# The empire strikes back system!

This strategy (how presented here) is only suited for accounts up to 1.000.000 - 3.000.000 US Dollar (US only, Canada could be another 1.000.000, country per country this strategy could be scaled up). It uses the following competitive advantages: small cap anomaly (or better the effect), the low liquidity effect, momentum effect, the value effect, market timing (75 MA of SP500 + Earnings Trends).
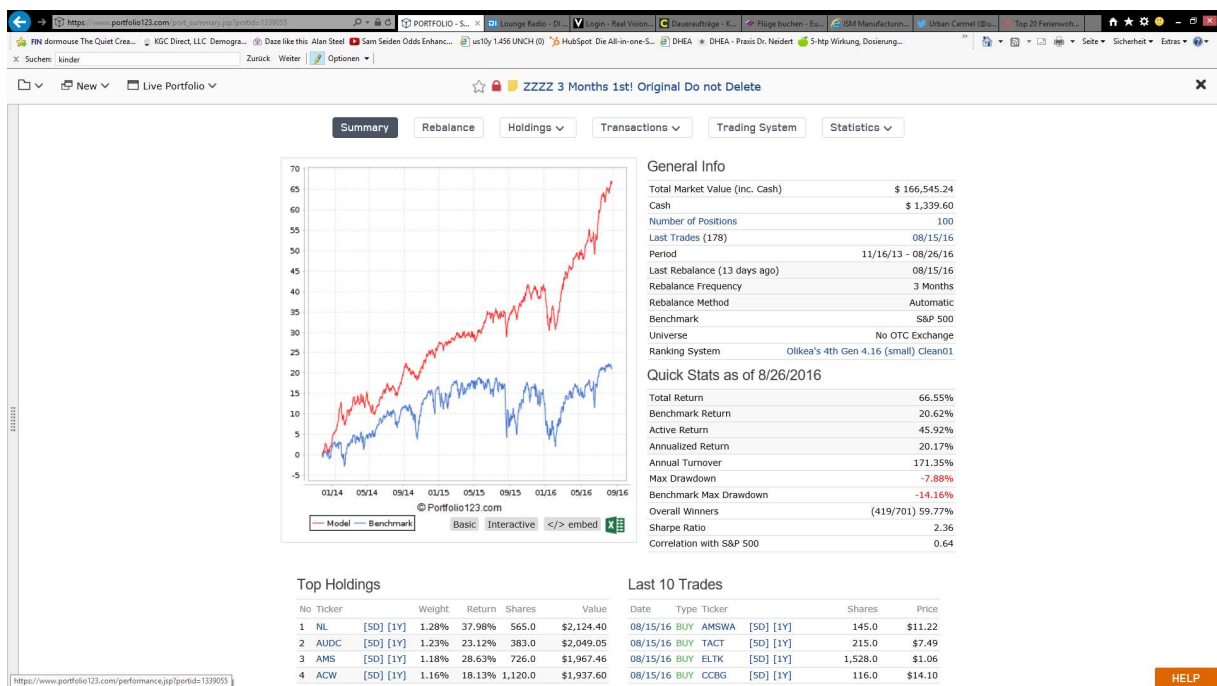
It can be used with leverage and with a TLT Hedge. It takes account for the 7 Risks in the market:

1) Risk of expropriation (= Account in US, so less (relative) risk),

2) Risk of insufficient diversification (=100 Stocks),

3) Risk of currency devaluation (= Dollar as in my opinion the (relative) save haven),

4) Risk of excessive inflation is not taken care of this strategy, if you want mix 10% of gold or bitcoins to it,

5) Risk of excessive deflation (= TLT as a hedge for deflation),

6) Underestimating growth prospects (= small caps),

7) Risk of Recession (= market timing 75 MA and Earnings Trend of SP500).

Real-Trading, Account Size > 400.000$.
Result: strategy so far implemented 1:1
since Feb 2016 (e.g. real money
performance = performance of
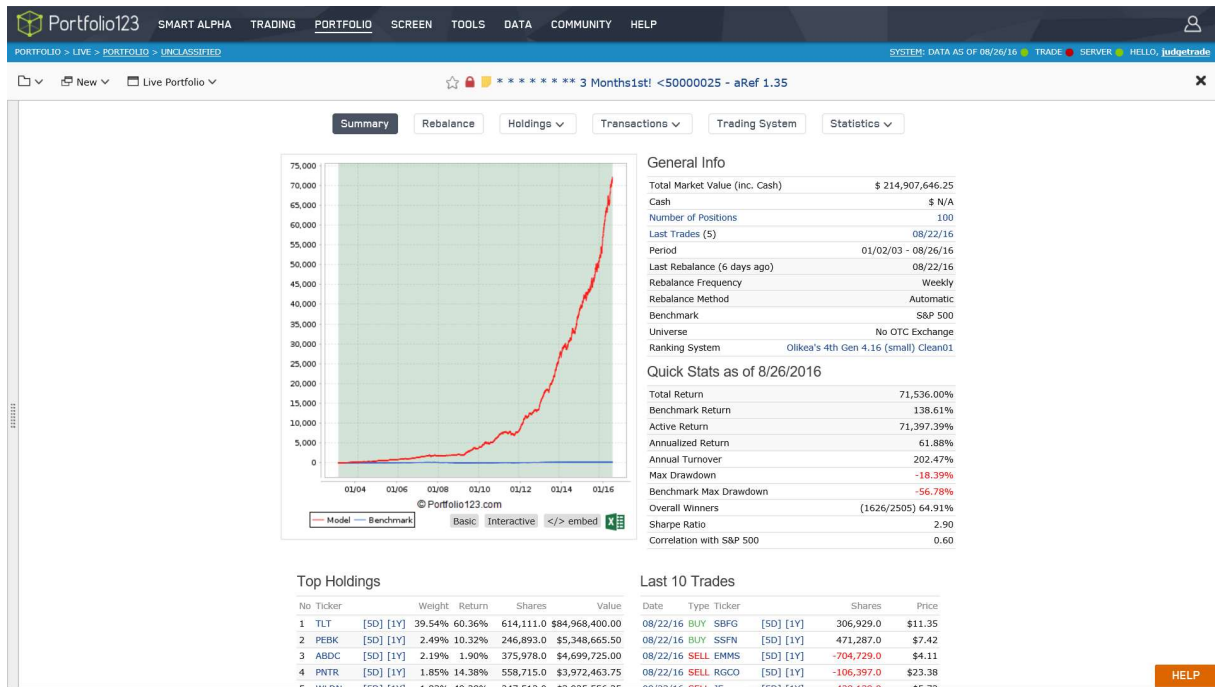portfolio 123, real transaction costs are
fine!).
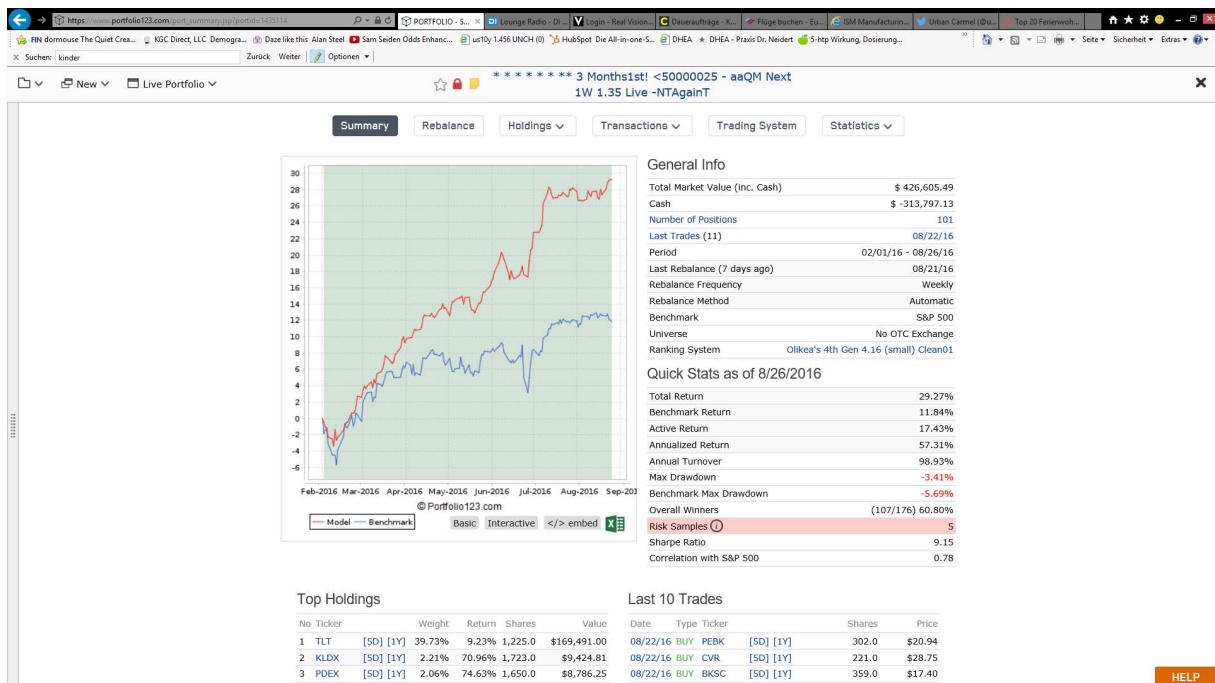
Baseline: Real-Trading (with a 3 Month rebalance) and without TLT hedge and leverage. I was able to implement this strategy 1:1 (even a bit better than the p123 portfolio) from Nov 2014 – June 2015 (and got distracted afterwards until Feb 2016 [took a book of 5 stock systems, but volatility was too high for me, so I came back to this project]).
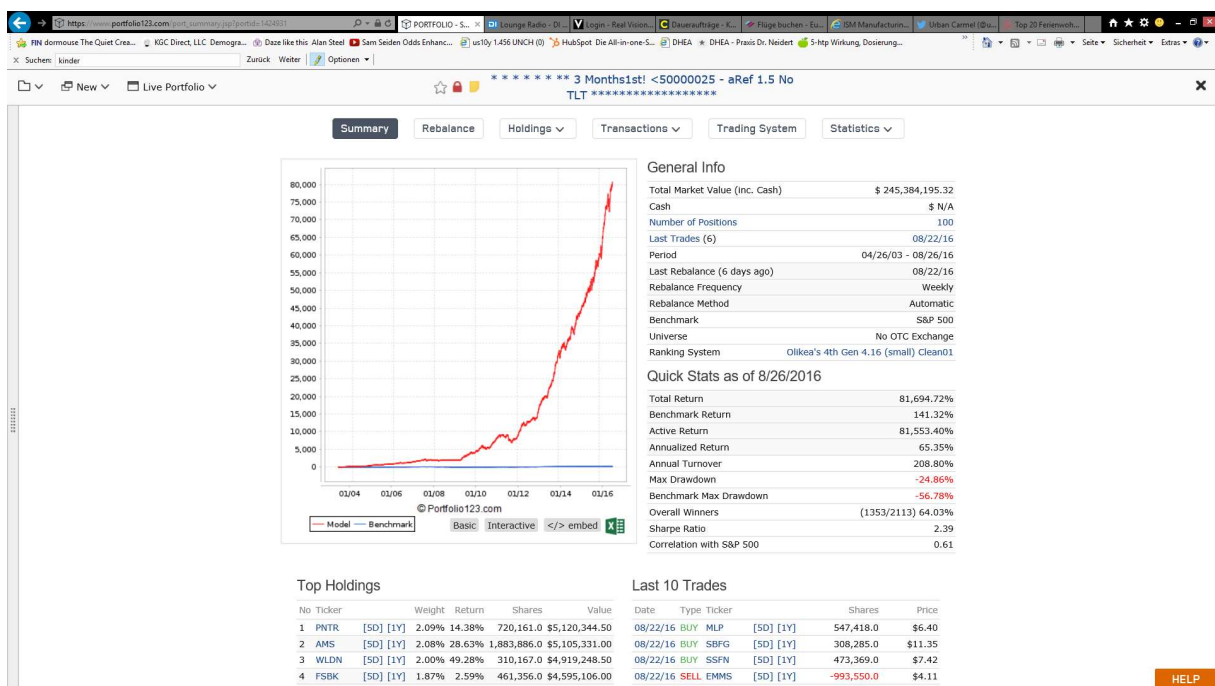
# Backtest

