

FastBreak – 2024 Year in Review

We completed our 28th 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

There are no updates to any of our software products in 2024. The last updates were in 2023. See the 2023 commentary or the release notes on the upgrade page.

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, fgraph.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 Article We recently had another article published in *Technical Analysis of Stocks & Commodities* magazine (Traders.com). The February, 2024 issue has our article *The All-Season Income Strategy*. The article describes how we used FastBreak Pro to build an income strategy that is very similar to the “Income” strategy (see below) that you can download from our Strategy page: <https://edge-ware.com/strategi.htm#income>

Windows 11® It is our understanding that Microsoft plans to stop supporting Windows 10® in October 2025. We haven’t experienced any issues with our software using Windows 11® .

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.

2024 Markets and Performance Review

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

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.

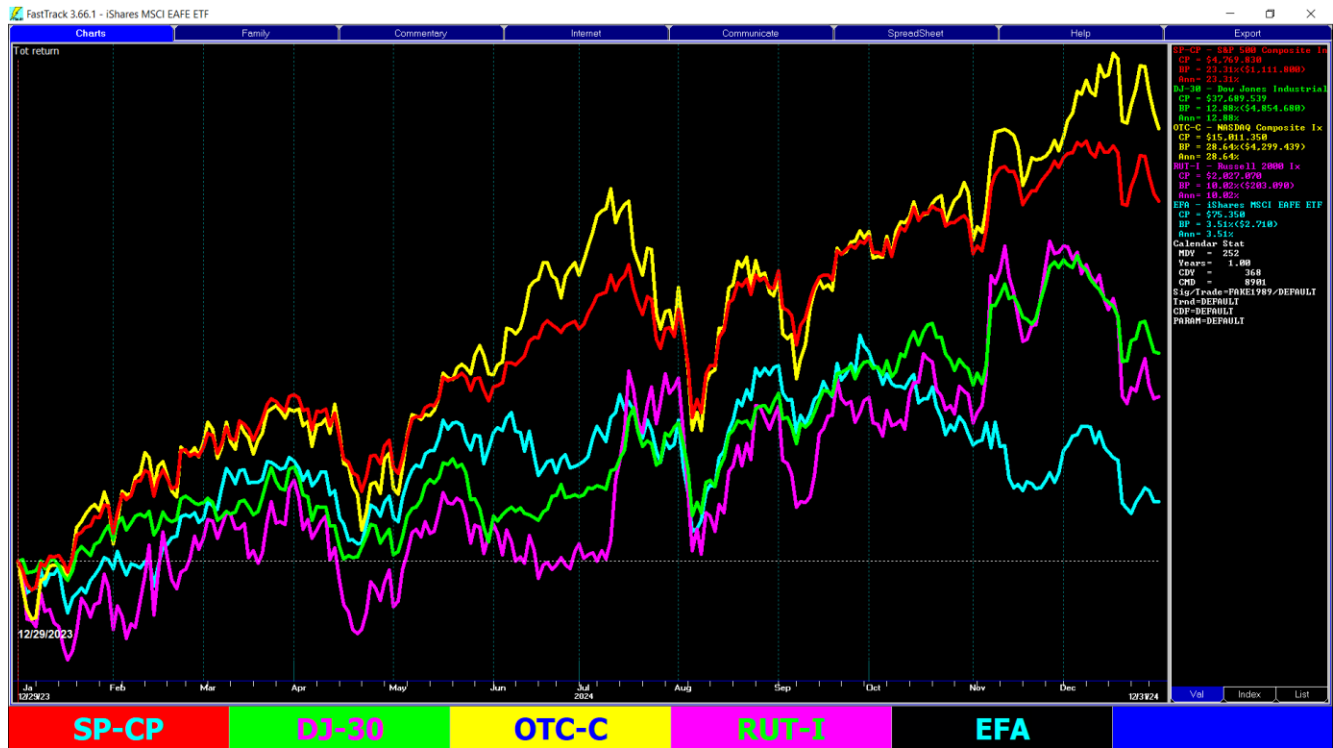
The example FastBreak trading systems on the Strategy page of our web site may provide users and potential users a starting point on the different types of trading systems that FastBreak can build. It also allows us to provide an honest benchmark for real time performance. Users of both Standard and 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

