Intelligent Fund Management, LLC

Progress Report

Nov 25, 2023

OmniFunds 3.0

Performance-Based Switching

Instead of 2 (fixed) Portfolios we can switch between “N” Portfolios based on performance.*

* Analysis performed by Mark Holstius July 2023. See prior Investor Blog posts.

OmniFunds v3

Functional Specification v1.1

Overview

OmniFunds is comprised of Portfolios, which are Trading Methods that have a List, Filtering, Ranking and Allocation defined. Two Portfolios are combined to define an OmniFund. Exits occur on the switching interval, when new Symbols pass the Filter AND have a higher Rank than existing trades within a Portfolio.

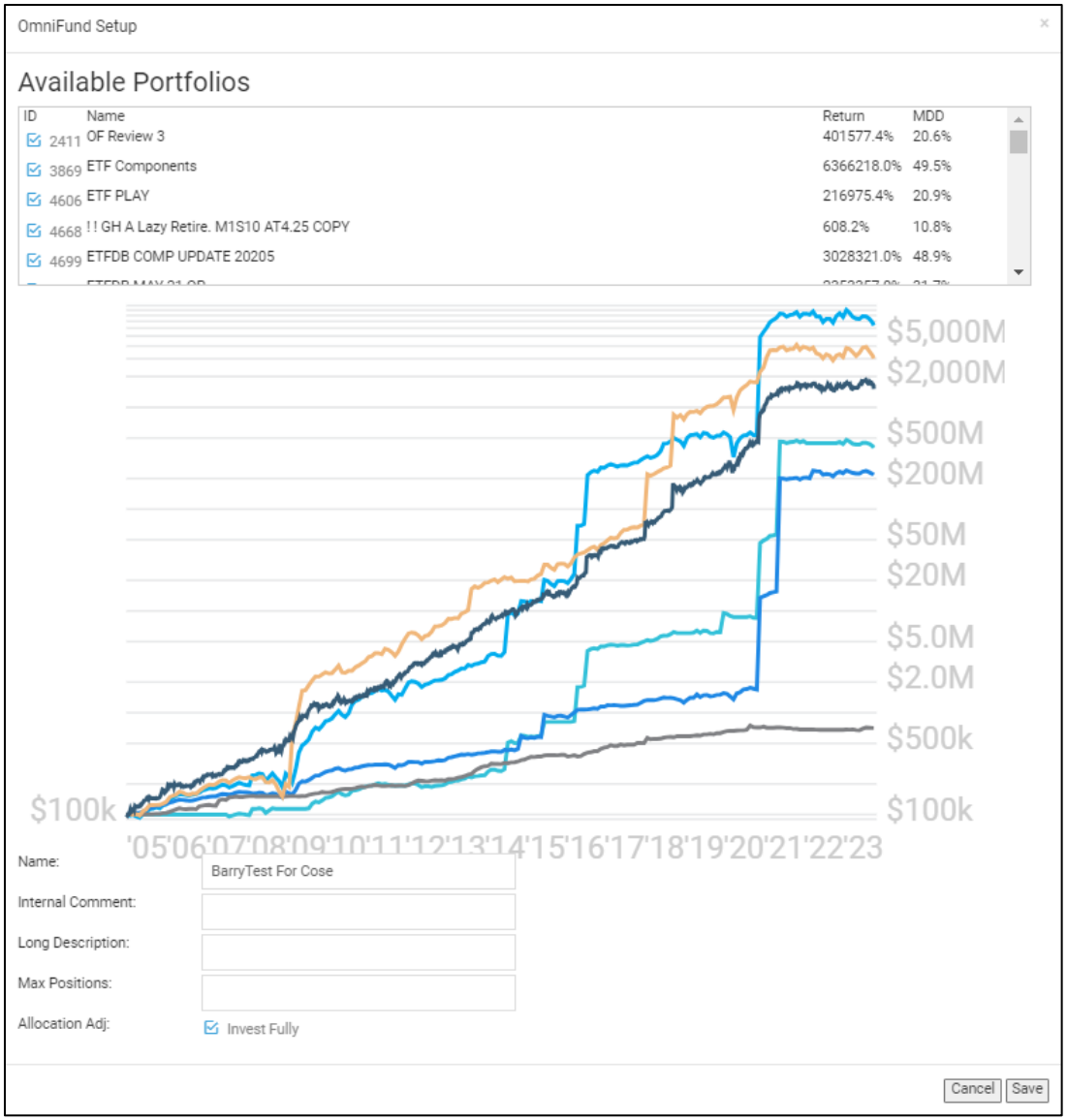
Historical Trading Observations:

Studying historical Portfolio curves since 2018, it has been determined that a consistent return can be achieved by switching into the best Portfolios based on an analysis of recent returns. Here is a graph showing 15 “randomly” selected Portfolios from Omnifunds, showing tremendous variability of returns. This leads to losses and draw downs if only 2 Portfolios are chosen and left to run.