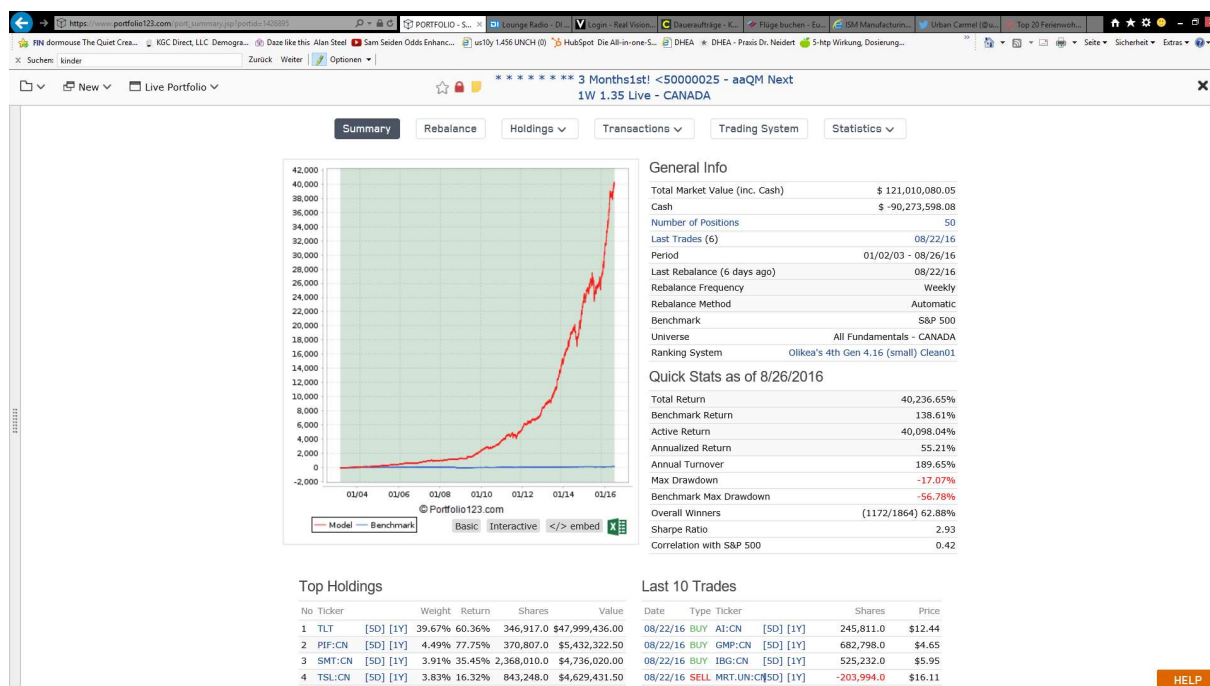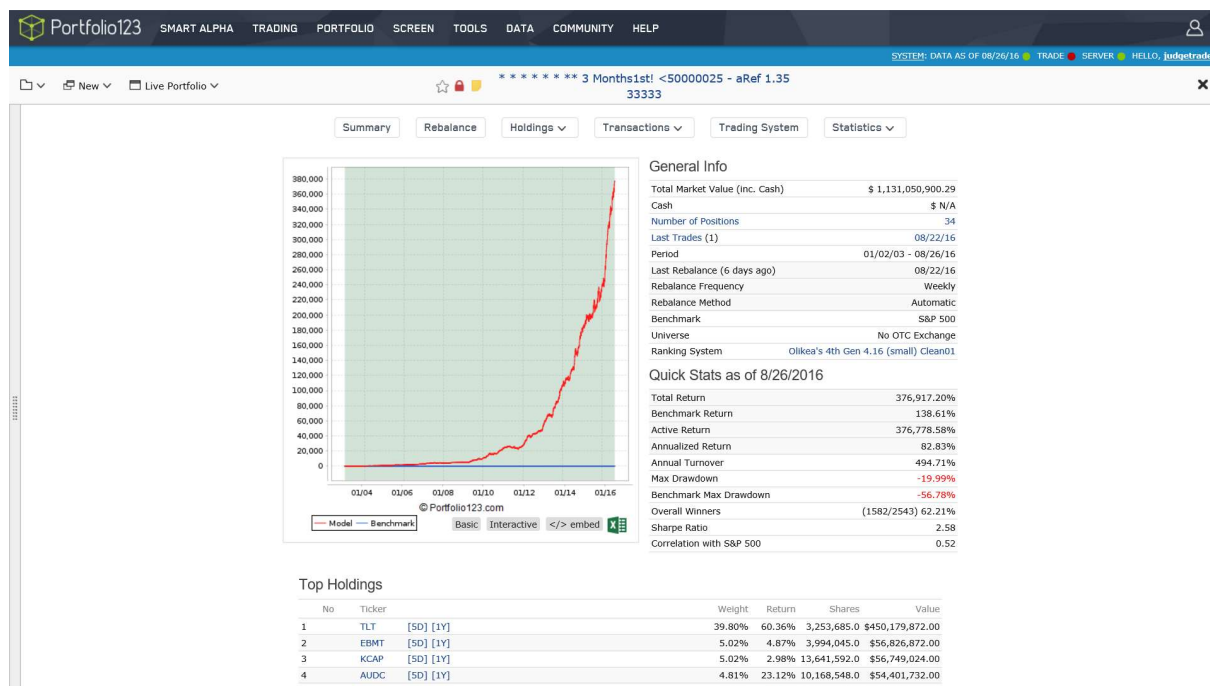Leverage 1,7, 40% TLT permanent Hedge, Market Timing (Earnings Trend an 75 MA of SP500)

