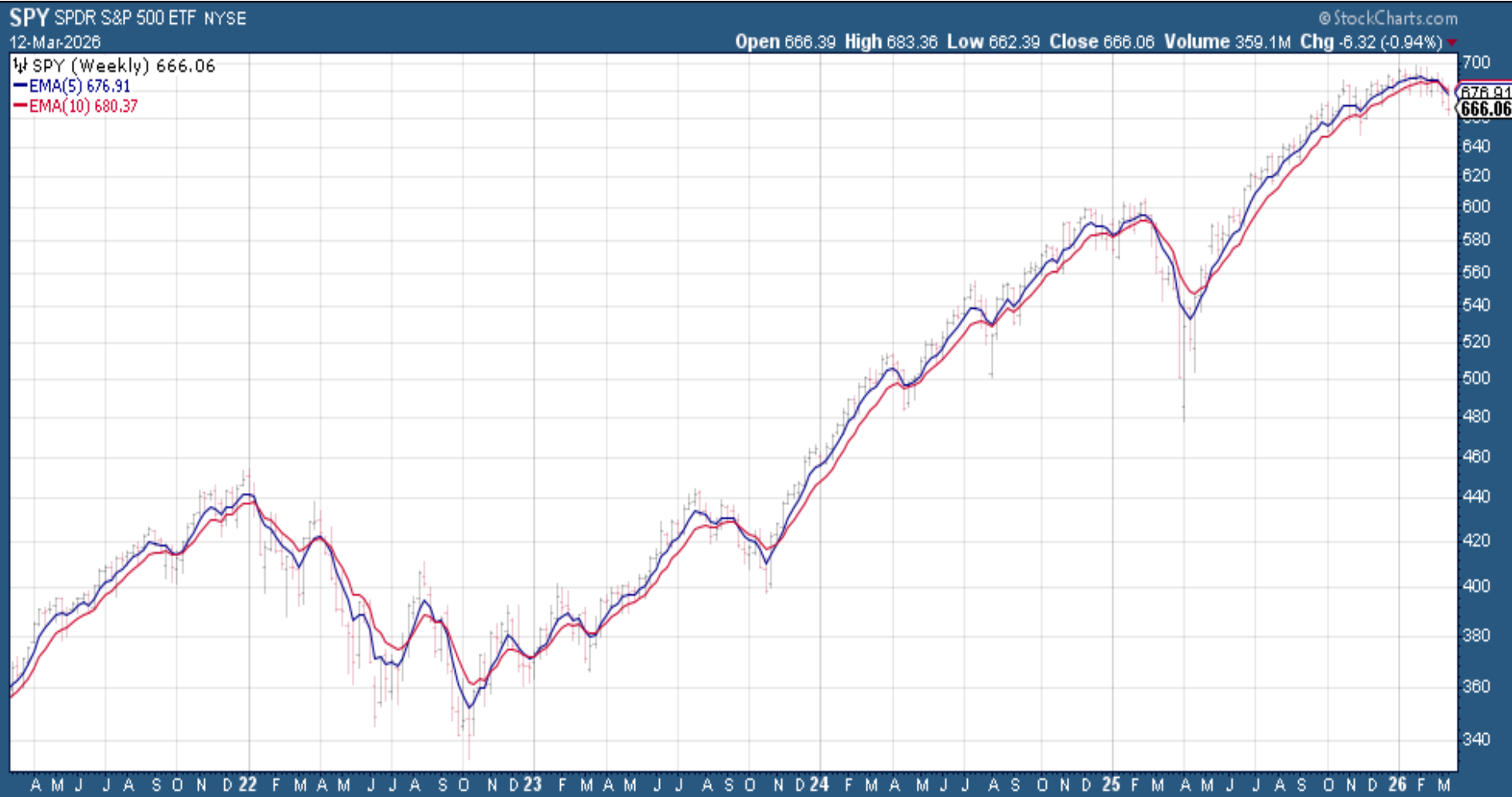
# Tracking the Market

## Time Frames

- Short Term: 0 to 3 weeks
  - a) 0 to 15 trading days
  
- Intermediate Term: 3 weeks to 6 months
  - a) 15 to 126 trading days
  
- Long Term: More than 6 months
  - a) More than 126 trading days
  
- Other notable timeframes (and fun with numbers)
  - a) 5 days = 1 week
  - b) 21 days = 1 month
  - c) 126 days = 6 months
  - d) 252 days = 1 year
  - e) Round Numbers = 20,50,100,200
  - f) Fibonacci = 5,8,13,21,34,55,etc

