

FastBreak – 2023 Year in Review

We completed our 27th year since the initial release of FastBreak back in 1996; we again want to thank all our loyal users. Before we get to a yearly review, along with the performance metrics of a few sample FastBreak strategies, we want to take care of housekeeping issues.

Housekeeping Issues

FastBreak/FastGraph Updates

Release Notes for Standard FastBreak and FastBreak Pro V6.8.4

We modified the RSI calculation in both Standard and Pro from “Cutler” calculation to the “classic” calculation used by FastTrack. If you have strategies that use RSI either as a Buy Filter or Stop the impact could be slight to significant. We recommend keeping your current version of FastBreak on your computer until you determine any impacts to performance or until you have modified your strategies to use the new version.

FastBreak Pro only: We added the ability to use the Trade Signal File (not to be confused with Ed Gilbert’s TRADE program) during optimization. This allows you to pick specific days to allow trades. You will now see the following option on the FB Pro Options screen.



Release Notes FastBreak Pro V6.8.3

FastBreak Pro only: It now prevents Short EMA equaling Long EMA in EMA Ranking during optimization – this is an extremely rare event (we saw our first ever case this year) and is very unlikely to affect users. We didn’t post this version, but if you download V6.8.4 it incorporates this change.

As we noted in 2020, it became very time consuming to update all the previous major, i.e., V4, V5 etc., versions - which we did as a courtesy to our users. The initial Version 6 has been available since 2009, and all updates have been free to V6 users. We decided it was time to drop support to versions prior to Version 6, and they have been removed from the website. If you are using an earlier version and want to upgrade see the price for upgrades at the end of this commentary.

It is quite easy to upgrade. You can find all the updates on our website: <https://www.edge-ware.com/upgrade.htm>. Download the zipped file to the directory where you have your application installed (typically ftbreak, fbreakp, fgraph). **Note: Some antivirus software may make it difficult for you to download and run the new versions. Contact us if you run into difficulties.** Click on the zipped file to extract the exe (ftbreak.exe, fbreakp.exe, ftgraph.exe). This will become the executable you need to run so you will probably want to change all your shortcuts to run this version. You can either put a shortcut on your desktop, start button etc. Different versions of Windows have various ways of creating shortcuts. Typically, you will right click on the exe and select: Pin to Start, Create Shortcut etc.

The vast majority of our technical support requests continue to be related to reinstallation on new computers so check our “installation help guide” that should address the vast majority of issues: <http://www.edge-ware.com/FastBreak%20Installation.pdf>

Published Articles We had two articles published in *Technical Analysis of Stocks & Commodities* (TASC) magazine in 2023 (Traders.com). The February, 2023 issue article is on using exponential moving averages to trade high yield bond funds. The TASC article doesn't use FastBreak, but users could use the trading signal described in the article in conjunction with a FastBreak high yield rotation strategy – as we have.

The **November, 2023 TASC issue** has our article on how major stock indexes have “anomalies” in the way they trade on different days (M-F) of the week. This article was an update from a much more detailed report we submitted for the National Association of Active Investment Managers (NAAIM) 2023 Founders Award. You can request a free copy of the NAAIM paper at: <https://www.naaim.org/programs/find-a-whitepaper/> This work doesn't directly reference FastBreak, but you may find the analysis interesting.

Windows 11 Microsoft released Windows 11® in October, 2021. Like most users, we haven't upgraded to this OS and haven't received any reports (good or bad) from users. We will likely be updating to Windows 11® late in 2024 or 2025 because it is our understanding that Microsoft plans to stop supporting 10 in October 2025.

Standard FastBreak Demo Available

The Standard FastBreak 30-day demo on our website is based on V6.2 of Standard FastBreak that contains most of the functionality of the latest release. There isn't a demo for FastBreak Pro, but all our user manuals are available at our website if you want to take a look.

Contact and other information

Our contact email address is [email2ew \(put @ here\) edge-ware.com](mailto:email2ew@edge-ware.com) for all inquiries and tech support. We recommend you put the word “FastBreak” in the title of your emails so our spam blockers don't block your message.