Portfolio123   SMART ALPHA   TRADING   PORTFOLIO   SCREEN   TOOLS   DATA   COMMUNITY   HELP

PORTFOLIO > LIVE > PORTFOLIO > UNCLASSIFIED          SYSTEM: DATA AS OF 08/26/16   TRADE   SERVER   HELLO, judgetrade

New   Live Portfolio          * * * * * * * ** 3 Months1st! <50000025 - aRef 1.35

Summary   Rebalance   Holdings   Transactions   Trading System   Statistics

**General Info**

| | |
|---|---|
| Total Market Value (inc. Cash) | $ 214,907,646.25 |
| Cash | $ N/A |
| Number of Positions | 100 |
| Last Trades (5) | 08/22/16 |
| Period | 01/02/03 - 08/26/16 |
| Last Rebalance (6 days ago) | 08/22/16 |
| Rebalance Frequency | Weekly |
| Rebalance Method | Automatic |
| Benchmark | S&P 500 |
| Universe | No OTC Exchange |
| Ranking System | Olikea's 4th Gen 4.16 (small) Clean01 |

**Quick Stats as of 8/26/2016**

| | |
|---|---|
| Total Return | 71,536.00% |
| Benchmark Return | 138.61% |
| Active Return | 71,397.39% |
| Annualized Return | 61.88% |
| Annual Turnover | 202.47% |
| Max Drawdown | -18.39% |
| Benchmark Max Drawdown | -56.78% |
| Overall Winners | (1626/2505) 64.91% |
| Sharpe Ratio | 2.90 |
| Correlation with S&P 500 | 0.60 |

**Top Holdings**

| No | Ticker | | | Weight | Return | Shares | Value |
|---|---|---|---|---|---|---|---|
| 1 | TLT | [5D] | [1Y] | 39.54% | 60.36% | 614,111.0 | $84,968,400.00 |
| 2 | PEBK | [5D] | [1Y] | 2.49% | 10.32% | 246,893.0 | $5,348,665.50 |
| 3 | ABDC | [5D] | [1Y] | 2.19% | 1.90% | 375,978.0 | $4,699,725.00 |
| 4 | PNTR | [5D] | [1Y] | 1.85% | 14.38% | 558,715.0 | $3,972,463.75 |

**Last 10 Trades**

| Date | Type | Ticker | | | Shares | Price |
|---|---|---|---|---|---|---|
| 08/22/16 | BUY | SBFG | | | 306,929.0 | $11.35 |
| 08/22/16 | BUY | SSFN | [5D] | [1Y] | 471,287.0 | $7.42 |
| 08/22/16 | SELL | EMMS | [5D] | [1Y] | -704,729.0 | $4.11 |
| 08/22/16 | SELL | RGCO | [5D] | [1Y] | -106,397.0 | $23.38 |

# Robustness Testing

Leverage 1,5, No TLT Hegde, Market Timing (Earnings Trend an 75 MA of SP500)

New   Live Portfolio          * * * * * * * ** 3 Months1st! <50000025 - aRef 1.5 No TLT *****************

Summary   Rebalance   Holdings   Transactions   Trading System   Statistics

**General Info**

| | |
|---|---|
| Total Market Value (inc. Cash) | $ 245,384,195.32 |
| Cash | $ N/A |
| Number of Positions | 100 |
| Last Trades (6) | 08/22/16 |
| Period | 04/26/03 - 08/26/16 |
| Last Rebalance (6 days ago) | 08/22/16 |
| Rebalance Frequency | Weekly |
| Rebalance Method | Automatic |
| Benchmark | S&P 500 |
| Universe | No OTC Exchange |
| Ranking System | Olikea's 4th Gen 4.16 (small) Clean01 |

**Quick Stats as of 8/26/2016**

| | |
|---|---|
| Total Return | 81,694.72% |
| Benchmark Return | 141.32% |
| Active Return | 81,553.40% |
| Annualized Return | 65.35% |
| Annual Turnover | 208.80% |
| Max Drawdown | -24.86% |
| Benchmark Max Drawdown | -56.78% |
| Overall Winners | (1353/2113) 64.03% |
| Sharpe Ratio | 2.39 |
| Correlation with S&P 500 | 0.61 |

**Top Holdings**

| No | Ticker | | | Weight | Return | Shares | Value |
|---|---|---|---|---|---|---|---|
| 1 | PNTR | [5D] | [1Y] | 2.09% | 14.38% | 720,161.0 | $5,120,344.50 |
| 2 | AMS | [5D] | [1Y] | 2.08% | 28.63% | 1,883,886.0 | $5,105,331.00 |
| 3 | WLDN | [5D] | [1Y] | 2.00% | 49.28% | 310,167.0 | $4,919,248.50 |
| 4 | FSBK | [5D] | [1Y] | 1.87% | 2.59% | 461,356.0 | $4,595,106.00 |

**Last 10 Trades**

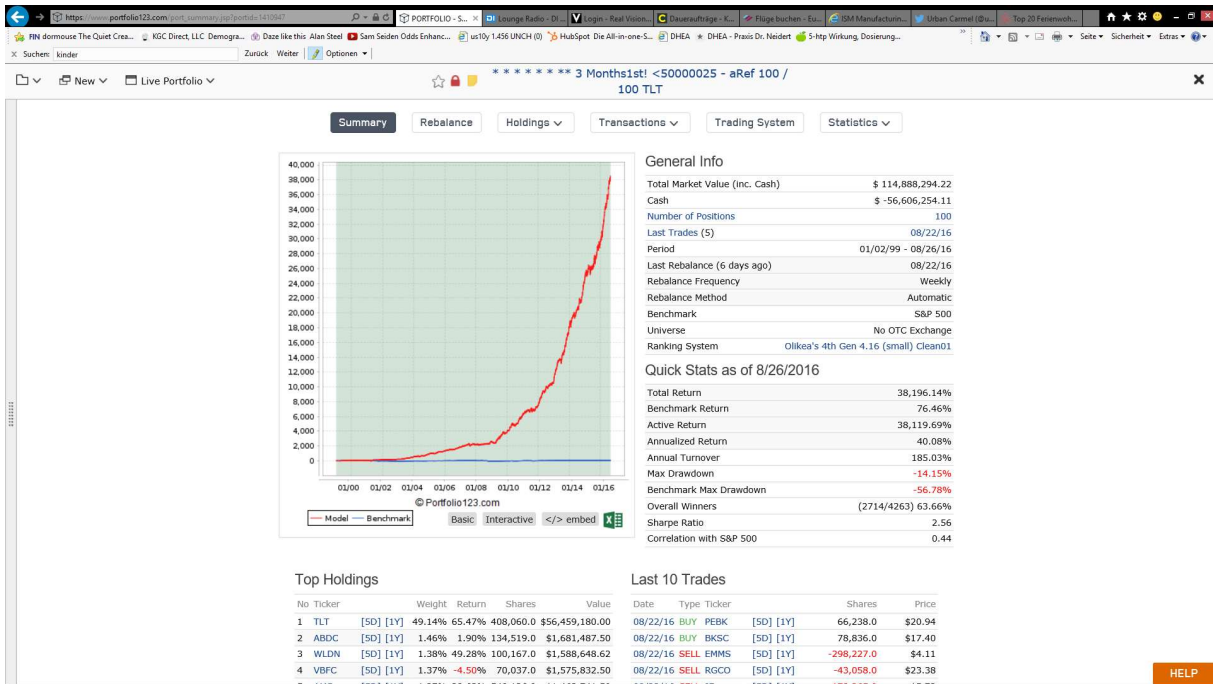| Date | Type | Ticker | | | Shares | Price |
|---|---|---|---|---|---|---|
| 08/22/16 | BUY | MLP | [5D] | [1Y] | 547,418.0 | $6.40 |
| 08/22/16 | BUY | SBFG | [5D] | [1Y] | 308,285.0 | $11.35 |
| 08/22/16 | BUY | SSFN | [5D] | [1Y] | 473,369.0 | $7.42 |
| 08/22/16 | SELL | EMMS | [5D] | [1Y] | -993,550.0 | $4.11 |