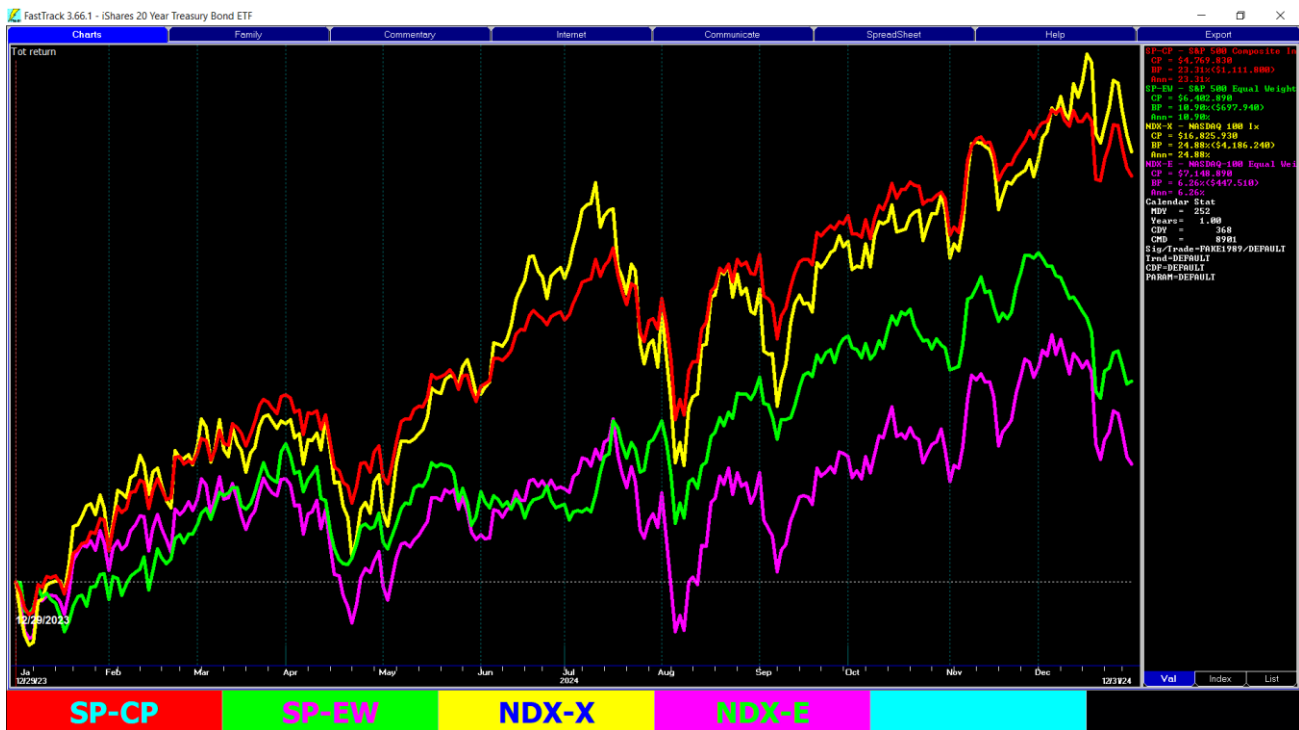
Note 2: All maximum drawdown (MDD) values reported below are daily values. In the investment industry you will typically see reported MDD values that are monthly values. Monthly values are very often substantially less than daily values.

The US Stock Market – 2024 was all about inflation and the Fed. It was an excellent year if you were in the large cap indexes (S&P or NDX) or the right handful of individual stocks – some variation of the MAG 7. Small caps had some tremendous rallies early in the year but significantly underperformed large caps and the volatility makes staying with a trend difficult. More about this later. Market breadth was terrible, especially heading into the end of the year. Check out the equal weight NDX below.

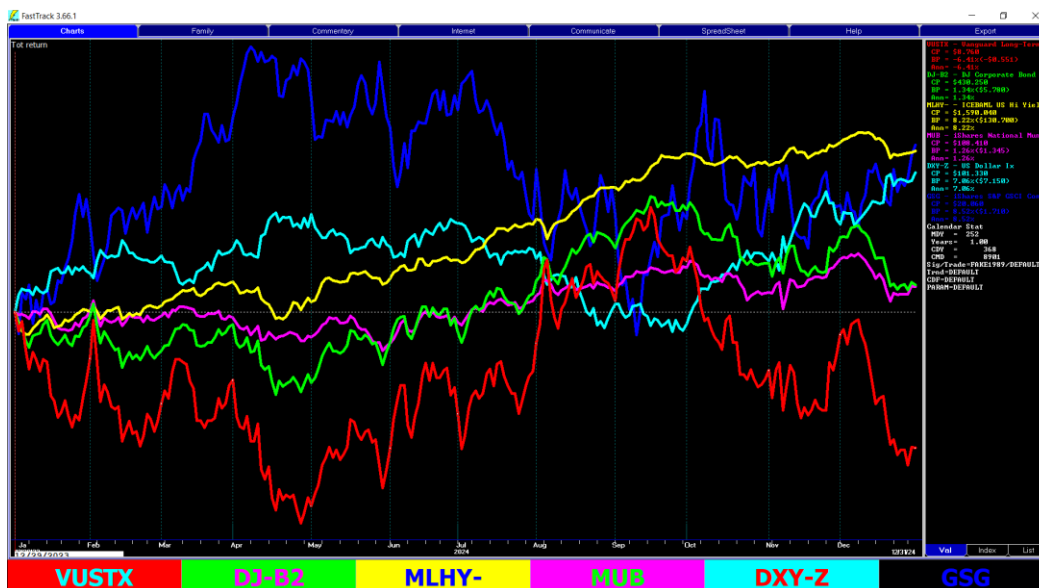
World Markets - Major world markets, as measured by EFA (MSCI EAFE ETF), generally lagged US large cap stocks by a wide margin – especially in the last quarter.