This one trades the middle 5 ranked Portfolios each week using Standard Deviation of Returns as the ranking function. **30%/year w 5% MDD**

Implementation

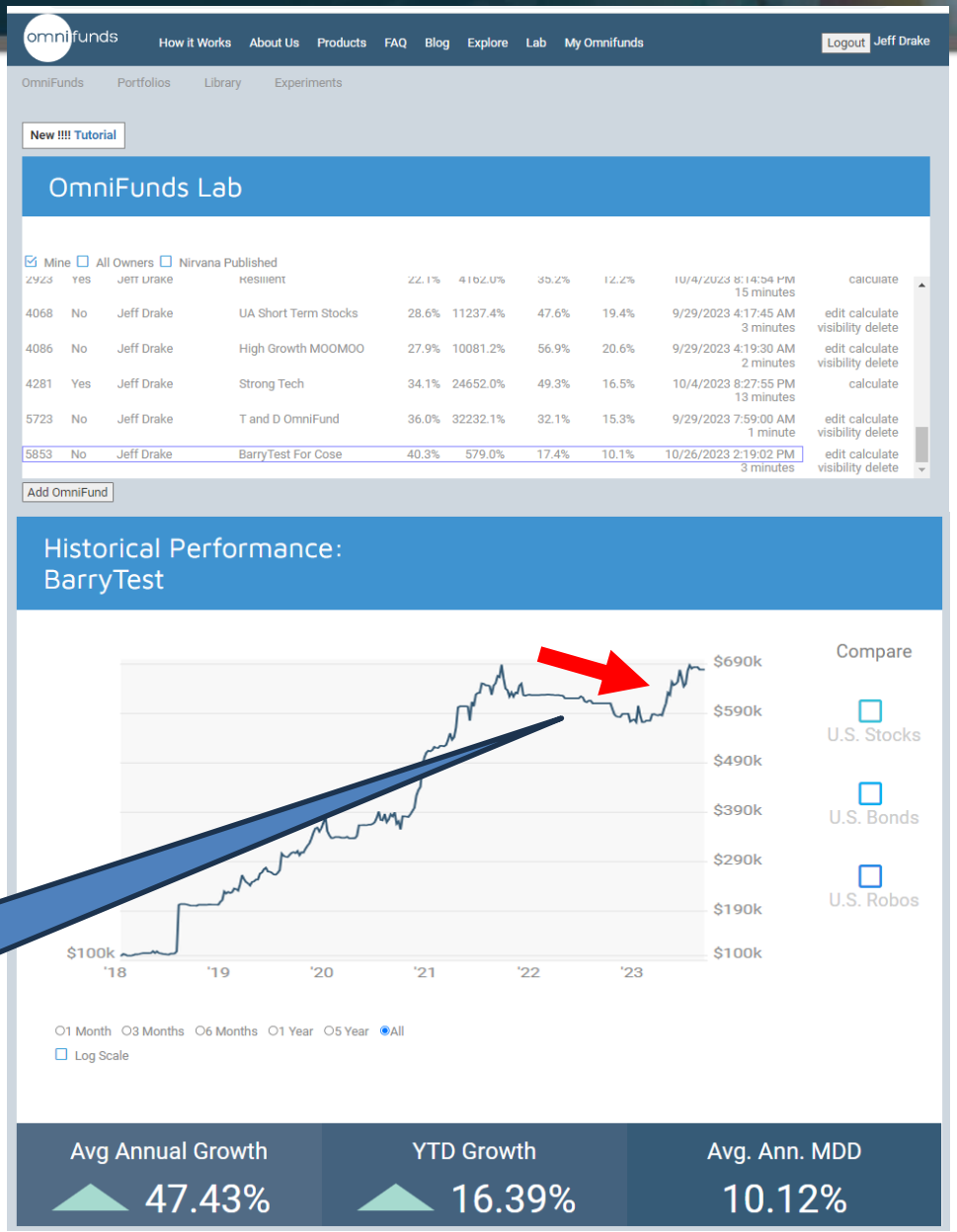
This New OmniFund has 6 Portfolios.



Implementation

The curve shows the result of Dynamic Switching over time.

How can we reduce Draw Downs?



Draw Down Reduction

Symbols selected on October 1

10/01/2023	ATRI	25%
	EW	15%
	HSY	20%
	ICUI	40%
09/01/2023	CPK	20%
	HSY	25%
	ICUI	40%
	NJR	15%
08/01/2023	ARTNA	15%
	HSY	25%
	HUM	40%
	NJR	20%
07/01/2023	ARTNA	15%
	CWT	40%
	TEVA	20%
	UGI	25%
06/01/2023	ARTNA	15%
	ATRI	40%
	TEVA	20%
	UGI	25%

Let’s examine what happened next.