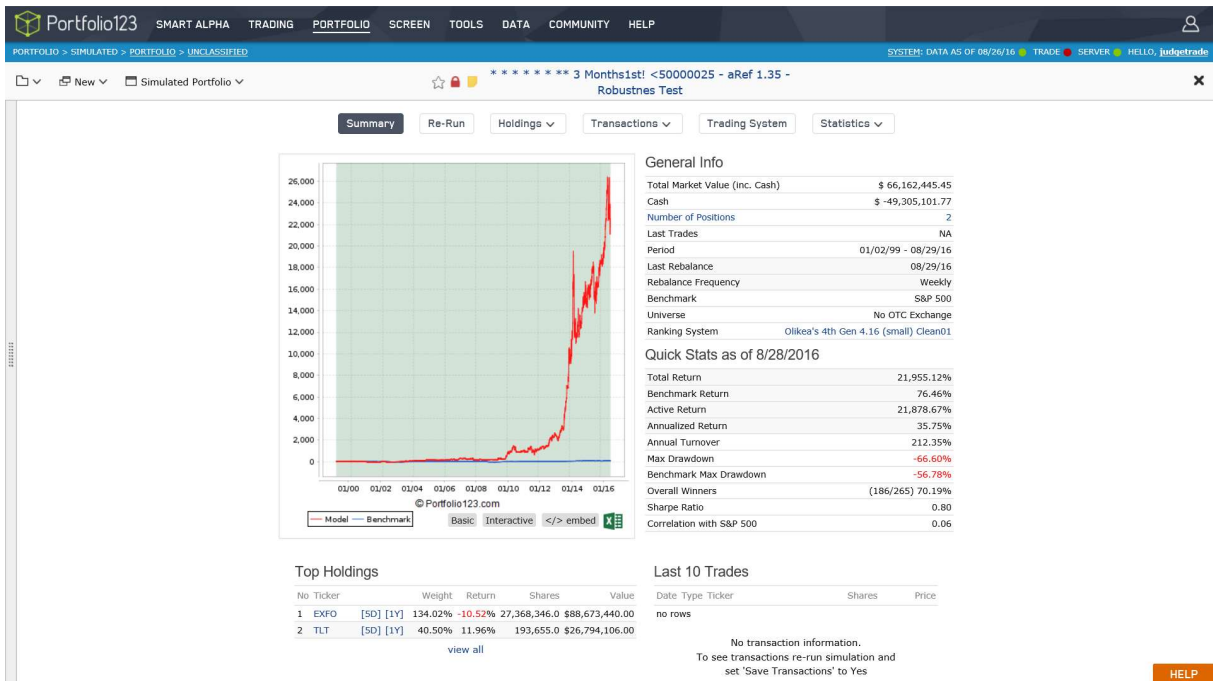Canada 50 Stocks, Leverage 1,7, 40% TLT permanent Hedge, Market Timing (Earnings Trend an 75 MA of SP500)



33 Stocks: Leverage 1,7, 40% TLT permanent Hedge, Market Timing (Earnings Trend an 75 MA of SP500)
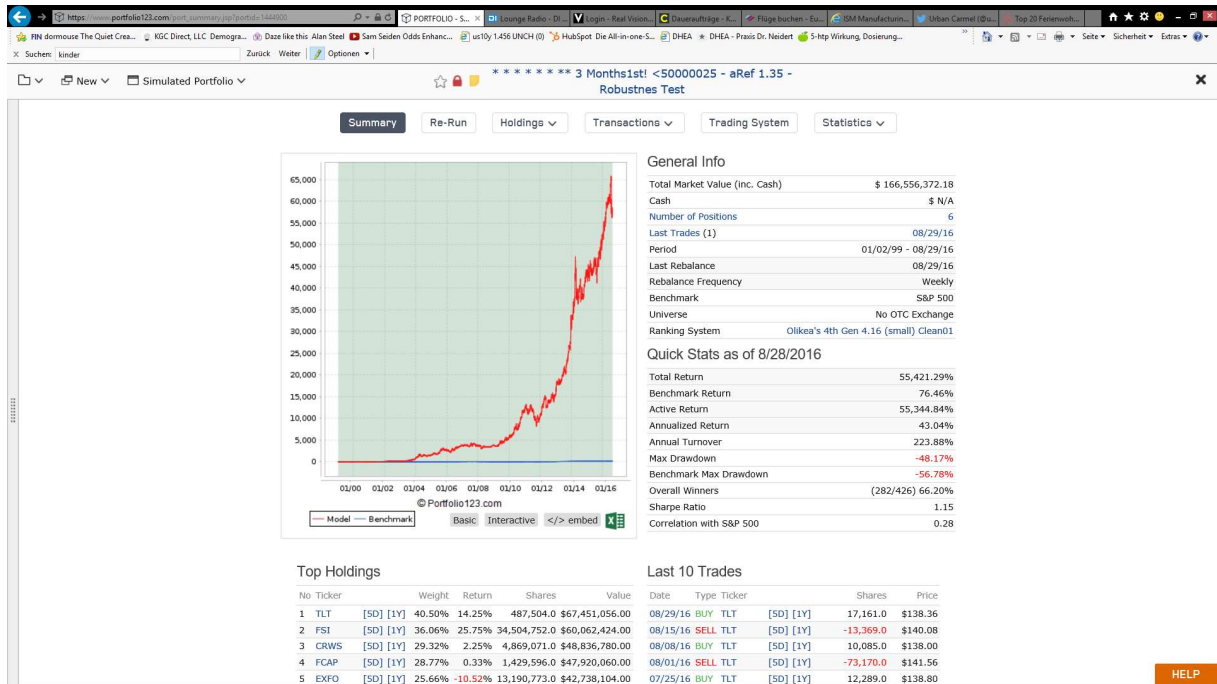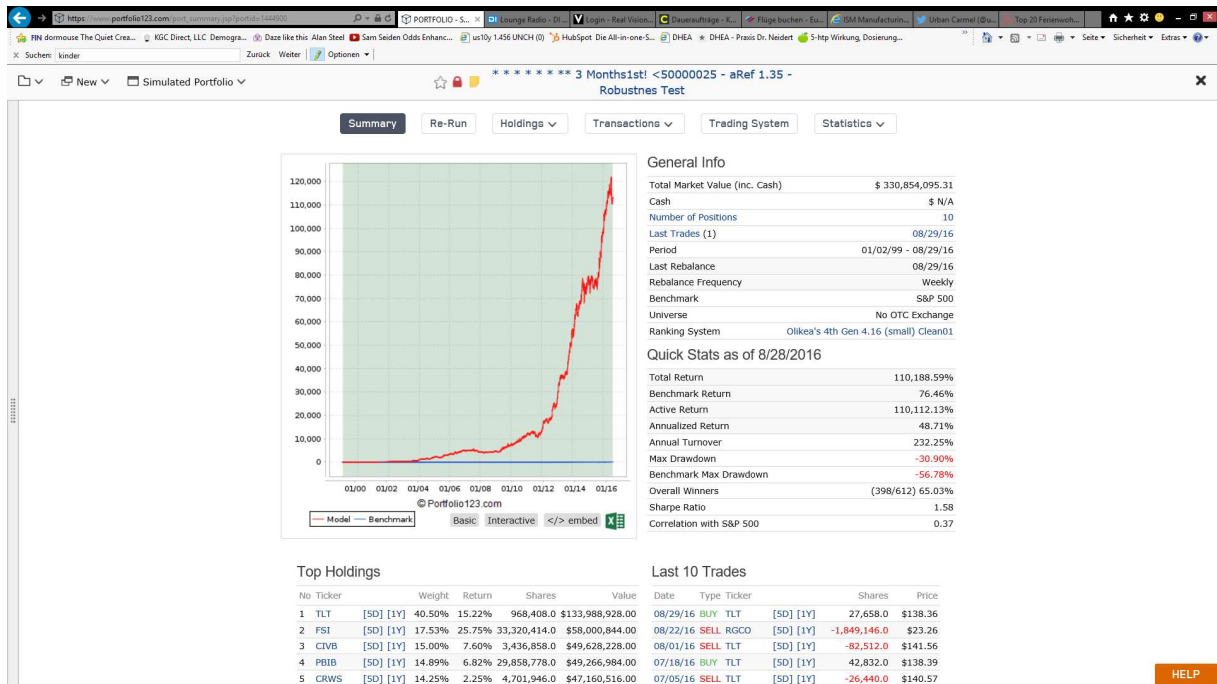
## No Leverage, with TLT Hedge (50%)



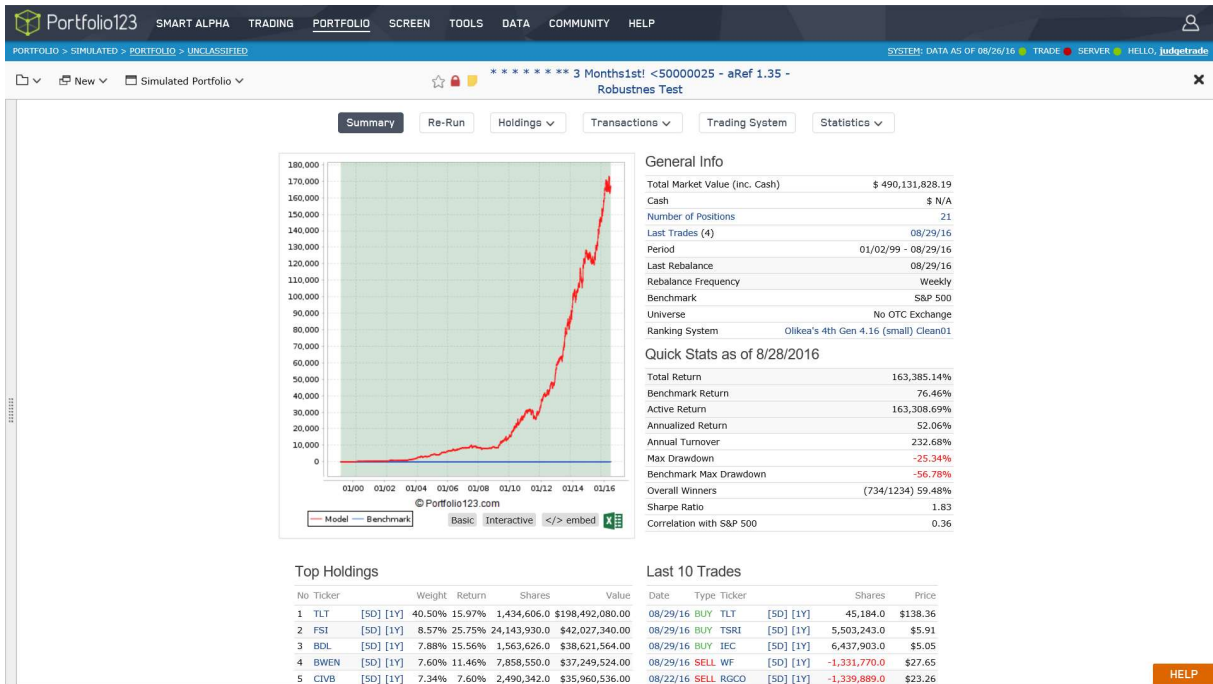## 1 Stock: Leverage 1,7, 40% TLT permanent Hedge, Market Timing (Earnings Trend an 75 MA of SP500)

