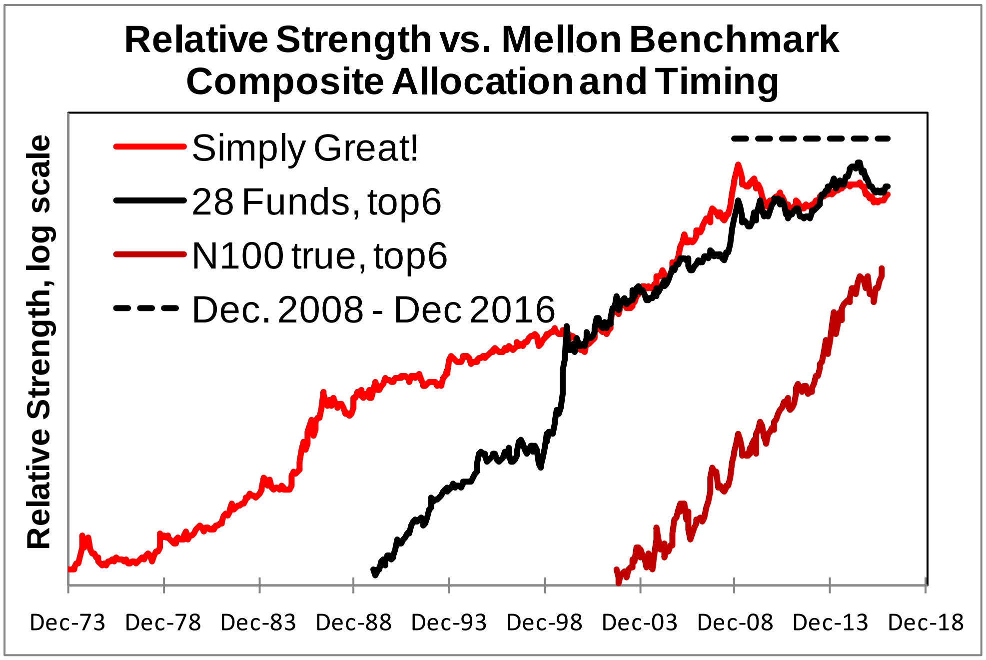
Recent Performance

As shown in the figure, the SIMPLE portfolio of US and foreign stocks has been stalled for about the past eight years. The portfolio return has matched but has not exceeded the return of the BNY Mellon benchmark.



Source: Monthly Allocations January 2017.xlsb.

The 28 US funds and NASDAQ100 portfolios have not stalled.

As Al said, the timers have been making unfortunate recommendations recently. A solution is to replace the Absolute Momentum timing algorithm with Maurer's faster responding 5-month Absolute Momentum algorithm[1].

Relative Momentum Allocation Simply Great! portfolio	CAGR 1952 - 2016	Sharpe 1952-2016	MaxDD 1952-2016	CAGR 2014-2016
Absolute Momentum timing	14.6	86	21	4.2
AbsMon, SG, FundX composite timing	14.7	86	17	4.5
5AbsMom timing	15.4	94	18	9.4
AbsMom, 5AbsMom composite timing	15.1	94	15	6.8
5AbsMom, SG, FundX composite timing	15.0	88	18	6.3

[1] Don Maurer, "An Approach to Testing Price Based Timers," Silicon Valley CIMI Group, March 3, 2016.

The next table illustrates the past three years' performance of the SIMPLE portfolio plus real estate.

Table XX. Annualized Returns for a Managed Portfolio of US and Foreign Stocks plus Real Estate, 2014-2016. Dxxx = Demaxxx, SS = SectorSurfer® and RelMom = Relative Momentum. Source: Effect of Timing Algorithm.xls.

Allocation Algorithm / Timing Algorithm	D20	D70	D103	DOpt	SS[2]	RelMom
Mellon Benchmark	5.25	5.25	5.25	5.25	5.25	5.25
Untimed	12.06	3.89	5.65	11.10	6.12	7.85
Absolute Momentum	6.79	(1.45)	0.69	2.62		2.62
10MOM	7.63	0.06	2.23			
StormGuard Std	6.79	(1.45)	0.69	5.88	1.17	
FundX	6.03	(0.37)	1.79			
10monthSMA	6.03	(0.37)	1.79			
200daySMA	7.72	1.22	3.42			
SPVOL	10.32	2.92	4.81	9.37		6.12
Golden Cross	6.42	0.00	2.17			
EMA Golden Cross	8.12	(0.23)	1.93			
DR*VOL	8.12	1.60	3.80			
200EMA	6.03	(0.37)	1.79			
GOOD	10.55	2.49	4.23	9.60		6.23
WLIg+	8.30	3.94	5.71			
NASDAQ HiLo	5.43	0.93	3.12			
StormGuard Armor	7.92	4.85	6.83	7.00	3.63	7.22
Unemployment Claims	12.06	3.89	5.65	11.10		7.85
5AbsMom	12.40	5.62	7.91	11.43	7.65	8.00
AbsMom, SGStd, FundX composite	6.54	(1.09)	1.06	5.63		2.38

SectorSurfer® performs poorly with this portfolio. Juds would likely attribute the poor performance to the inclusion of real estate which, in his opinion, does not share "common mode noise" with US and foreign stocks.

DemaOpt, my implementation of FWPT optimization, does well with this portfolio. (DEMA20 does better but the performance of the DEMA20 algorithm is not known in advance.) The SectorSurfer® FWPT optimization routine chooses values for the trend constant for this portfolio which are too large.

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[2] Ver. 5.3.201, VFINX, HAINX and FRESX, cash = VBMFX, FWPT with BOD 1/2/1998. Performance with the 5AbsMom timer was determined by applying the timer to the untimed SectorSurfer® equity curve.