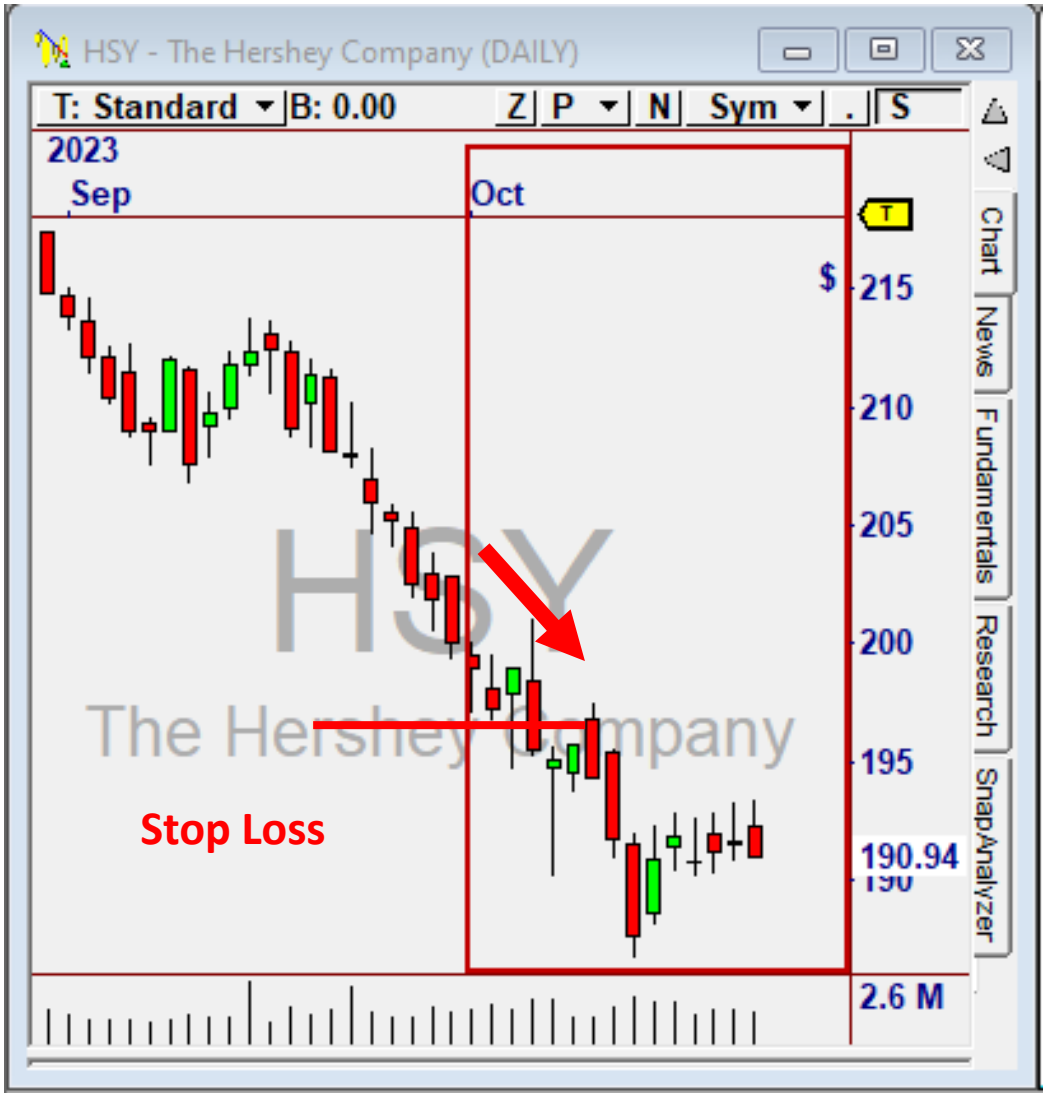
Draw Down Reduction

A Closer Look

Looking at these charts, we find 3 out of the 4 fell after October 1.