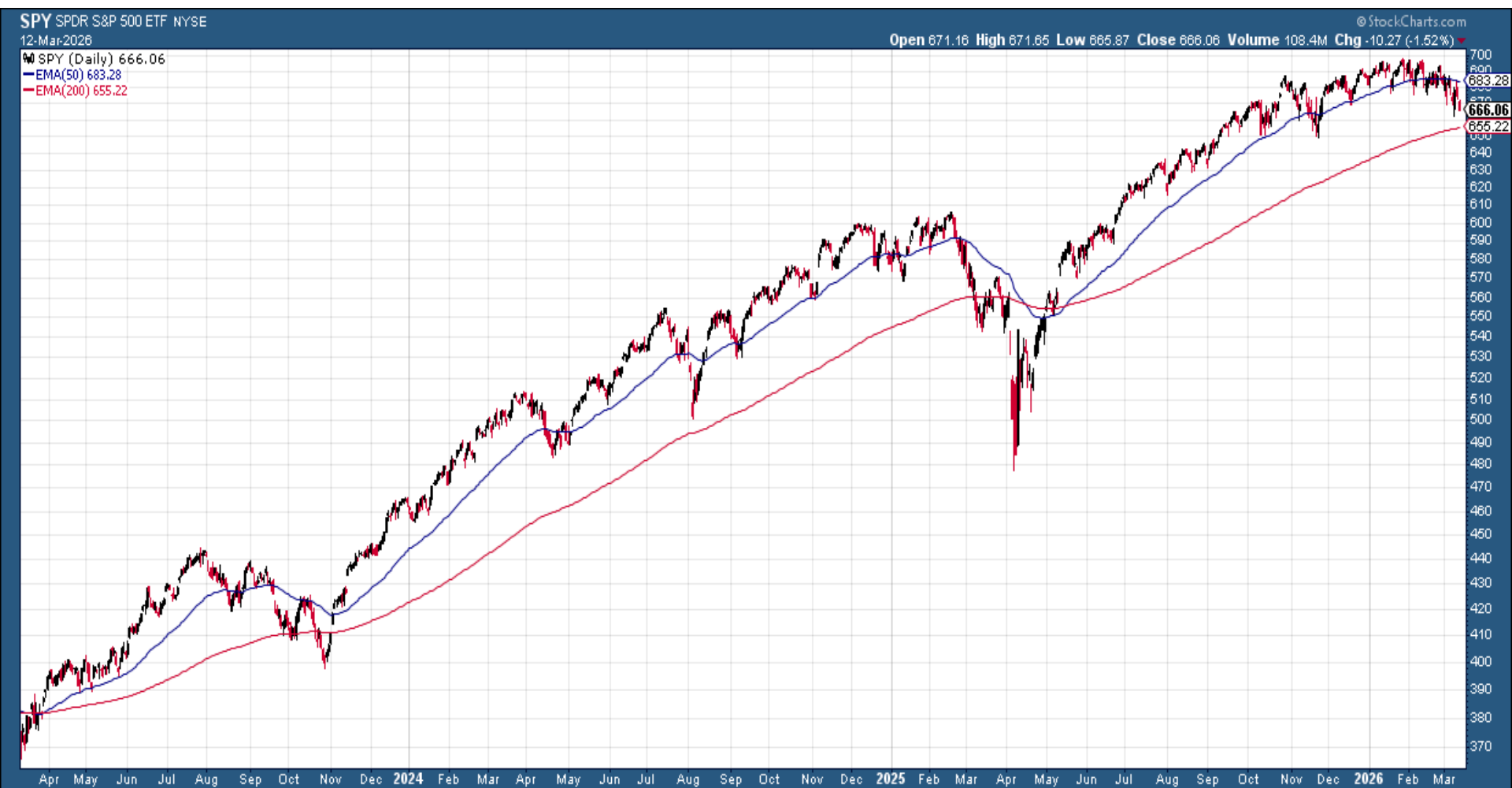
# Technical Environment

## Market Trend – S&P 500 (SPY) with 5 and 10 week EMAs



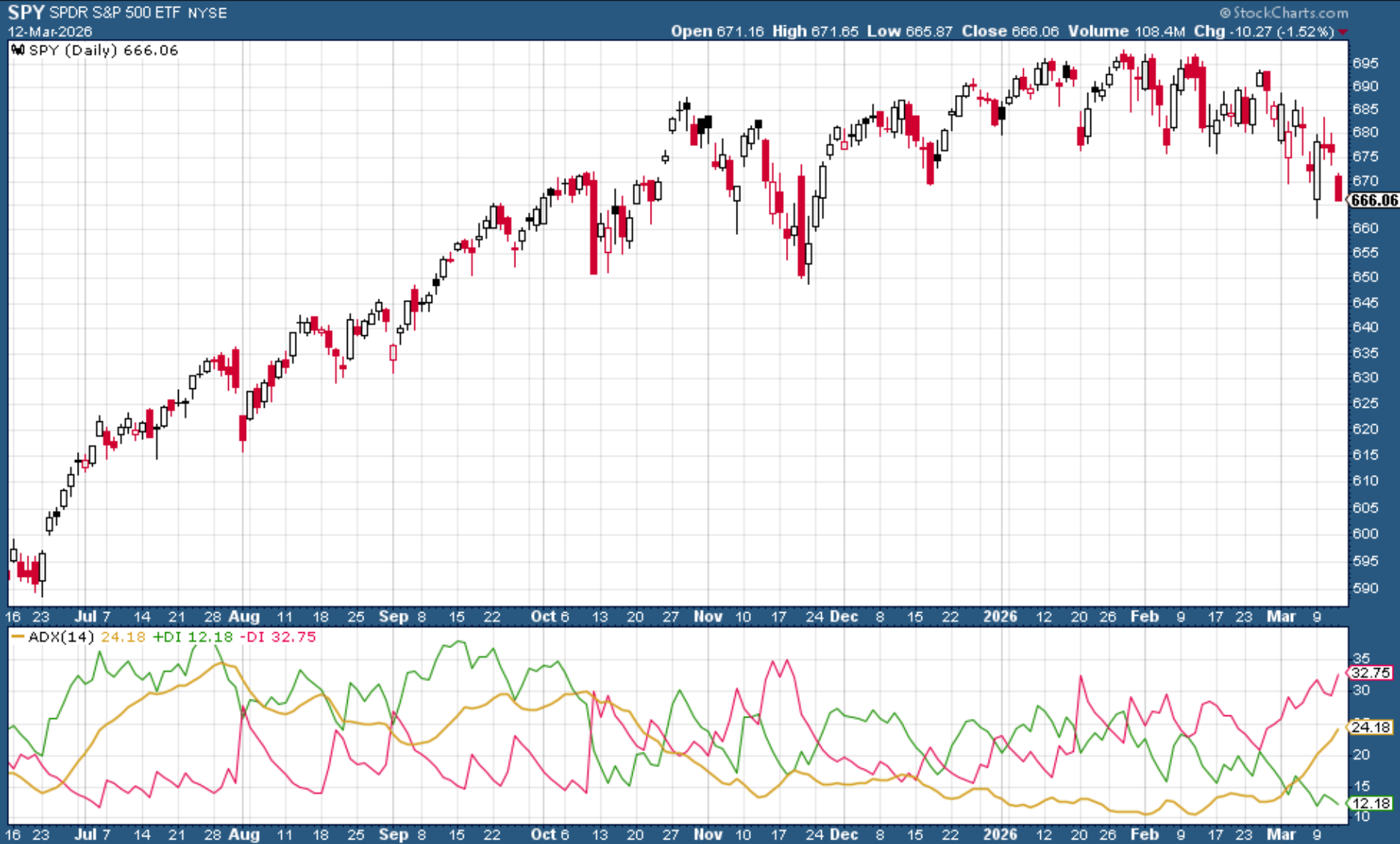
# Technical Environment

## Market