Visit www.edge-ware.com for more information.

2023 Markets and Performance Review

All sample strategies can be downloaded from our website: <https://www.edge-ware.com/strategi.htm>

Note: We had to change our longstanding use of the popular VMMXX money market to VMFXX in all the strategies. Also, some of the strategies are affected by the change in the V6.8.4 RSI calculation in V6.8.4 – see notes below.

The first version of FastBreak, now called Standard FastBreak, was released in early 1996. Potential users of any investment software product should always ask the question "What is actual performance?" Soon after the initial release, we developed example trading systems that could be monitored for "real

time" performance. We don't modify trading system parameters during the performance reporting period and report on the systems on a yearly basis. If you would like to review all reports since 1997 visit our web site www.edge-ware.com and go to the Strategies page. We tell you the good, bad, and sometimes ugly performance for some trading systems.

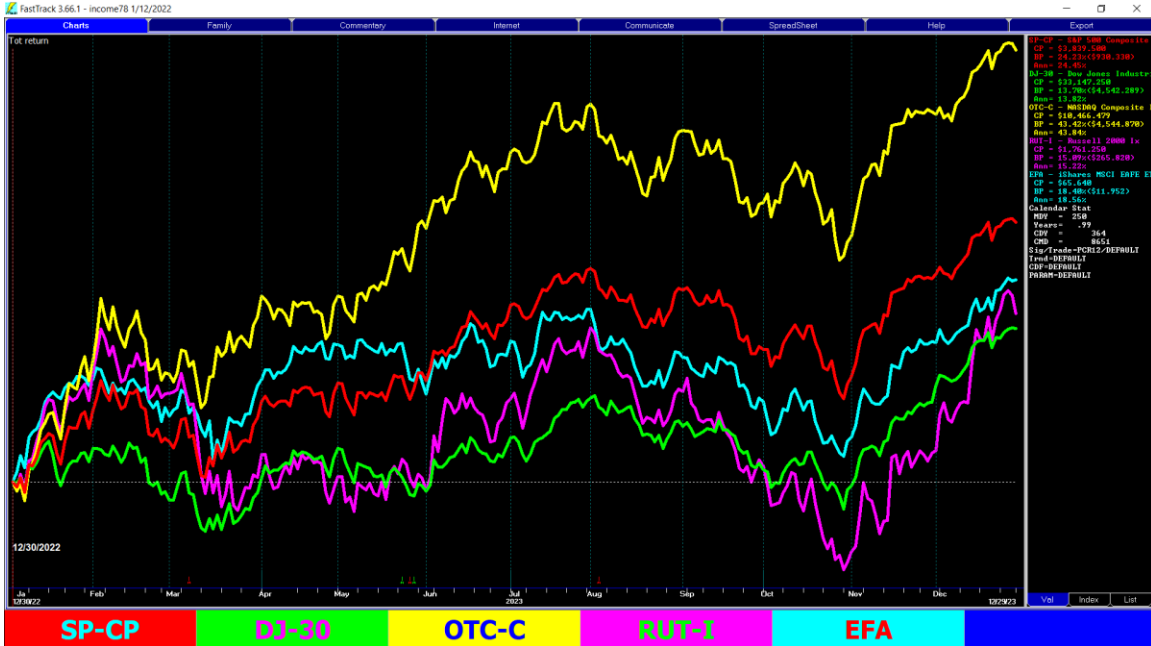
The example FastBreak trading systems on the Strategy page of our web site may provide users and potential users a starting point on the different types of trading systems that FastBreak can build. It also allows us to provide an honest benchmark for real time performance. Users of both Standard and Pro versions can download these systems. The Standard FastBreak 30-day demo (Note: The current demo is based on Version 6.2) that can be downloaded from the web site can also run most of these strategies but will not display the last 60 market days of trades. Some of these systems are several years old. We can now build better trading systems, but we keep these systems on our web site to show that many trading systems are effective for long periods of time.