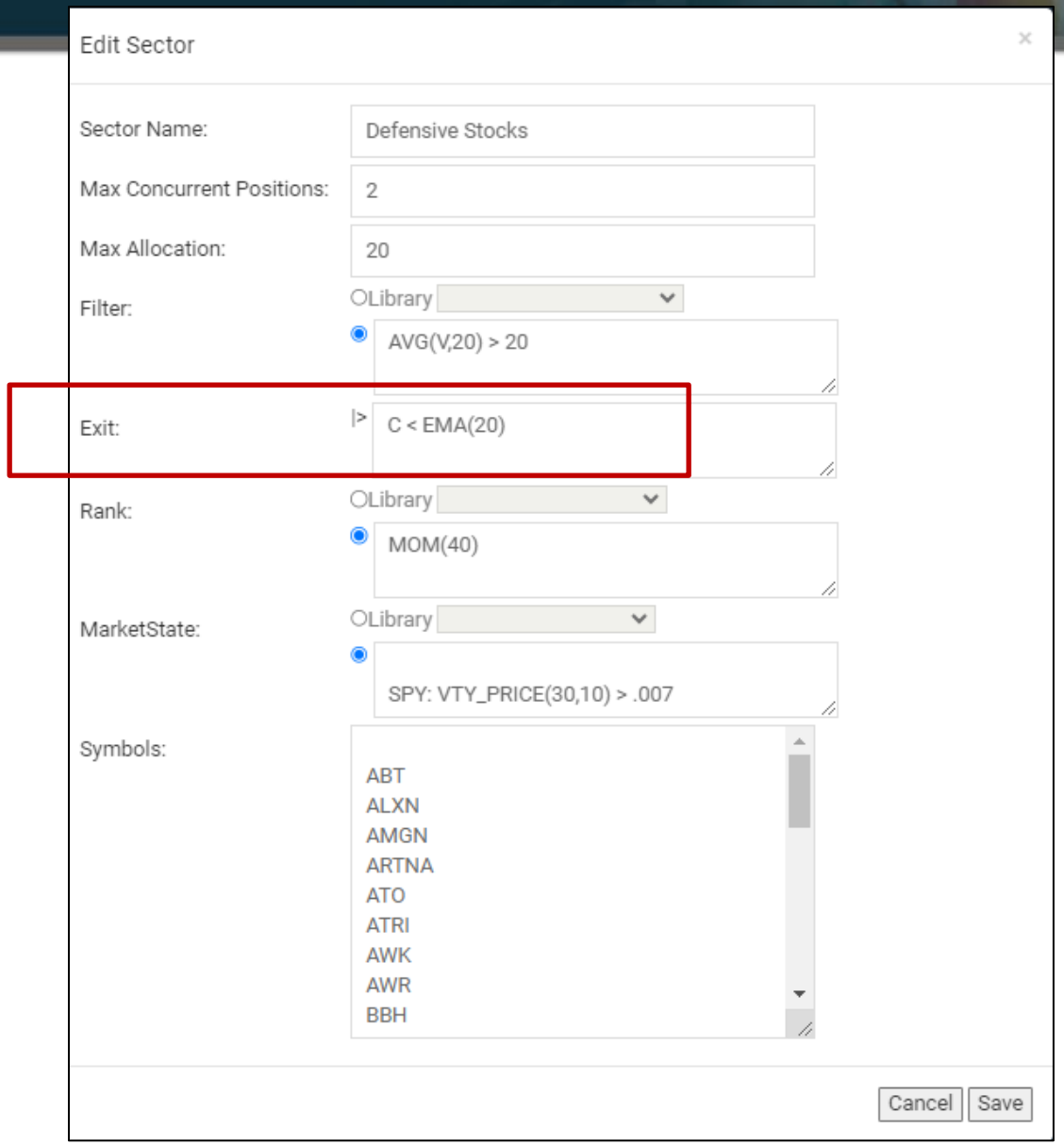
Draw Down Reduction

We can test performance each day and exit individual trades to reduce these losses.

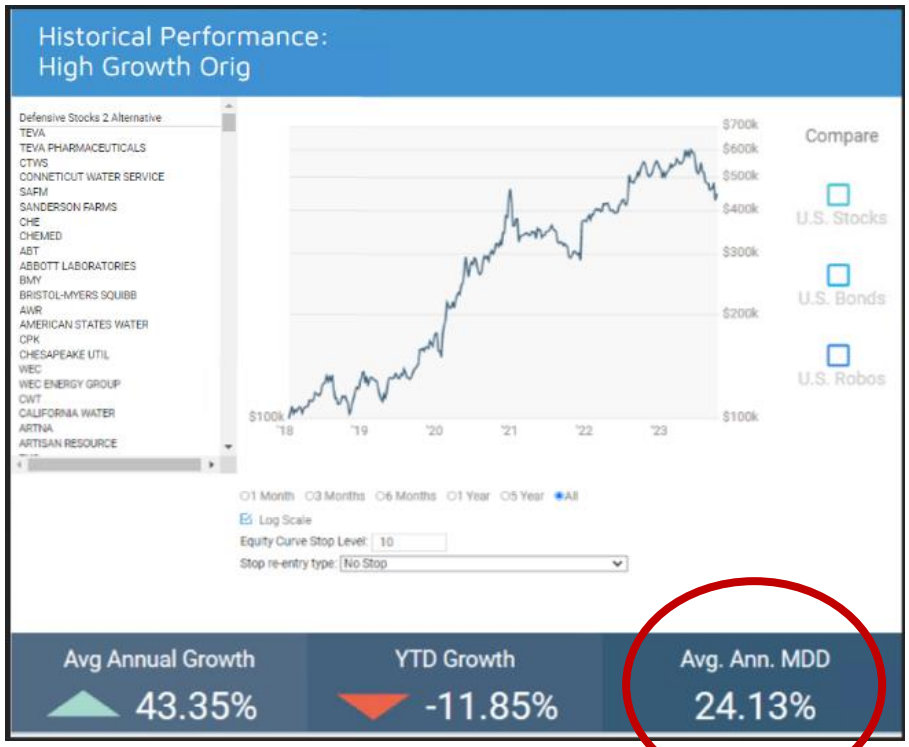


New Exit Condition

An **Exit Condition** has been added to the Sector Definition.



Testing Exit Conditions in OmniFunds



Without Exits

With Exits

Exit comparison for the “High Growth” Portfolio in OmniFunds 3.0 without and with Exits. Draw Downs were significantly reduced in this example.

Using ATM for OmniFund Development

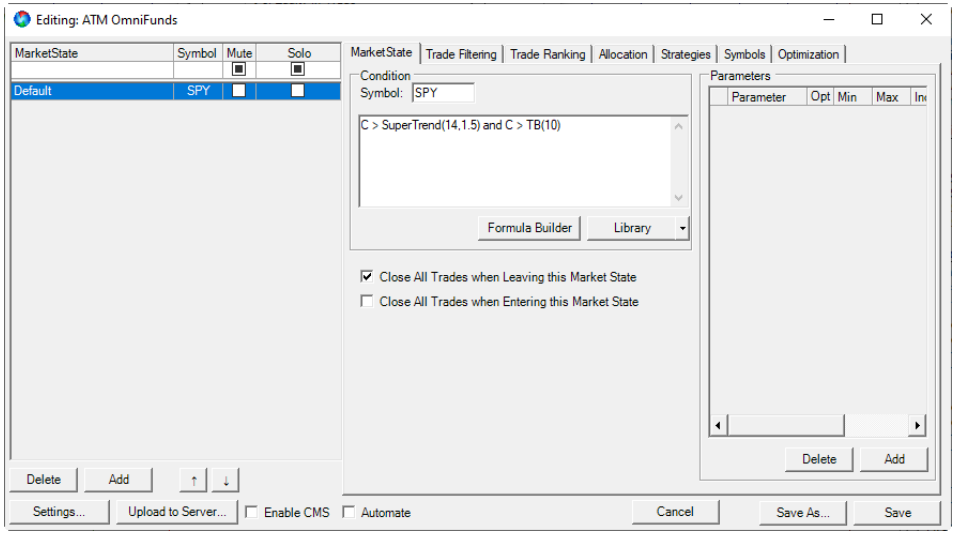
In ATM, we can now enter trades that are “in progress” as opposed to Entry Signals only.