Trend – S&P 500 (SPY) with 50 and 200-day EMAs

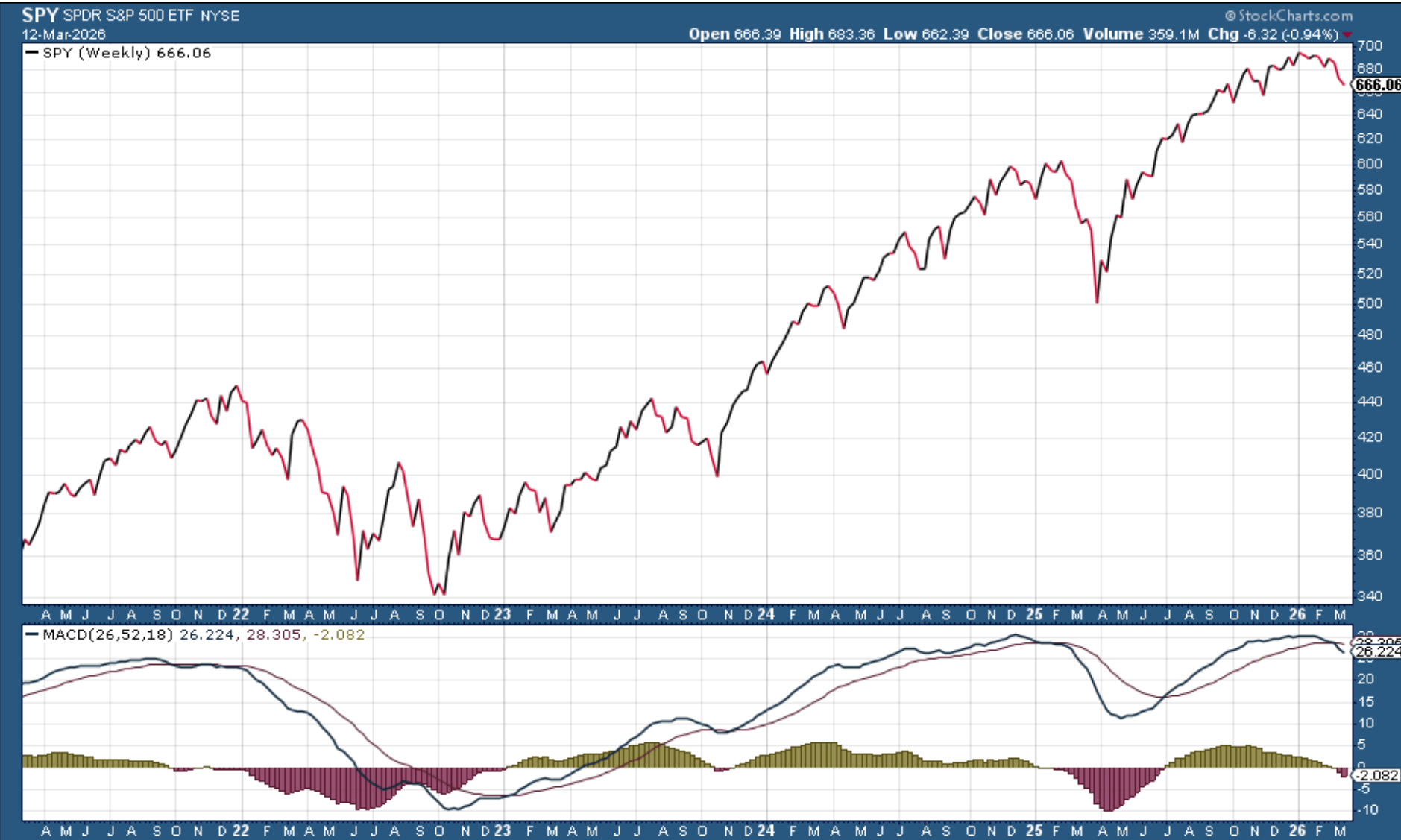


# Technical Environment

## Momentum – S&P 500 (SPY) ADX 14

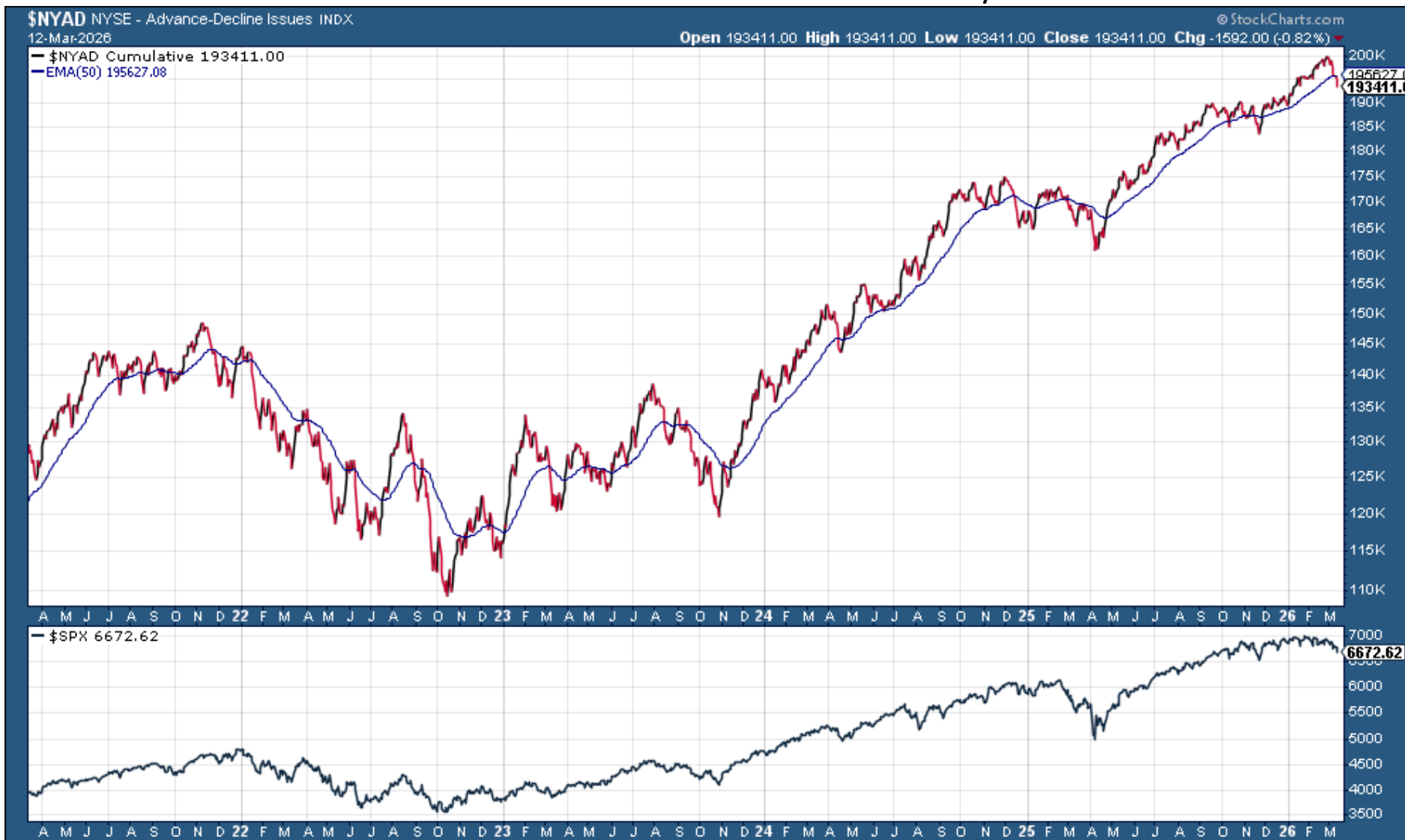