In what has become a monotonous story in recent years, except for 2022, 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. S&P (23.3%), SP-EW (10.9%), NDX-100 (24.9) and NDX-E (only 6.3%!!!). And I’m sure that most investors know that perhaps 10 stocks are responsible for some 80% of the over all market gains.



Bonds, US Dollar and Commodities As rates go up, bonds go down, and the US dollar typically strengthens – and that proved to be true in 2024. All of these were affected by what the Fed would do or did do. Bonds were very choppy. Treasuries and bonds in general began to rally in May as it looked like lower rates, but after peaking in September, it appeared inflation wasn't coming down as much as expected and there was concern over Gov deficits. Bonds, especially Treasuries, took a beating in the last quarter of the year, but HY held up, acting more like equities than bonds – which isn't uncommon for HY. And higher US rates were very good for the dollar (DXY-Z). Commodities tend to move opposite of bonds – that wasn't really the case in 2024. Commodities were all over the place, in part, due to concern about China demand.



The following table summarize the various indexes and categories. We also included the popular 60/40 stock/bond investment (using VBINX). And good old cash had another good year.

Summary of Common Benchmarks for 2023

	Total Return %	MDD%
S&P 500 (SP-CP)	23.31	-8.49
DJ-30 (DJ-30)	12.88	-6.06
OTC (OTC-C)	28.64	-13.15
Small Cap (RUT-I)	10.02	-10.10
World Markets (EFA)	3.51	-9.84
LT Treas. Bonds (VUSTX)	-6.41	-11.85
DJ Bond Index (DJ-B2)	1.34	-4.47
High Yield (MLHY-)	8.22	-1.79
Muni Bonds (MUB)	1.26	-2.40
Dollar Index (DXY-Z)	7.06	-5.65
Commodities (GSG)	8.52	-13.13
60 stock/40 bond (VBINX)	14.46	-4.70
Cash (VMFXX)	5.23	0

Two measures of investment returns for professional managers:

https://www.barclayhedge.com/	Return%
Managed Futures Funds (CTAs)	3.43
Hedge Funds	9.66

Clearly, stocks, specifically large cap stocks, were again the place to be. Only high yield did well in the bond arena. 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)	-1.09	-6.74
International funds (2/2002)	-9.82	-13.56
Bonds LT Gov and HY (12/2002)	5.00	-2.54
Muni Bond (2/2010)	5.80	-1.97
ETF (1/12/2024)	11.62	-11.62
TASC ETF Hedging VFINX (50%/50%) (1/2/2021)	12.73	-4.88
Fidelity Income Strategy (req. V6.8)	10.58	-3.01
Updated (+commodity fund) Rydex Hedge with Rydex S&P (50%/50%) (1/2/2017) (req. V6.8)	12.51	-6.27