Both ATM and OmniFunds have always had **Market States, Filters** and **Rankers.**

We’ve added:

- **Exits** to OmniFunds and
- **In-Trade Signals** to ATM

This is enabling us to test OmniFunds concepts much more quickly than before.



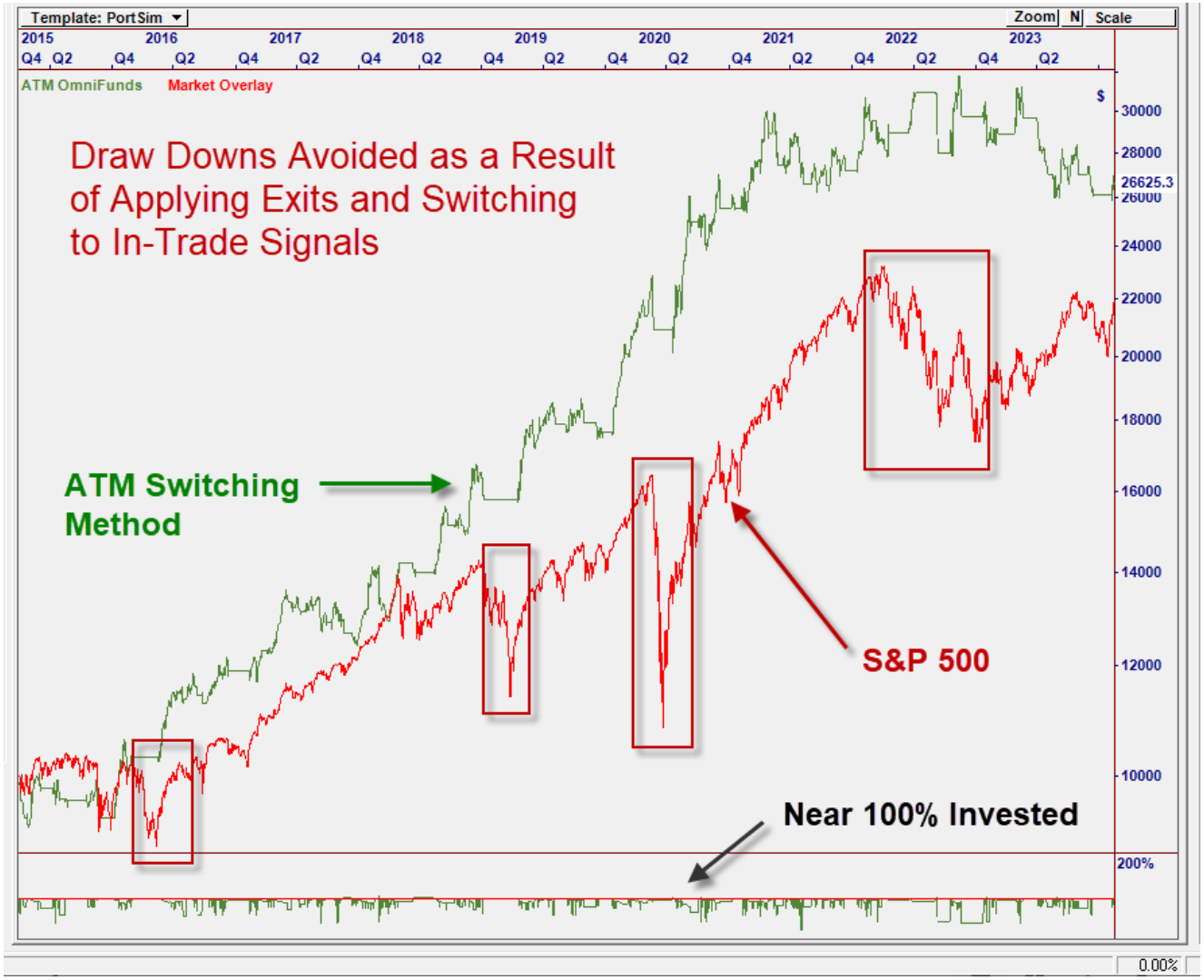
ATM User Interface

Switching in ATM

ATM no longer requires a new Signal to enter a trade.

It can switch into ongoing trades by entering “In-Trade” Signals.