# Long-Term Trend Momentum – S&P 500 (SPY) weekly w/MACD



# Technical Environment

## Market Breadth – NYSE Advance-Delay w/50 EMA

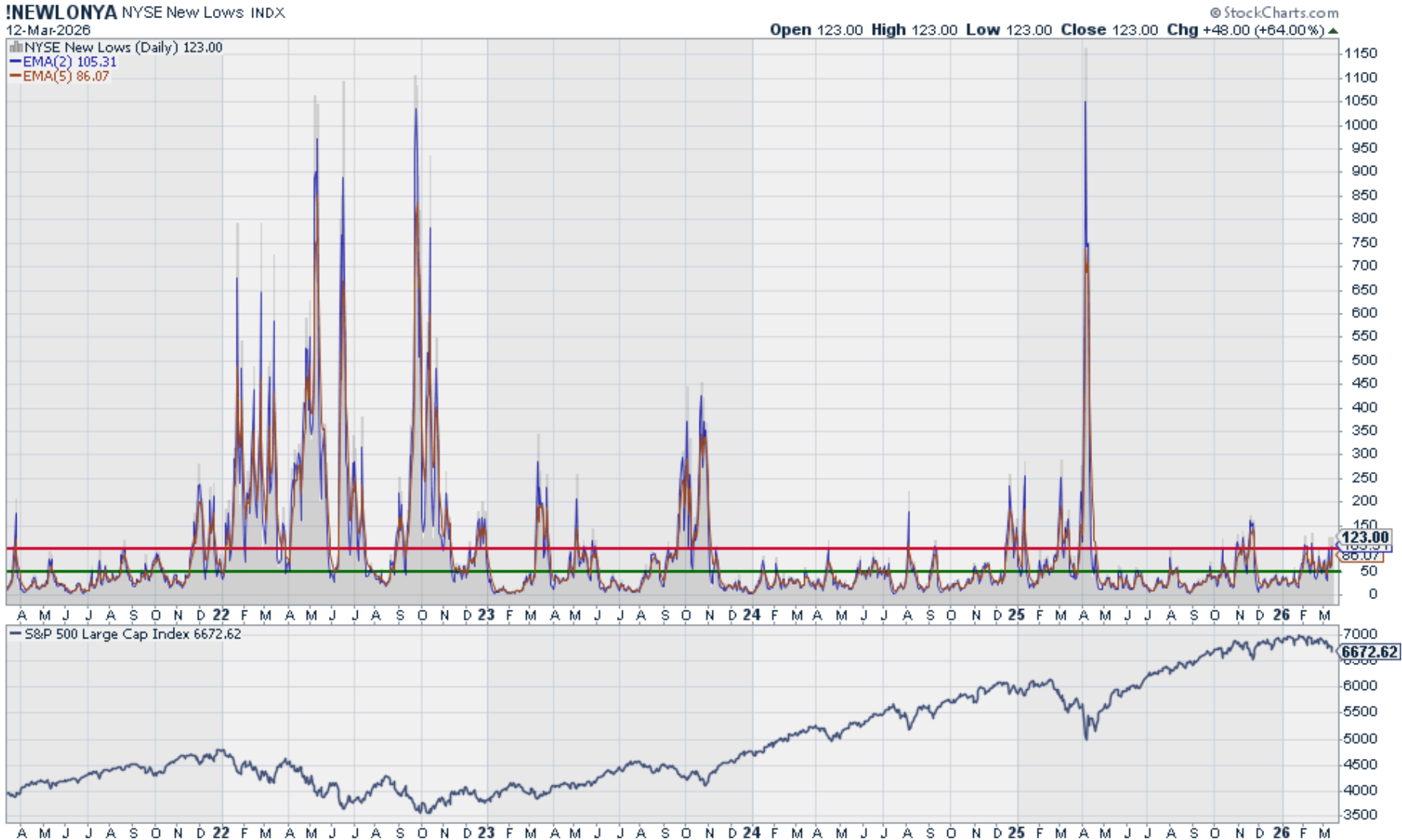