## 5 Stocks: Leverage 1,7, 40% TLT permanent Hedge, Market Timing (Earnings Trend an 75 MA of SP500)



## 10 Stocks, Leverage 1,7, 40% TLT permanent Hedge, Market Timing (Earnings Trend an 75 MA of SP500)

## 20 Stocks, Leverage 1,7, 40% TLT permanent Hedge, Market Timing (Earnings Trend an 75 MA of SP500)



## 50 Stocks, no TLT Hedge, Leverage with 1.35
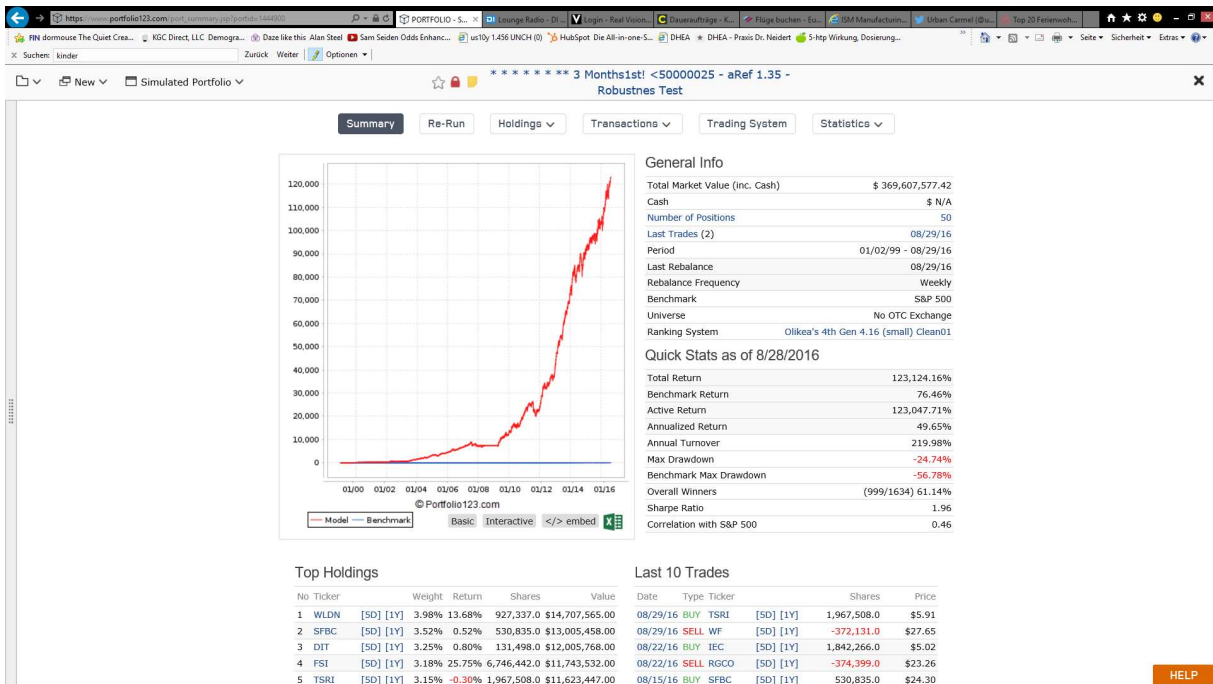
## 200 Stocks, Stocks, no TLT Hedge, Leverage with 1.35
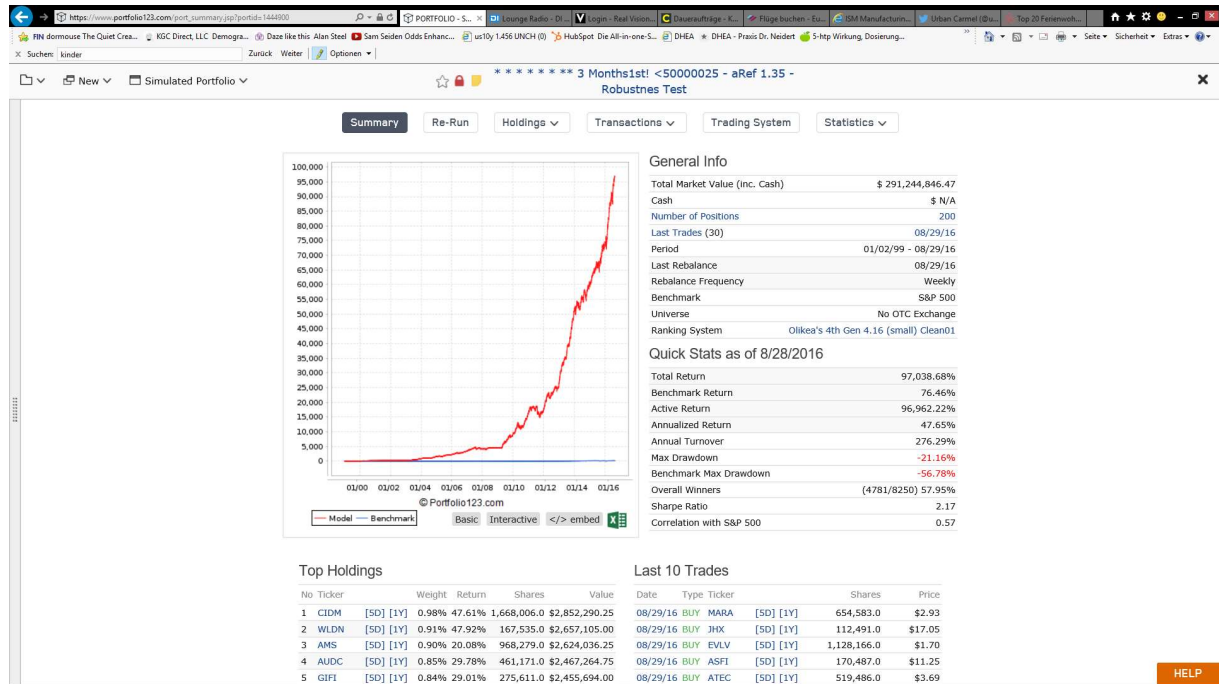