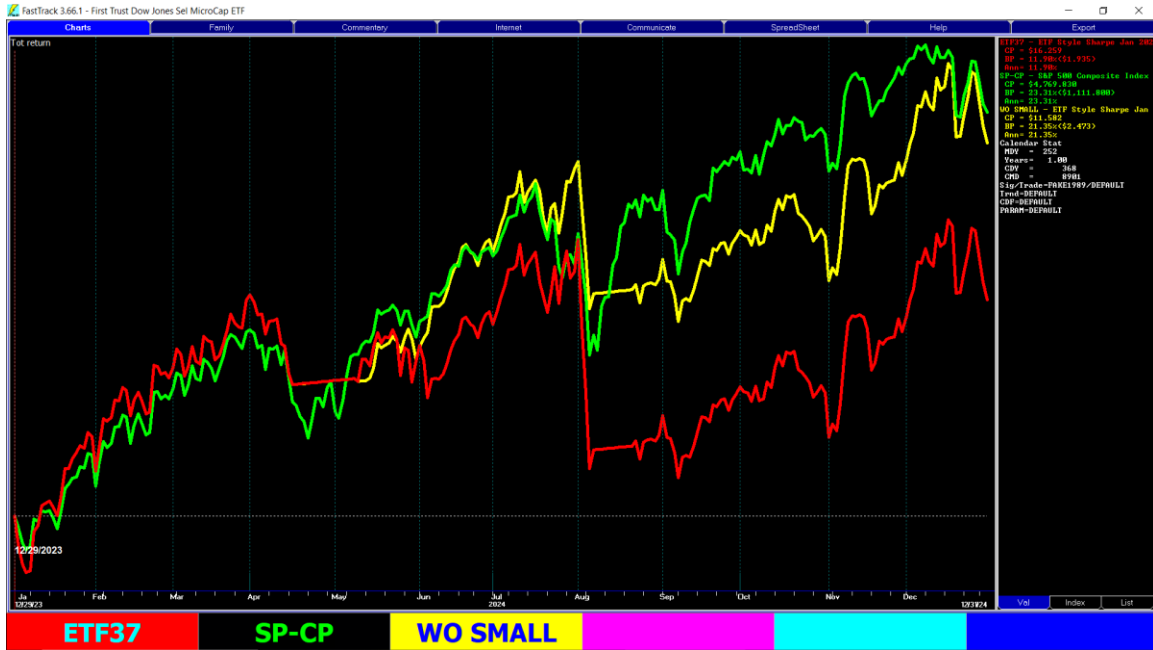
Bond systems – The bond strategies did Okay, especially those that can invest in LT Treasuries by avoiding the large drawdown in LT Treasuries. *Note, the Muni strategy uses RSI so it is slightly affected by the V6.8.4 upgrade, but we will leave it on our site to possibly be updated at a later date.*

Income Strategy – We are again thrilled with the updated “Income” strategy that we introduced last year. The February TASC magazine article is a description of how we developed a similar strategy using FastBreak Pro. 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. In a year when the DJ bond index returned just over 1%, the strategy had double digit returns with a tiny MDD.

The International system has been around since 2002 and has great long-term performance. It didn’t do well in 2024, not surprising considering the performance of most international stock markets.

ETF Style - Small caps strike again! Last year we explained that we were unhappy with our style strategies. After investigating, we determined the problem was the small cap funds in the trading family. Small caps tend to be very volatile and lead to whipsaws. We took another try with an ETF style strategy, but rather than simply deleting small caps from the trading family – which would have perhaps been the smart move - this time we used Sharpe Ranking to buy funds with a higher risk adjusted return. The strategy uses ten ETFs. Well, the strategy was on a tear until the end of July. Then in three days it lost 11% when fear swept the small cap world. And of course, the strategy wasn’t just holding a small cap fund, it was holding the microcap fund! Check out this comparison between the strategy return, S&P return and the strategy without the small cap funds (yellow). The strategy spent the remainder of the year digging out of the hole to end with a low double digit return vs. over 20% without the small cap

funds. When a fund drops 11% in three days, there is little you can do. We continue to think this is a valid strategy.



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. Obviously, the equity portion of the 60/40 did well last year, with bond portion again being a drag.

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 with a commodity fund – see below.

In the December, 2020 issue of *Technical Analysis of Stocks & Commodities* magazine (www.traders.com) we presented 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 when commodities did well but the Fed provided a floor for bonds. 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 three-year comparison of the S&P, a 60/40 fund (VBINX), the TASC ETF hedging strategy, and the revised Rydex hedging strategy. In three years, the ETF hedging strategy has returned over 44% (10.3% MDD) compared to the S&P 23.5 (25.43% MDD) and 11.6% (21.4% MDD) for the 60/40 fund.



Note: We provide these strategies for informational purposes only.

Summary

On a risk adjusted basis, we are very happy with the two hedging strategies. Of course, they underperformed the S&P and NDX indexes – it is hard to outperform with hedging in a year when equities rise more than 20%. We were very happy with the Income and muni bond strategies. The other bond strategies were nothing to write home about, but then, they didn't have much to work with in the bond arena. We are Okay with the ETF style strategy and look forward to a year when small caps are not like Lucy with the football in Charlie Brown. 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. 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!!**