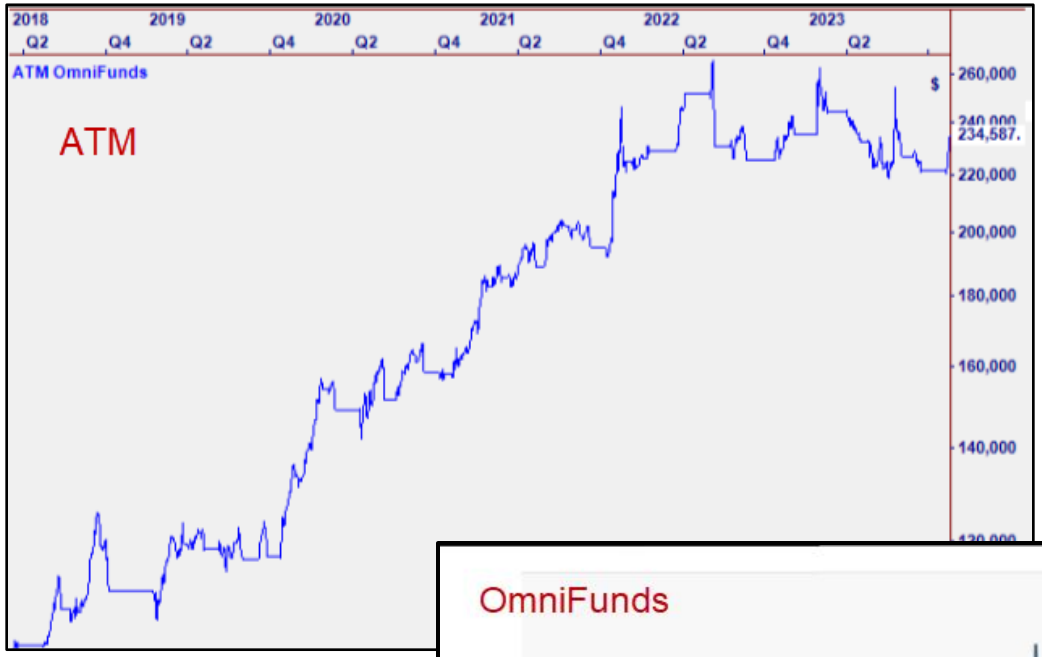
This avoids draw downs, and enables the Strategy to be nearly 100% invested, like OmniFunds.



ATM Demonstrates the Benefits of Switching

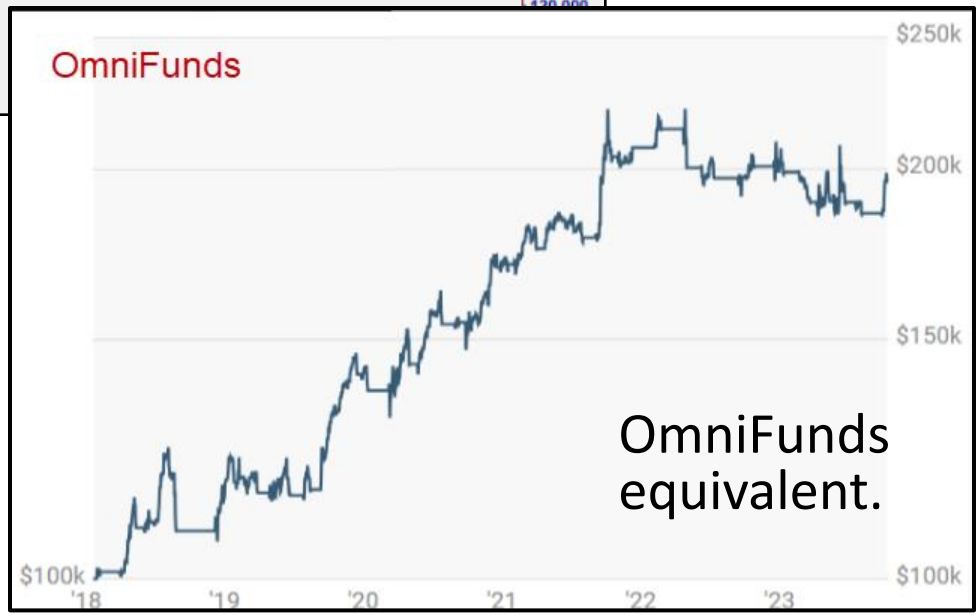
From ATM to OmniFunds

Equity curve from an ATM Strategy.



To the right is the equivalent OmniFunds Method.