## 400 Stocks, Stocks, no TLT Hedge, Leverage with 1.35
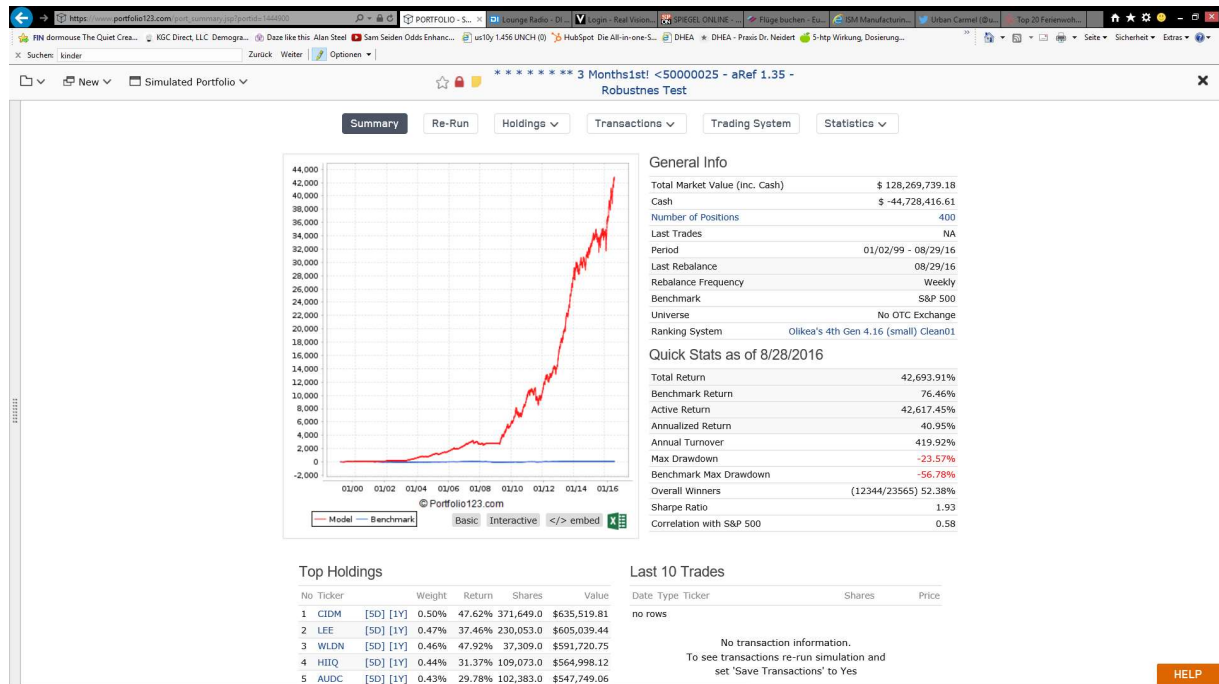
## 400 Stocks, Stocks, TLT Hedge, Leverage with 1.7
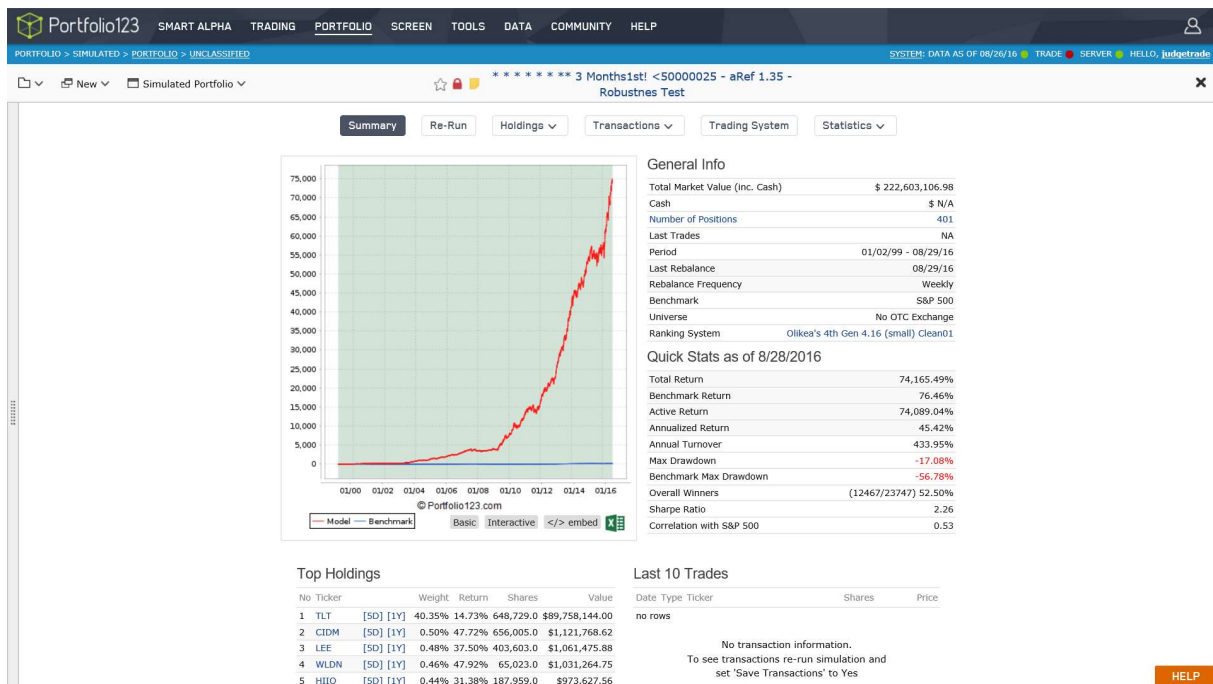


## 100 Stocks, TLT Hedge, Leverage with 1.7, P123 Oneil Ranking System
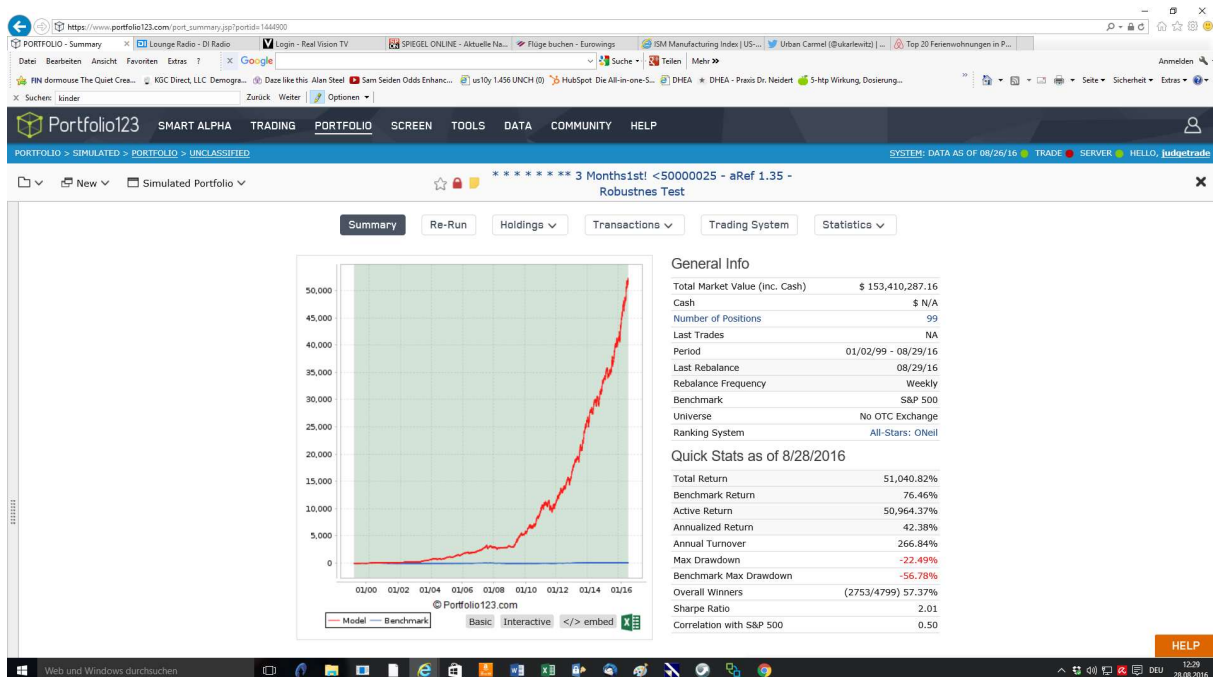
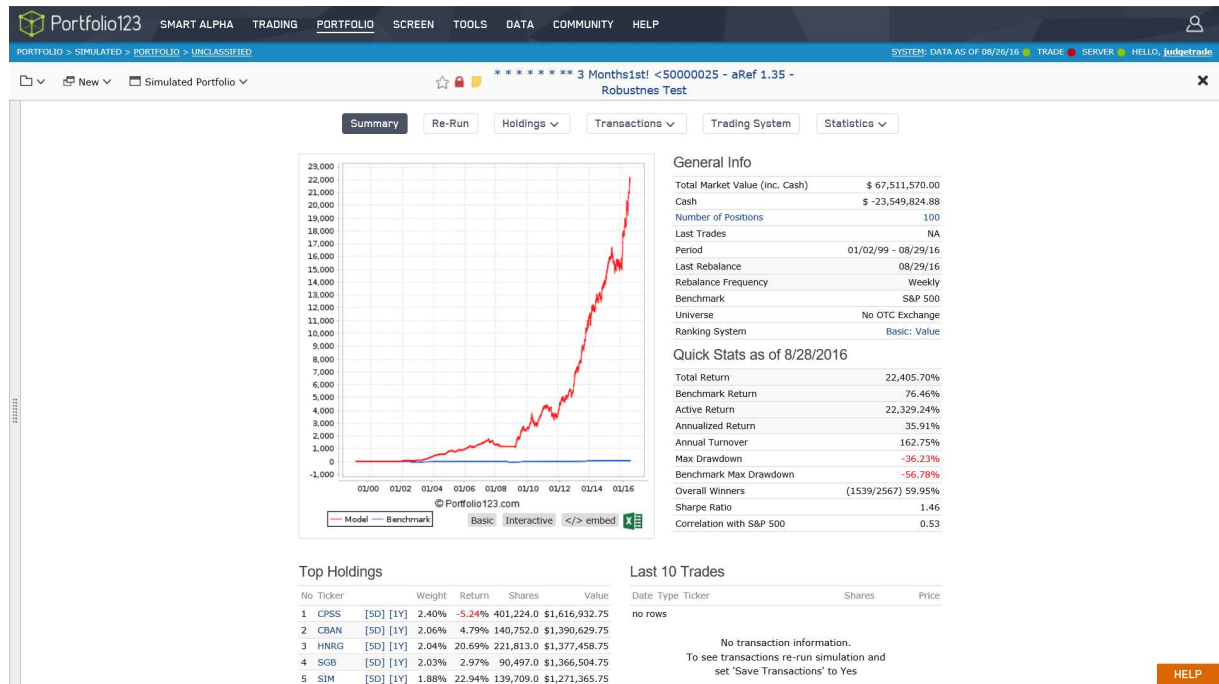# 100 Stocks, TLT Hedge, Leverage with 1.7, P123 GREENBLATT Ranking System
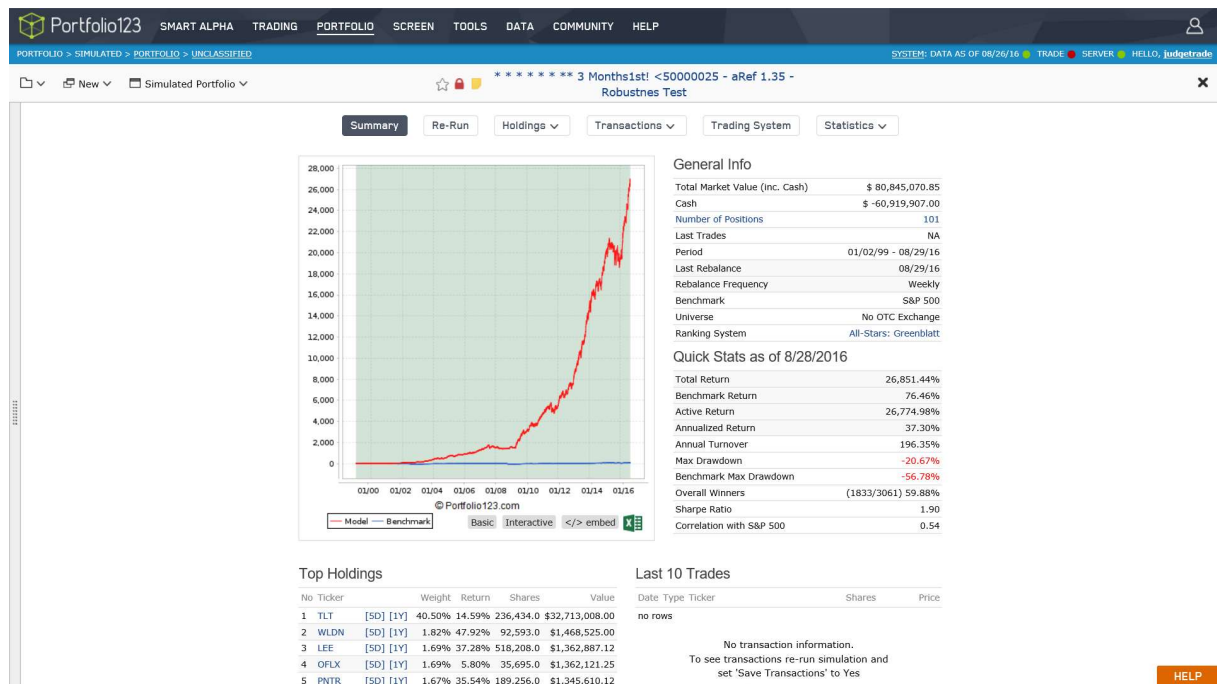