Note: The example strategies should not be considered investment advice. We don't often post or change the example strategies on our web site because we believe investors' needs are very unique and users of our software should feel confident developing their own trading systems. Edge Ware, LLC assumes no responsibility for anyone trading these strategies. In addition, these systems are NOT rigorously maintained and with the demise of funds or symbol changes the systems may be affected. Also, some of the older strategies have been affected by the change in the RSI calculation in V6.8.4

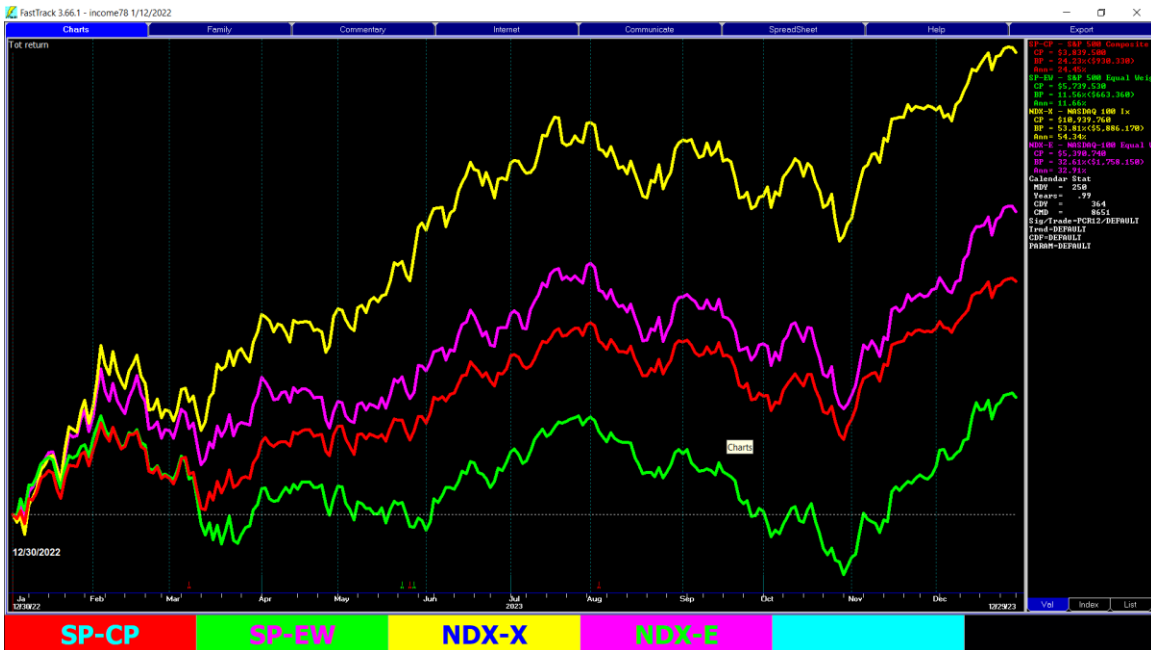
Note 2: All maximum drawdown (MDD) values reported below are daily values. In the investment industry you will typically see reported MDD values that are monthly values. Monthly values are very often substantially less than daily values.

The US Stock Market – It has been reported that 85% of economists predicted a recession in 2023, and oddly enough, that was perceived as good for stocks because the thought was the FED would cut rates in 2023. Recession predictions turned out to completely wrong. Much higher interest rates were likely offset by massive government spending. Then all heck broke loose mid-year as the FED indicated “higher for longer.” This caused about a four-month swoon in bonds and stocks, and then both stocks and bonds rallied very strongly in the final six weeks as interest rates changed direction - again. Over all, it was an excellent year for US stocks, but an outstanding year for the large cap stocks, especially the so called “MAG 7.” The OTC performance was a clear winner due to these highfliers. Small caps had some tremendous rallies but significantly underperformed large caps. More about small caps later.