# VIX – Volatility Index



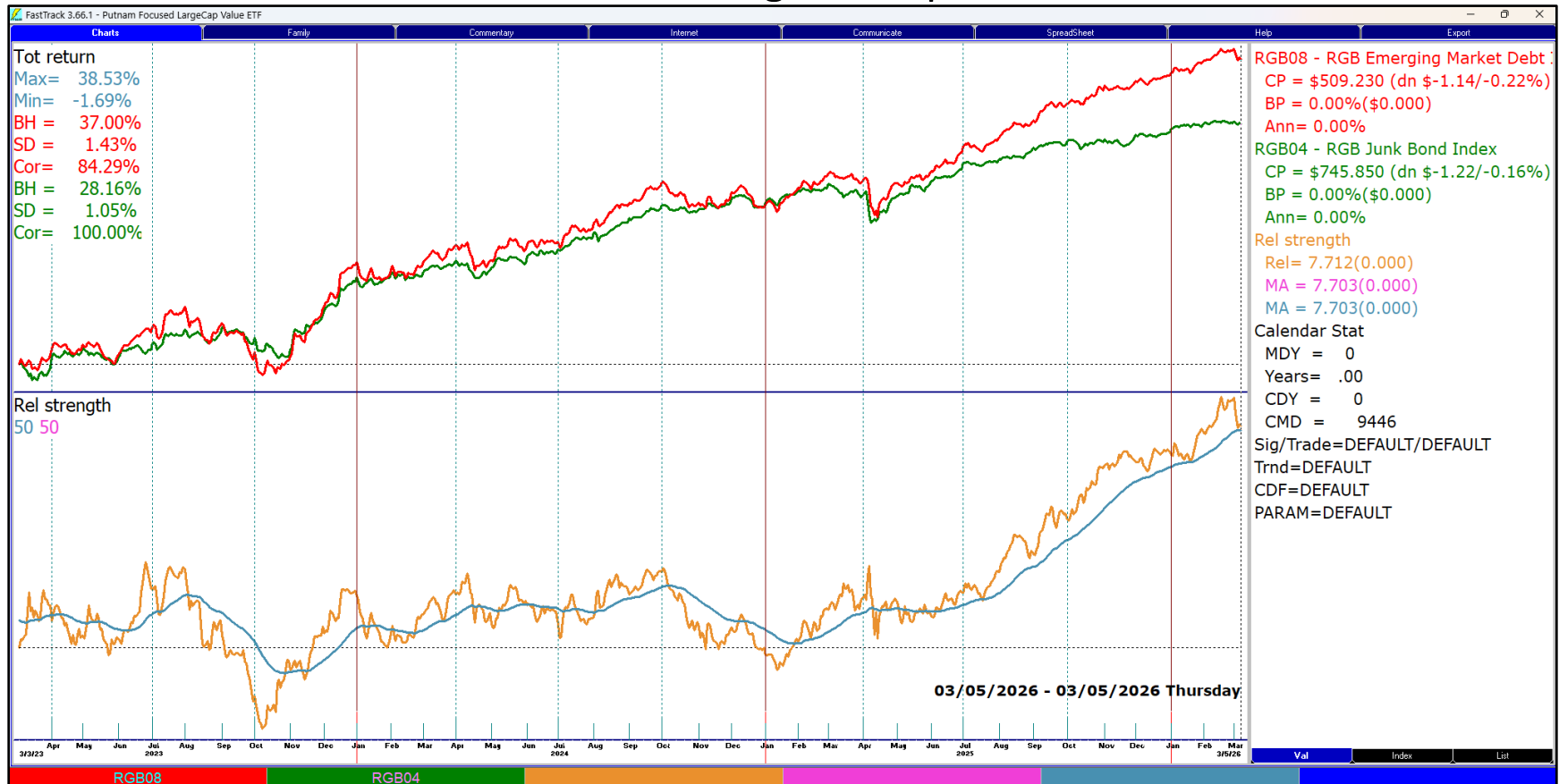
# Technical Environment

## Market Breadth – NYSE New Lows w/Price Levels



# Which Asset Class is Providing the Best Risk-Adjusted Returns

## Relative