# 100 Stocks, no TLT Hedge, Leverage with 1.35, P123 GREENBLATT Ranking System, **weekly rebalance**
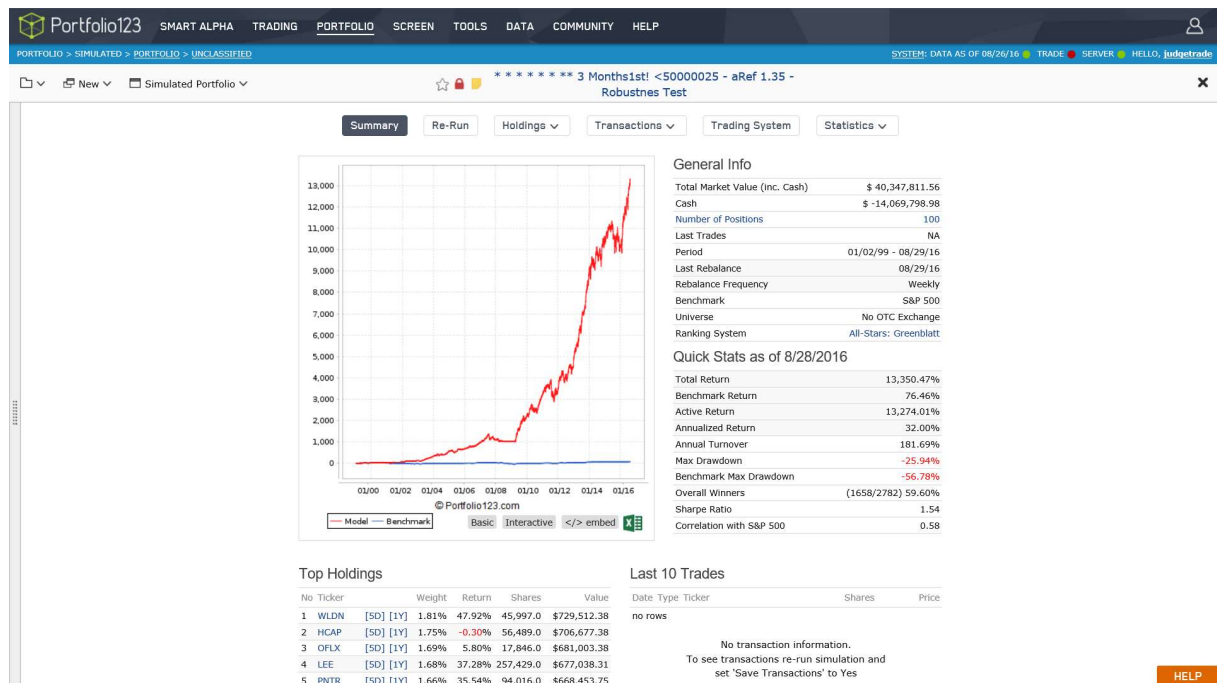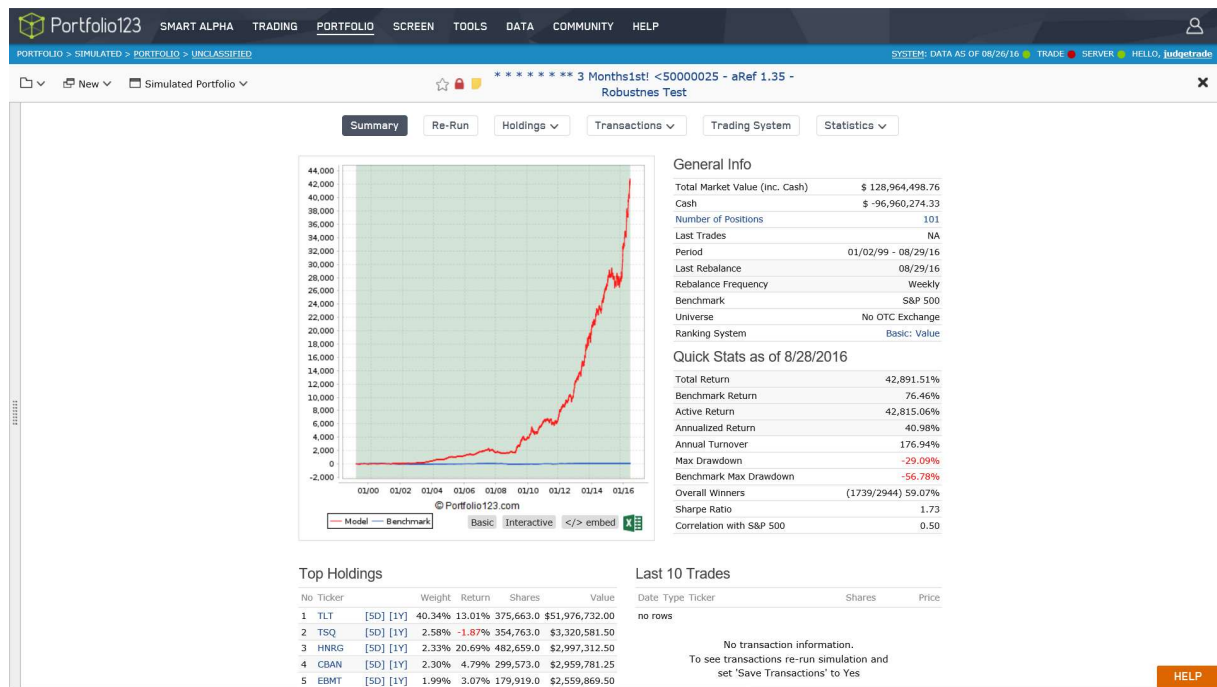
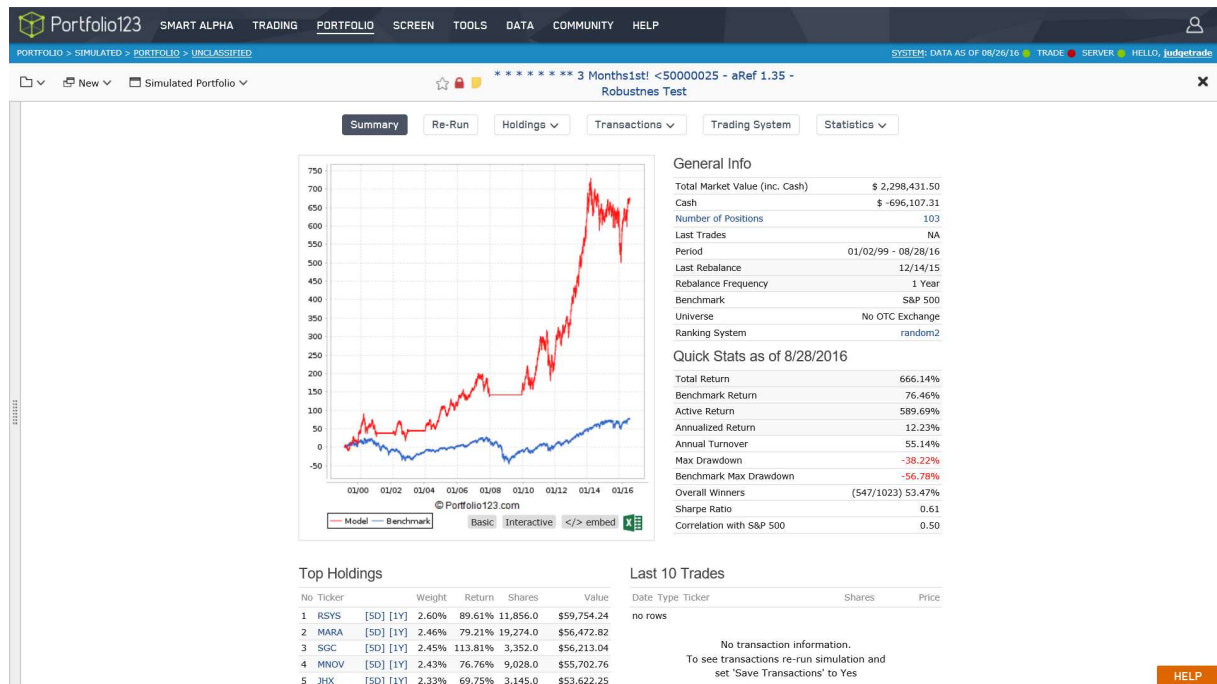# 100 Stocks, no TLT Hedge, Leverage with 1.35, P123 GREENBLATT Ranking System, **1 Year Rebalance**
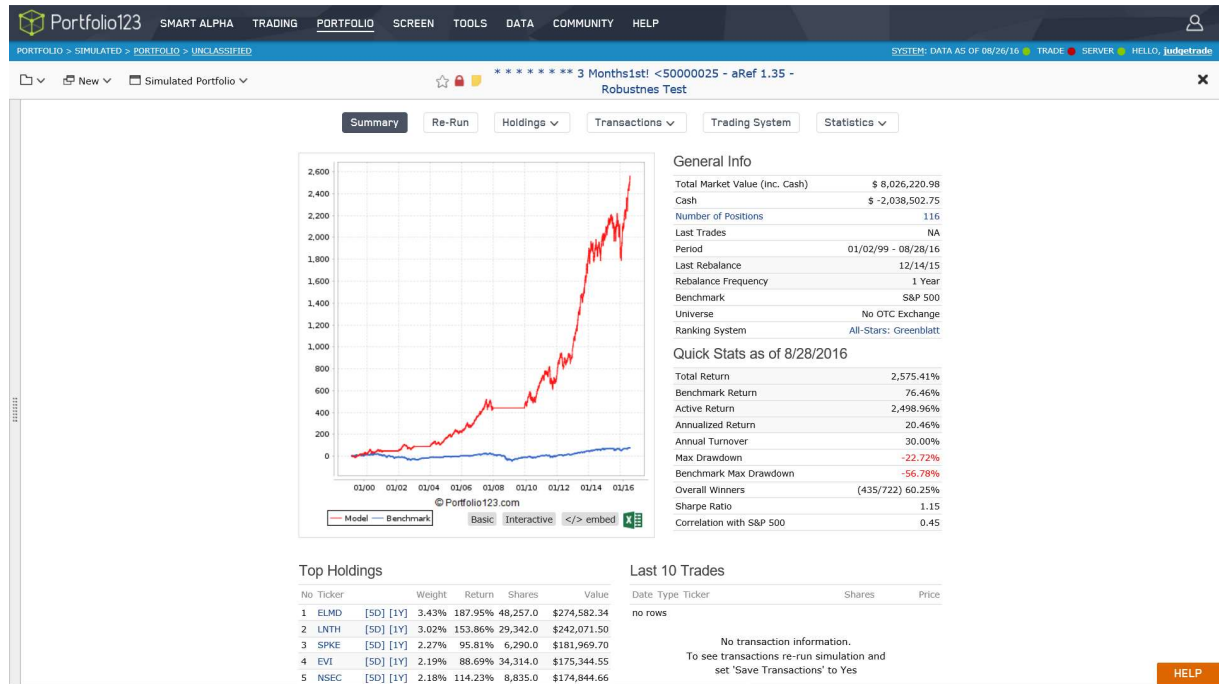