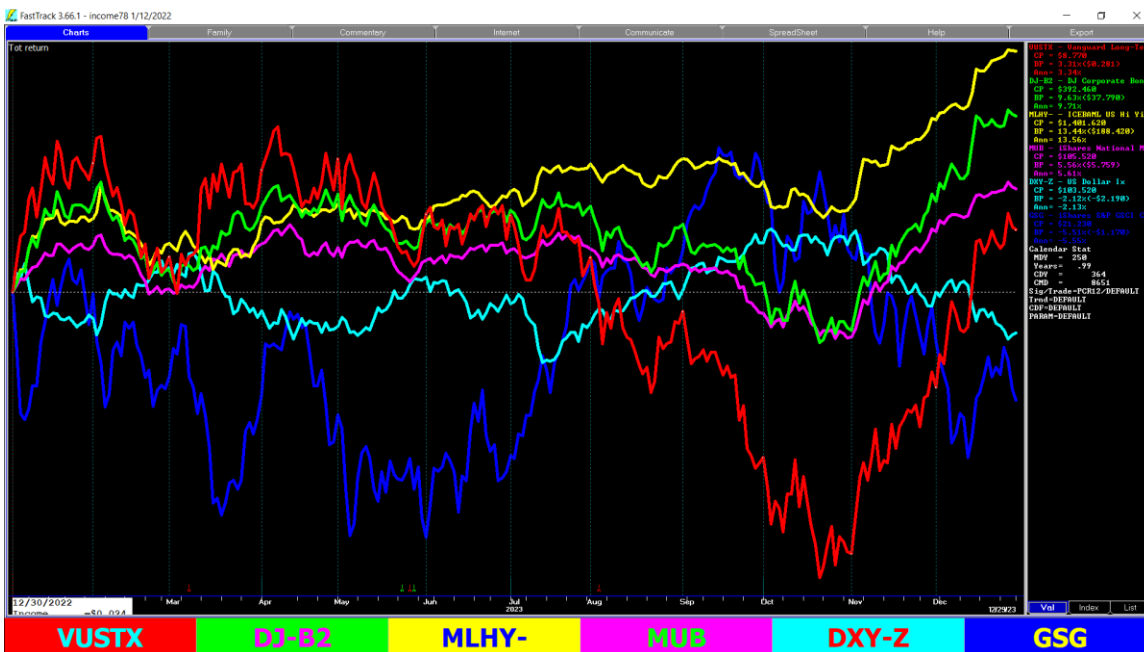
World Markets - Major world markets, as measured by EFA (MSCI EAFE ETF), generally followed the US markets but lagged US large cap stocks by a wide margin.



As we have previously noted, most investors are aware that the capitalization weighed averages have been driven in large part by a handful of mega-cap stocks. FastTrack allows us to take a quick look at this by comparing the major indexes to their “equal weight” counterparts. Last year equal weight outperformed as some of the big cap stocks took a hit, but this year was the exact opposite and a repeat of 2021 when the large stocks outperformed. The S&P index had more than double the equal weight S&P, and the NDX 54% gain crushed the equal weight version by more than 20%.



Bonds, US Dollar and Commodities As rates go up, bonds go down, and the US dollar typically strengthens. Commodities tend to move opposite of bonds. All three of these were all about what the FED would do. Bonds were choppy and generally flat in the first 6 months of the year. Commodities (GSG) trended down as inflation moderated. As noted above, when it looked like rates were higher for longer, the bond market got crushed, but then when it was perceived that the FED would in fact trim rates early in 2024 the bond market had a massive rally in the final three months of the year. The following graph and table summarize the various indexes and categories. We also included the popular 60/40 stock/bond investment (using VBINX). And good old cash had its best year in decades.



