

# Generating Better Risk-Adjusted Returns

## Equity Fund & ETF Investing

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## Basic Concepts

- There is no perfect indicator – having a consistent approach is more important.
- Higher Volatility Funds/ETFs tend to have their own characteristics, quirks, and flaws. Your approach to one Fund or ETF might not work at all on another.
- Have a process – we're going to walk through a Top-Down sequence

# Equity Fund & ETF Investing

## Top-Down Investment Process

- What are the major indexes doing?
- Where is strength most evident in those indexes?
  - a) Relative Strength comparisons of broad markets
- What sectors are the strongest?
- What are the top holdings of those sectors?
- Look at charts. Lots and lots of charts.

# Equity Fund & ETF Investing

## Sectors / Countries / etc.

- What are the major Sectors doing?

### Sector Spider ETFs:

XLB Basic Materials

XLC Communications

XLE Energy

XLF Financials

XLI Industrials

XLK Technology

XLP Consumer Staples

XLRE Real Estate

XLU Utilities

XLV Health Care

XLY Consumer Discretionary

# Top –Down Investment Process

## RRG – Daily with BIL as Benchmark

- What is RRG?

Compares a group of Funds/ETFs/Stocks based on Momentum and Relative Strength vs a benchmark



# Top –Down Investment Process

## Sectors / Countries / etc

- Current top sectors?
- What are the top holdings in those ETFs?
- If they make up a majority of the holdings – how do they look?
  - a) Time to buy? Sell? Skip?

# Top –Down Investment Process

## Sectors / Countries / etc.

- How about various countries around the globe?

iShares Country ETFs:

EWJ Japan

EWY South Korea

EWZ Brazil

INDA India

EWT Taiwan

MCHI China

EWG Germany

EWC Canada

ILF Latin America

EWU United Kingdom

EWX Mexico

EWA Australia

# Summary

- There is no perfect Indicator.
- Have a process. Stick to your process.
- Know why and when you are using higher volatility Funds/ETFs
- Have a defined investment process: Top-Down example
- Use RRG (Relative Rotation Graphs) charts to look at multiple Funds or ETFs at the same time
- Use UPI to help rank and narrow down your investment choices
- Look at charts. Look at lots and lots of charts.



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

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