Strength Comparison

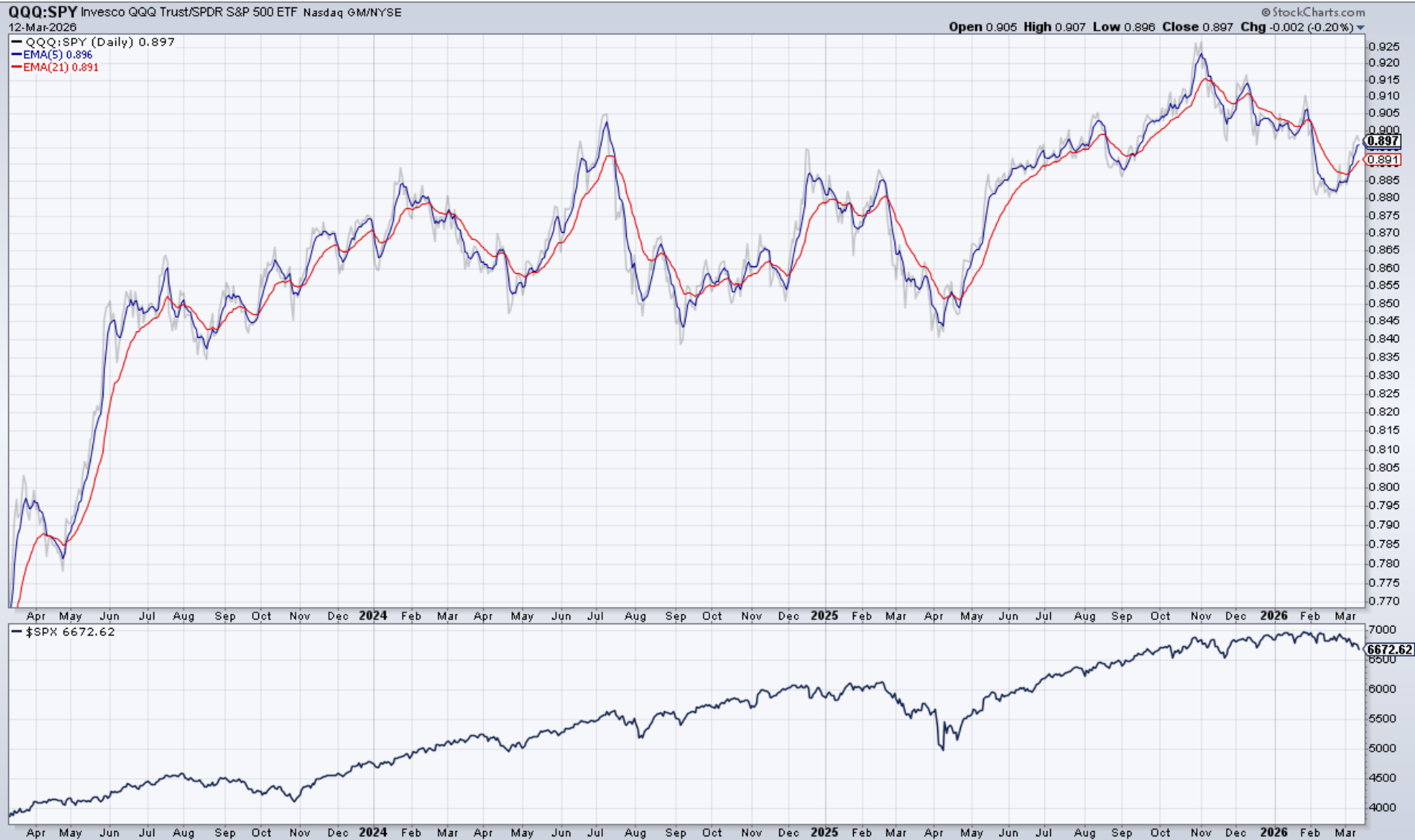


- Relative strength compares two assets. A rising relative strength line implies the red line is outperforming the green line.