Summary of Common Benchmarks for 2023

	Total Return %	MDD%
S&P 500 (SP-CP)	24.45	-10.28
DJ-30 (DJ-30)	13.82	-9.02
OTC (OTC-C)	43.84	-12.27
Small Cap (RUT-I)	15.22	-18.28
World Markets (EFA)	18.56	-11.58
LT Treas. Bonds (VUSTX)	3.34	-21.02
DJ Bond Index (DJ-B2)	9.71	-8.07
High Yield (MLHY-)	13.56	-4.22
Muni Bonds (MUB)	5.61	-5.75

Dollar Index (DXY-Z)	-2.13	-5.62
Commodities (GSG)	-5.55	-14.94
60 stock/40 bond (VBINX)	17.59	-8.26
Cash (VMFXX)	5.13	0

Two measures of investment returns for professional managers:

https://www.barclayhedge.com/	Return%
Managed Futures Funds (CTAs)	-0.41
Hedge Funds	9.29

Clearly, stocks were the place to be. Some bonds, notably high yield, also had a decent year, but that was only due to the final 2-3 months of the year. CTAs had a good year in 2022, but appear to be back to their losing ways. Hedge funds, on average, again underperformed. Of course, there are hedge funds and CTAs that had an outstanding year, but we are only reporting averages. A large number of funds continue to close so “survivor bias” may make the above numbers look even better than actual performance due to poorly performing funds closing and not included in the above numbers.

How did the FastBreak strategies posted on our web site perform? *Note: The date in the table below indicates when the system was posted on our web site. In many cases the system was trading real-time well before posting.*

FastBreak Strategy	System Return%	MDD%
Bond system (3/2001)	3.91	-5.58
International funds (2/2002)	20.59	-6.89
Bonds LT Gov and HY (12/2002)	4.39	-7.07
Muni Bond (2/2010)	7.68	-4.25
ETFstyle11 (1/2/2017)	14.02	-11.79
Nationwide Style (3/3/2019)	2.64	-13.20
2 nd Nationwide Style RAT (1/2/2021) (req. V6.8)	3.72	-13.19
2 nd ETF Style28 (1/2/2021) (req. V6.8)	21.77	-11.4
TASC ETF Hedging VFINX (50%/50%) (1/2/2021)	21.59	-6.96

Fidelity Income Strategy (req. V6.8)	18.49	-3.03
Updated (+commodity fund) Rydex Hedge with S&P (50%/50%) (1/2/2017) (req. V6.8)	14.93	-6.81

Bond systems – The bond strategies did Okay, especially those that can invest in LT Treasuries by avoiding the large drawdown in LT Treasures. *Note, the Muni strategy uses RSI so it is slightly affected by the V6.8.4 upgrade, but we will leave it on our site to possibly be updated at a later date.*

Income Strategy – We are thrilled with the new “Income” strategy that we introduced last year. The trading family is made up of a variety of Fidelity bond funds and a low volatility preferred stock ETF (FPE). This strategy holds funds for a minimum of 30 days – to avoid breaking Fidelity short term trading rules. *Note, this strategy uses RSI so it has been affected a small amount by the previously mentioned upgrade. We have a new version that was built with V6.8.4 and we will replace the old version on the website.*

The International system has been around since 2002 and has great long-term performance. It did well, all things considered.

ETF and Nationwide Style Strategies No excuses, we are simply disappointed in these four strategies. Yes, EFT Style 28 had a good year, but it had a bad 2022. We looked into the trades, and the problem appears to be fund volatility, especially small and micro-cap funds. Small and micro-caps are very volatile and don’t trend well. When they move up, it is a blastoff, but when the market turns, they drop like a rock. This makes the strategies subject to whipsaws. An additional problem is that these small cap funds have generally underperformed the larger cap funds. We took another try with an ETF style strategy, but this time we used Sharpe Ranking to buy funds with a higher risk adjusted return. The strategy uses ten ETFs. It may be interesting to combine this with the ETF hedging strategy. We will post the new ETF style strategy and report on it next year.

Hedging strategies – If you have read our commentaries the past few years you know we have been worried about the end of the great bond bull. Also, we hate drawdowns. That is why we put so much effort into the hedging strategies. Our benchmark is the 60/40 stock/bond balanced strategy – which has done very well for decades, but, as anticipated, had its worst year ever in 2022 with rising rates and declining equities.