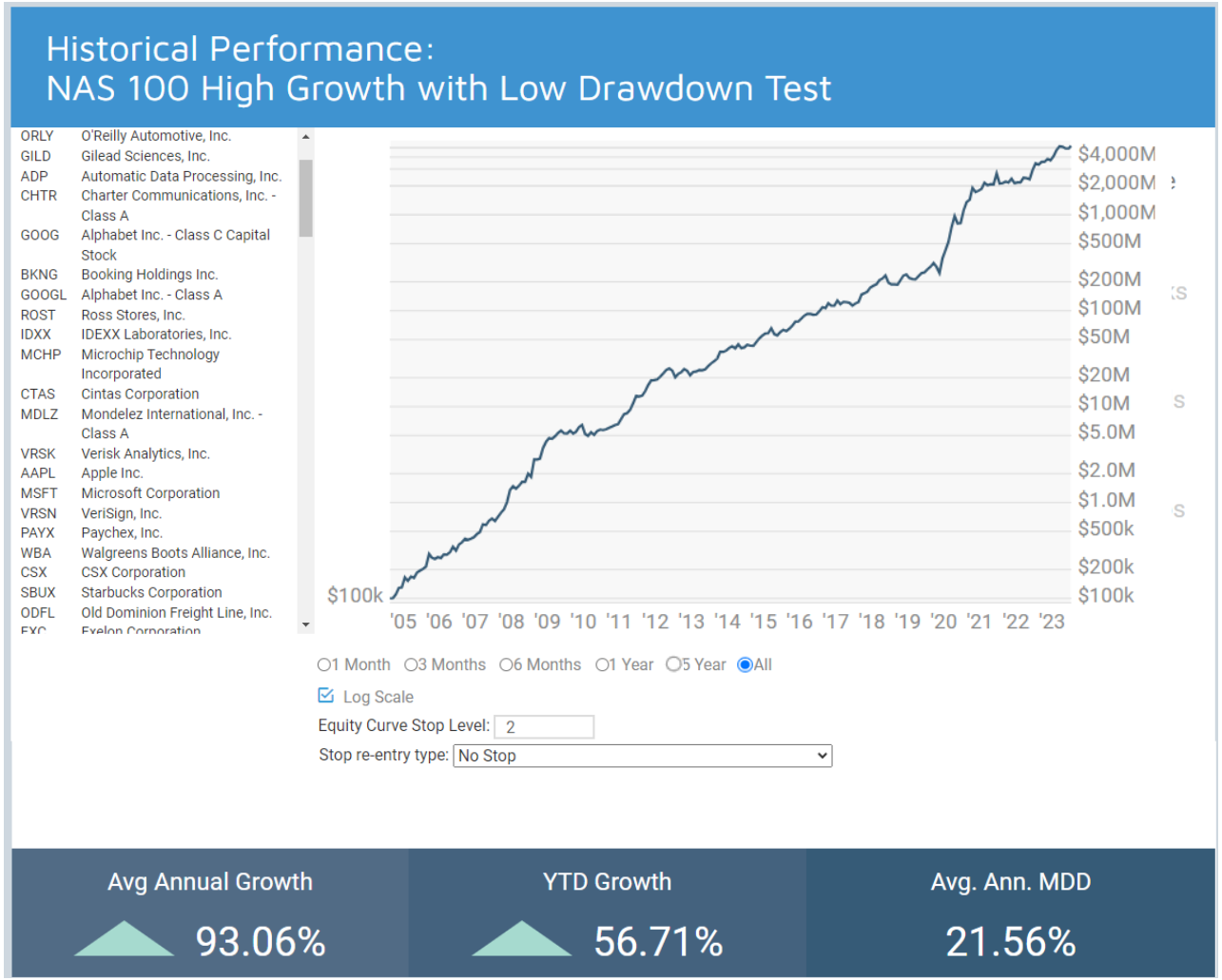
<u>Bottom Line</u>: Nirvana Staff and Users can now develop OmniFunds Methods using the power and speed of ATM.



“Earnings Growth” by Steve Byrne

IFM Investor Steve Byrne created this Portfolio using a “Growth Since Earnings” approach.

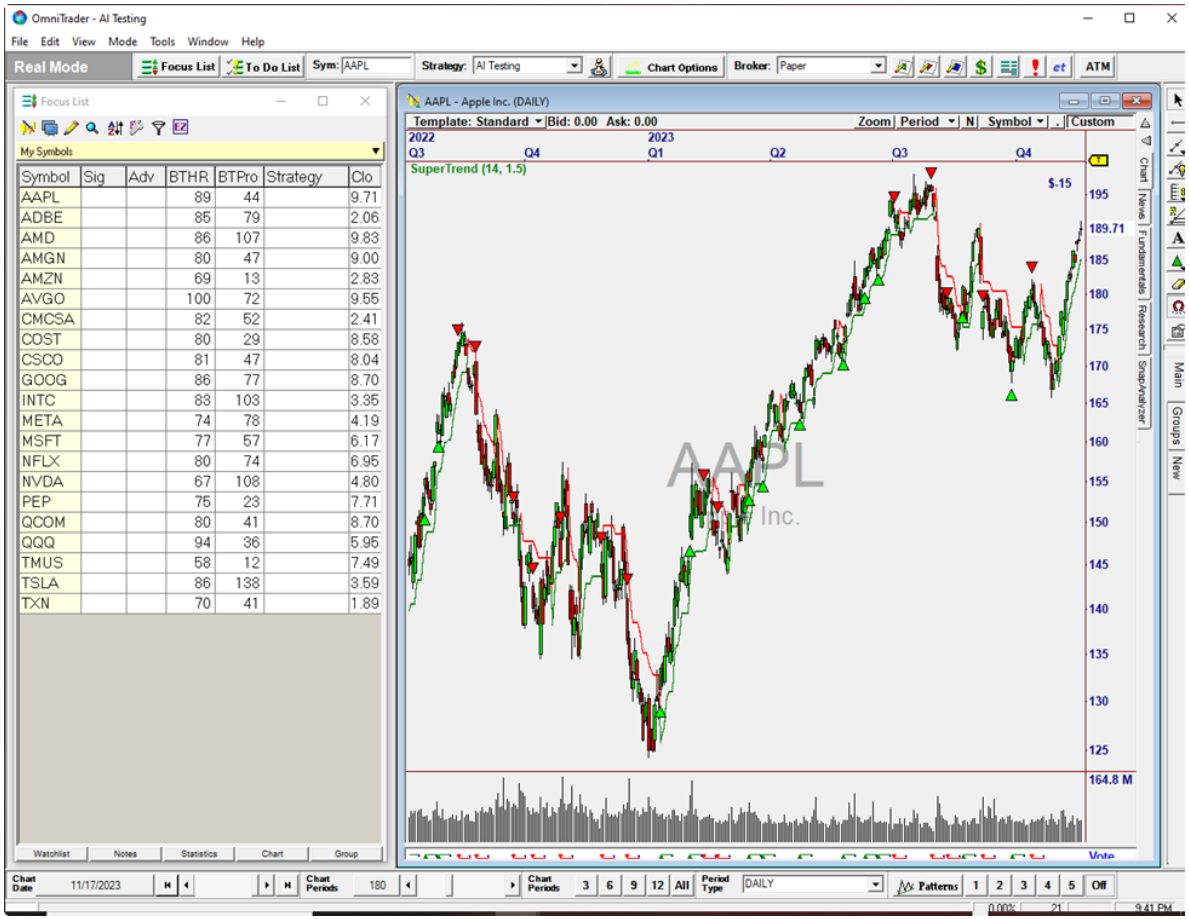
Steve has graciously agreed to share it with all OmniFunds users.