# Relative Strength Asset Pairs

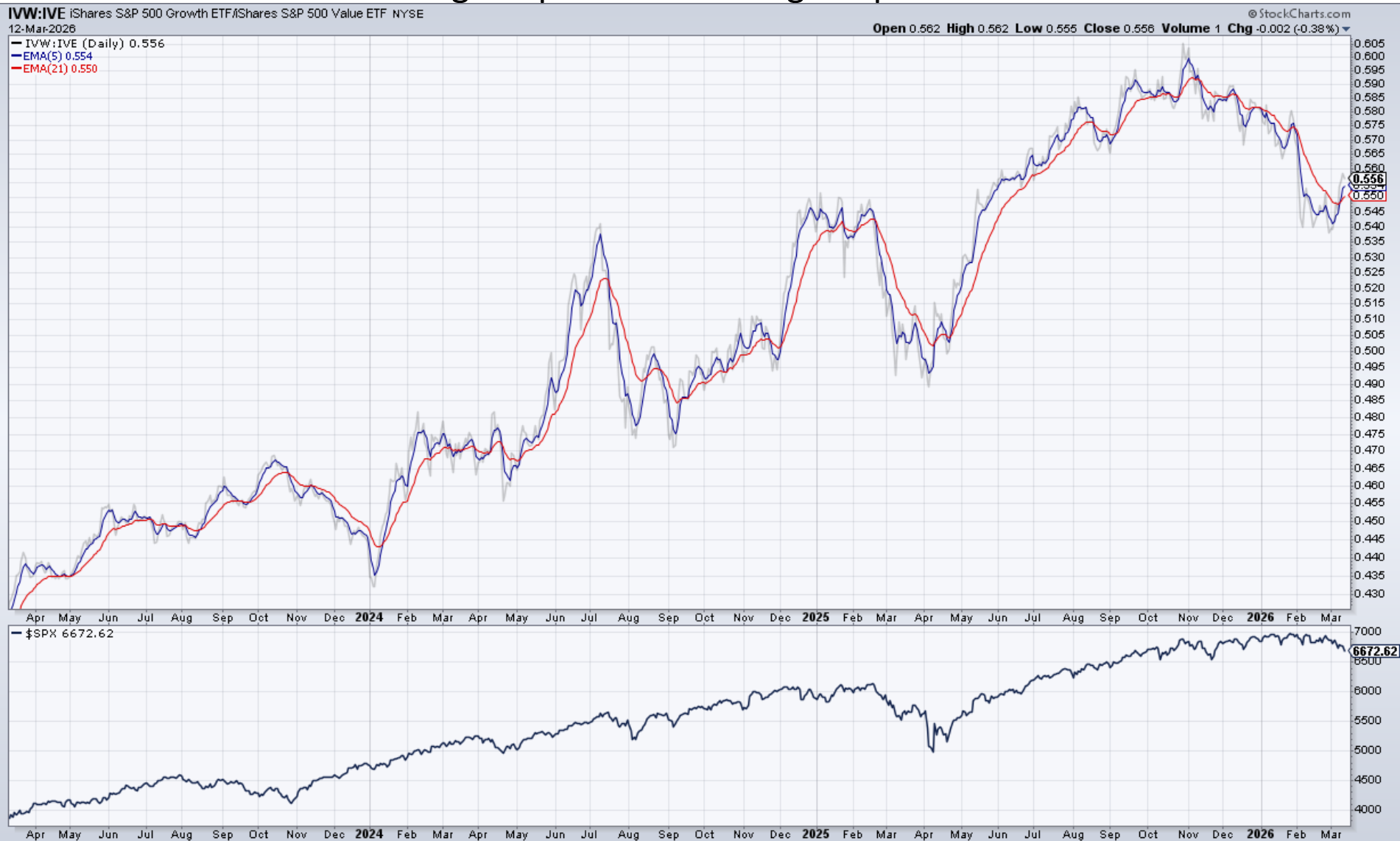
- NASDAQ vs S&P 500
- Growth vs Value
- Junk Bonds vs US Treasuries