The original Rydex hedging strategy was the subject of our National Associate of Active Investment Managers (NAAIM) paper. The paper is titled *Hedging the S&P 500 Index: ZIG when the Market Zags* and can be downloaded from our website:

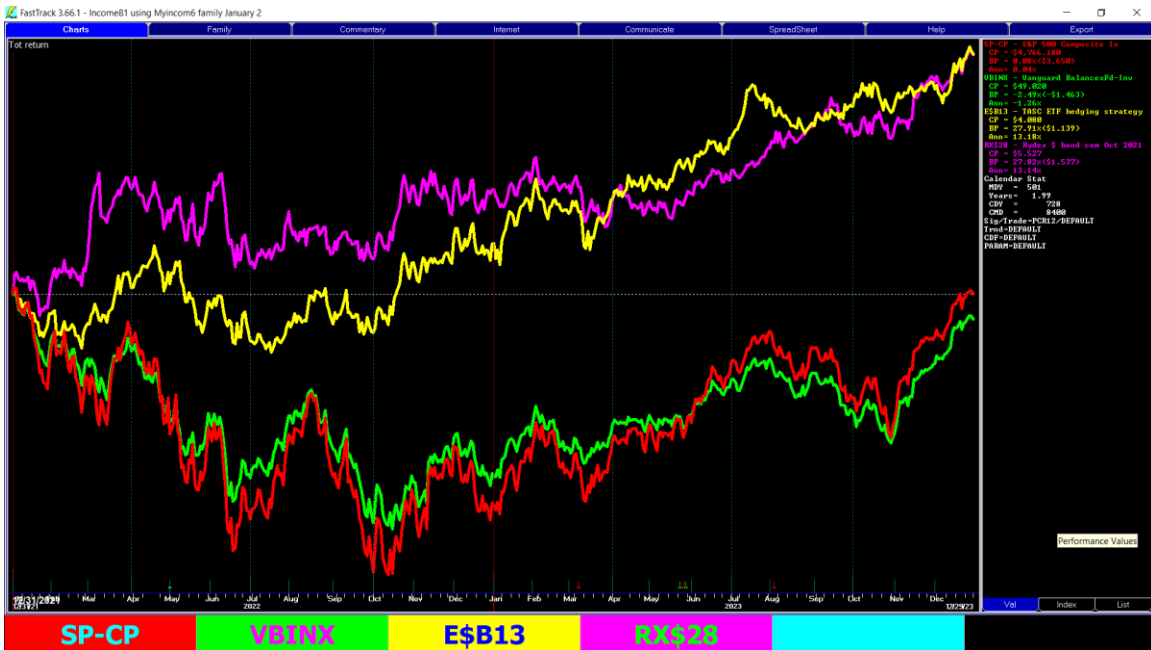
https://www.edge-ware.com/ZIG_Hedging%20the%20S&P%20500%20Index.pdf We posted the Rydex hedging strategy on our website in 2017, and updated it in 2022 – see below.

In the December, 2020 issue of *Technical Analysis of Stocks & Commodities* magazine (www.traders.com) we created a similar hedging strategy using ETFs rather than Rydex funds.

As we noted in 2022, when we were developing the Rydex and TASC ETF hedging strategies we considered adding a commodity fund to the mix because of the low correlation between the S&P and

commodities, but we “assumed” that if inflation reared its ugly head then the inverse bond funds would provide a safe haven. Also, commodity funds tend to be more volatile than we like. What we didn’t anticipate was the FED buying bonds in an inflationary market as they did in 2021. So, we revised the Rydex strategy by adding the commodity fund to the Rydex hedging family. We removed the original Rydex hedging strategy from the website because it used RSI and was very slightly affected by the V6.8.4 upgrade.