# 100 Stocks, no TLT Hedge, Leverage with 1.35, P123 VALUE RANKING SYSTEM, **weekly rebalance**
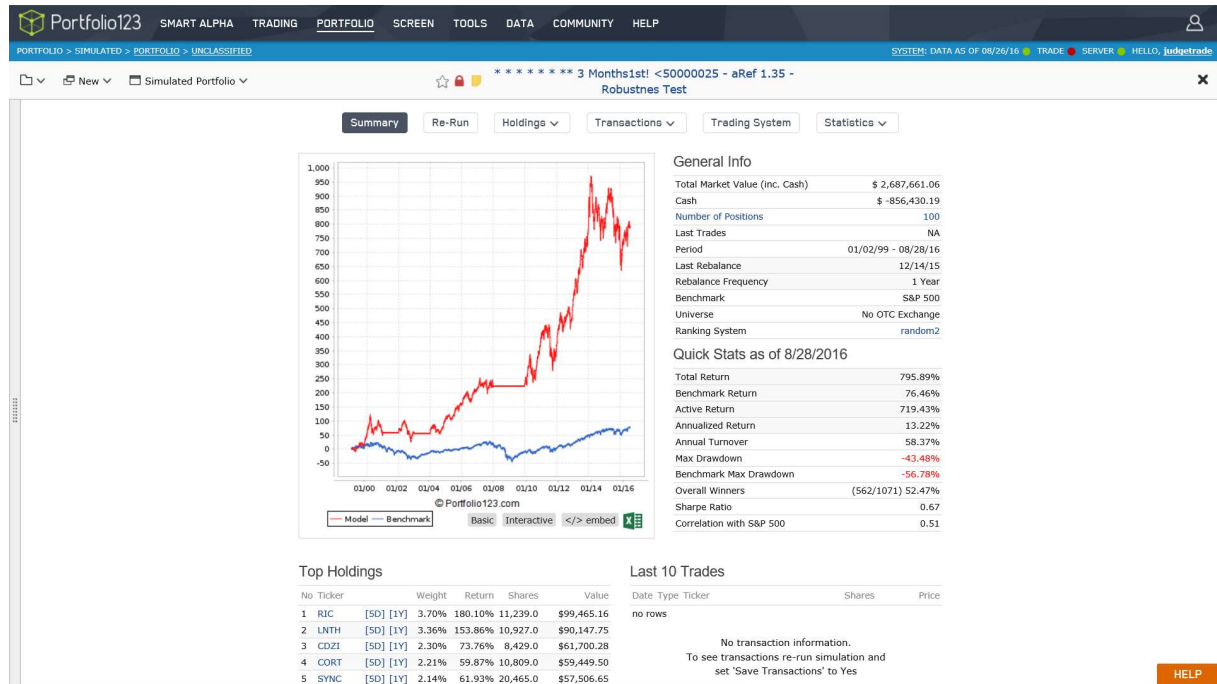
**100 Stocks, TLT Hedge, Leverage with 1.7, P123 VALUE RANKING SYSTEM, weekly rebalance**



**100 Stocks, No TLT Hedge, Leverage with 1.35, 3 yearly rebalance, P123 RANDOM RANKING SYSTEM RUN1**

## 100 Stocks, No TLT Hedge, Leverage with 1.35, 3 yearly rebalance, P123 RANDOM RANKING SYSTEM RUN2



## 100 Stocks, No TLT Hedge, Leverage with 1.35, 3 yearly rebalance, P123 RANDOM RANKING SYSTEM RUN3