# Relative Strength NASDAQ vs S&P 500



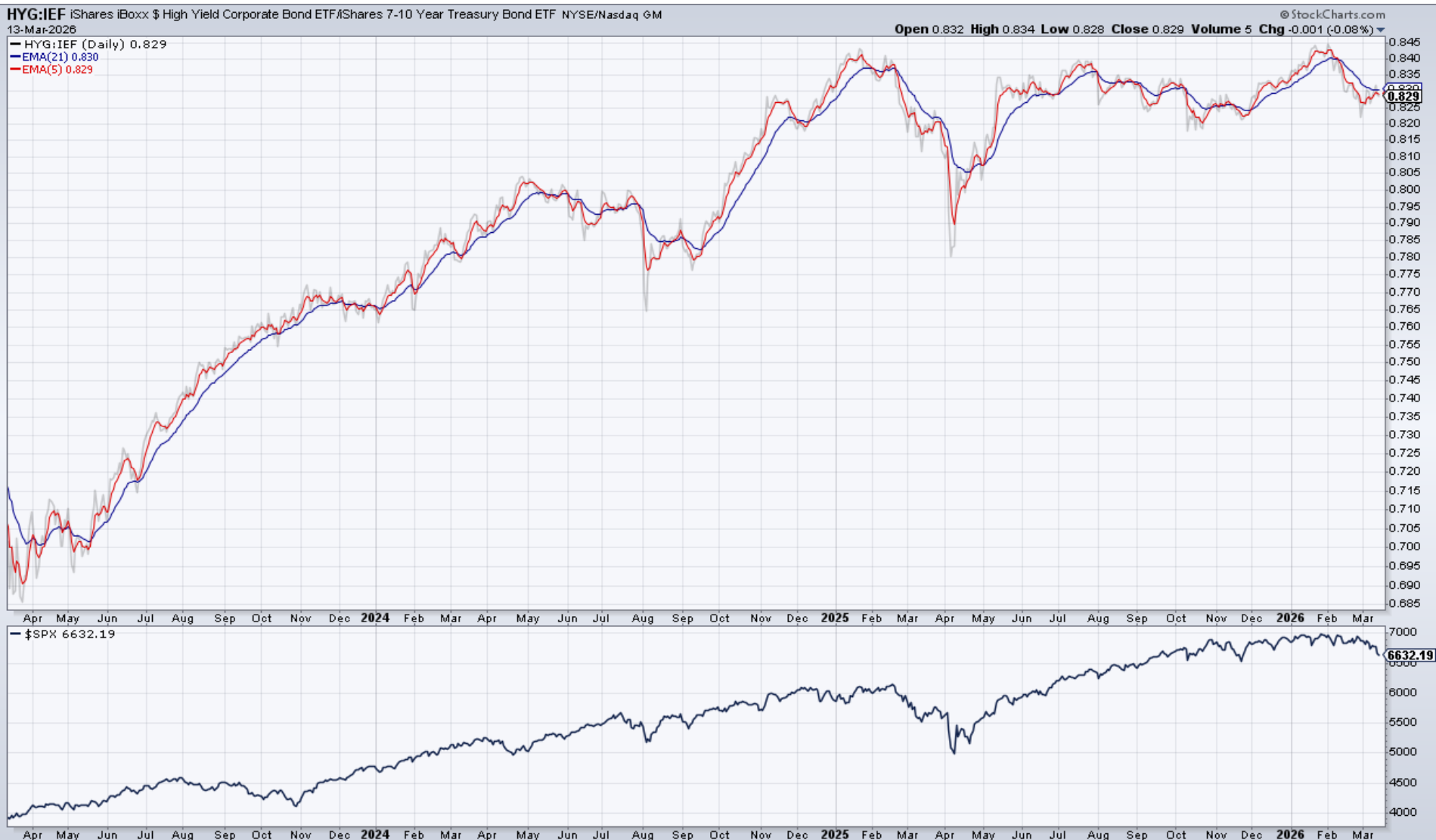
# Relative Strength

## Large Cap Growth vs Large Cap Value



# Relative Strength

## High Yield Bonds vs US Treasuries



# Scoring Breadth

- Pick 3 to 5 of your favorite indicators of market context
  
- Tally how many are positive vs negative
  - a) Trend 50/200 Day = Positive
  - b) Trend 5/10 Week = Negative
  - c) Momentum ADX Line = Negative
  - d) Momentum L/T MACD = Negative
  - e) Relative Strength QQQ/SPY = Positive
  
- 3 of 5 are positive (60%)
  - a) If that improves, consider adding or buying new funds/ETFs that score well
  - b) If that weakens, consider selling the weakest of your current holdings
  
- Have a plan. Review Daily/Weekly. Follow your plan.

# RGB Dashboard

## Stock Market Scorecard

March 06, 2026

### Primary Cycle Analysis

Secular Market

**Bull Market**

Cyclical Market

**Bull Market**

### Technical Environment

#### Trend Analysis

Short-Term Trend Rating

**Negative**

Intermediate-Term Trend Rating

**Negative**

Long-Term Trend Rating

**Positive**

#### Momentum Analysis

Short-Term Momentum Rating

**Negative**

Intermediate-Term Momentum Rating

**Negative**

Long-Term Momentum Rating

**Negative**

<https://www.rgbcapitalgroup.com/scorecard>

# Summary

- Know your factors: Trend, Momentum, and Market Breadth
- Know your Time Frames: Daily, Weekly, Monthly, etc.
- Know your Numbers: Round Numbers or Fibonacci
  - a) This can even be more art than science
- Use a grouping of Market Indicators on multiple time frames and score them regularly to stay on top of market health.
  - a) Keep your inputs data-driven and not news-driven.
  - b) Make it easy to keep “score”
- Keep your process simple enough so you can be consistent in using it.
- Use the RGB Stock Market Scorecard to save yourself some time.



If you have any questions about the presentation, feel free to contact:

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