Below is a two-year comparison of the S&P, 60/40 strategy, ETF hedging strategy, and the revised Rydex hedging strategy. The S&P (minus dividends) has gone exactly nowhere in the past two year and the 60/40 has actually lost a couple of percent. Our hedging strategies have returned nearly 30% in those two years. For fun, users may want to substitute the NDX-X for the S&P in the hedging strategy.



Note: We provide these strategies for informational purposes only.

Summary

We are generally happy with many of the posted strategies, except for the style strategies. Best wishes for the New Year.

What is FastBreak and Who needs FastBreak

Unlike other trading methods, the FastBreak "mechanical" trading strategies gives specific buy and sell recommendations. Mechanical trading systems leave no room for historic "revision". These types of trading systems may not be for everyone, but we believe they should be considered if you recognize yourself in the following:

- Do you have trouble "pulling the trigger" on trades, e.g., selling your losers, taking profits on your winners, waiting for a bounce to get out of a bad trade ...?
- Do you have a limited amount of time to devote to your investments? If you are a full time investor, or enjoy sitting in front of CNBC and your computer all day, you may be able to do better with other investment methods. However, if you have limited time (or better things to do with your time!) a few minutes an evening is all you need to download your FastTrack data and run your FastBreak strategies.
- We have stopped reporting on some of the older FastBreak systems for a variety of reasons: Many of the mutual funds used in these old trading system families have since been discontinued, the market timing signals (unrelated to FastBreak) used did not stand the test of time, and we can build much more effective strategies with the functionality added to FastBreak in recent years. We felt that those systems don't accurately reflect the performance that FastBreak can produce.

Standard Disclaimer

As the saying goes, "Past performance is not a guarantee of future results."

Ordering information - PLEASE READ CAREFULLY

Standard FastBreak

- New user purchase: \$499
- Current user upgrade: \$199 (If you have purchased ANY previous version of Standard FastBreak – even if it was 20 years ago!)
- Save up to \$125 on FastGraph (see commentary 8163) when purchased with Standard FastBreak: add \$125

FastBreak Pro

- New user purchase: \$1900
- Current user upgrade: \$400 (If you have purchased ANY previous version of FastBreak Pro even if it was Version 1 back in 2000!)
- If you purchase Standard FastBreak and later decide to purchase FastBreak Pro within 60 days, we will credit your full purchase price toward the FastBreak Pro purchase.
- Save up to \$125 on FastGraph when purchased with FastBreak Pro: add \$125

FastGraph

- New user purchase: \$250

If you have any questions contact us at [email2ew \(put @ here\) edge-ware.com](mailto:email2ew@edge-ware.com)

When ordering include:

- 1) New user or Upgrade

2) FastTrack account number (not your password)

Order by check or money order, send check to:

Edge Ware, LLC
188 Huck Lane
Vincent, OH 45784

All orders receive an installation CD (if you prefer a USB drive let us know) and hardcopy manuals. New users will also receive a 60-minute DVD. The video is to help you get started faster with the basic functionality of Standard FastBreak and FastGraph. Although the DVD doesn't cover FastBreak Pro it will help you with general functionality in FastBreak Pro.

FastBreak **IS NOT** offered with a money back guarantee. If you are not sure FastBreak is for you, we recommend going to our web site (www.edge-ware.com) and download the user manuals and 30-day Standard FastBreak demo program. You can also download the sample trading system from our web site and run them in the demo.

Compatibility with Windows®

We get inquires asking if FastBreak is compatible with the latest versions of Windows® and is it compatible with Apple OS? FastBreak has been successfully installed on Windows® 11. As noted earlier, we don't currently have direct experience with Windows® 11. There can be a few quirks with installation, but if you read the guidelines at this link you shouldn't have any installation or reinstallation problems: <http://www.edge-ware.com/FastBreak%20Installation.pdf> As for Apple OS, we are aware of users running FastBreak on Apple OS, but we have no direct experience.

If you have additional questions we can be contacted at [email2ew \(put @ here\) edge-ware.com](mailto:email2ew@edge-ware.com) **DO NOT CALL INVESTORS FASTTRACK for information!!**