Recent A.I. Studies

Steve Mayo and I have been running multiple A.I. models and testing the results in OmniTrader.

I expect this work to ultimately yield models we can use for ranking trades in OmniFunds.



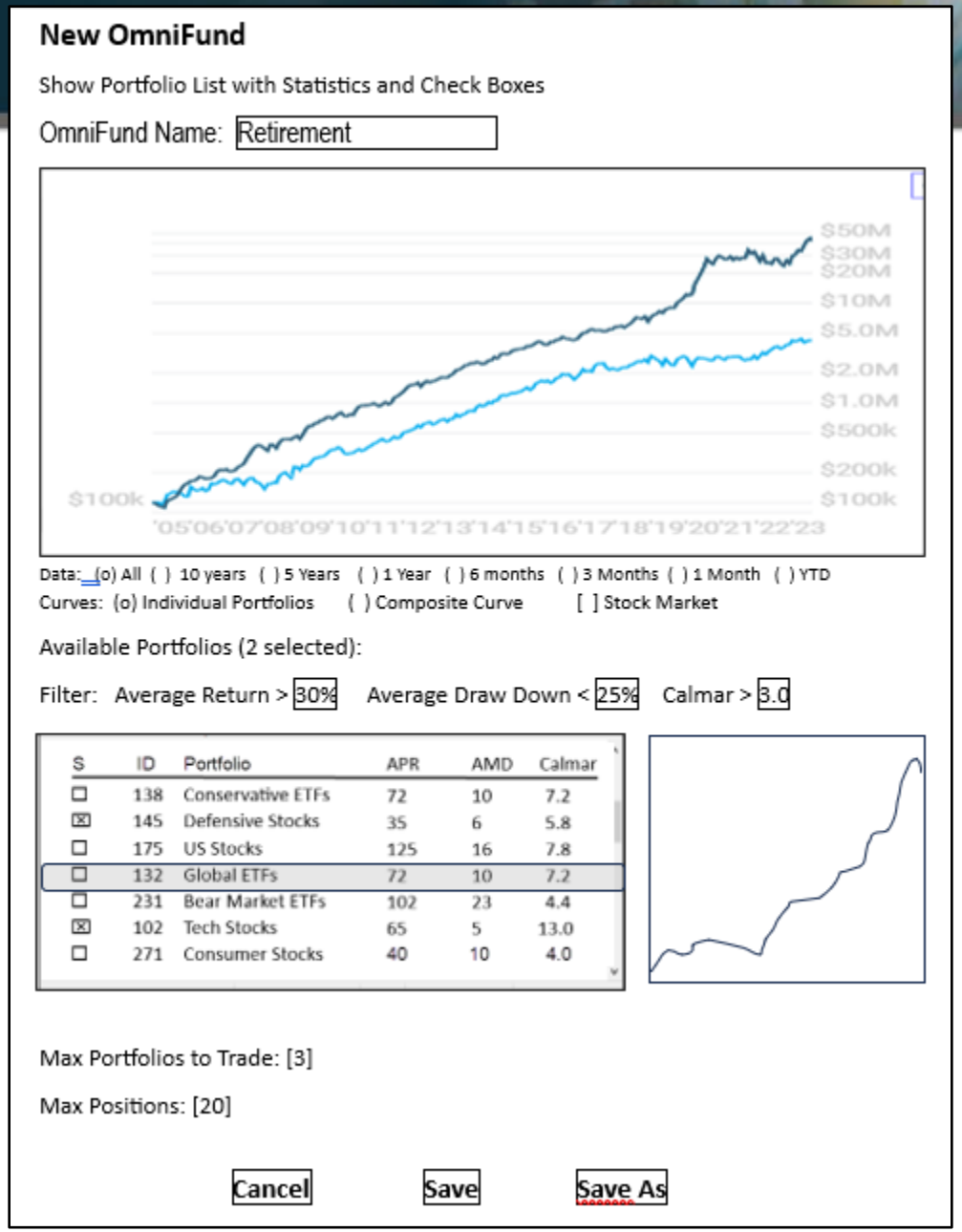
This is taken from a training or “sample data” period. We are building and testing new feature sets to generalize the models and improve “out of sample” results.

Alpha Release

We created a Beta Environment using a separate web site & server processes.

We are testing these changes now and expect to release the Alpha to users very soon.

Power Users who want to assist us in building Portfolios with Exits can request early access.



OmniFunds

Because Returns Matter.

OmniFunds