

TPA-RRG Relative Rotation Strategy Consistently Outperforms

All 4 Relative Rotation Strategies (RSS) have outperformed on a total return basis since their inception in April 2022, but the Top 5 ETF and SH strategy not only shines, but can also be used by long-only investors.

The TPA-RRG RSS - Top 5 ETFs and a S&P500 Hedge (long SH = short the S&P500) has?

- outpaced the S&P500 by 10% since inception on April 2022
- has been above the S&P500 since inception.
- outperformed the S&P500 75% of the quarters since inception
- Is almost 4% above the S&P500 return year-to-date

(See the charts below)

The methodology for the Top 5 ETFs and a S&P500 Hedge (SH) is straightforward. Each week the TPA-RRG report scores and ranks 27 sector ETFs (see table below). The strategy buys the top-ranked 5 sector ETFs each week. The RSS also maintains a market hedge by remaining long SH (short the S&P500). The SH position is kept at \$266,109; of the size of the total long position. Each ETF position is held for three weeks. The 3-week holding period means that each week we trade out of the positions from 3 weeks ago and add the current week's TOP 5.

The long position is twice the short of recognizing that, in general, stocks move up twice as many days as they fall. SH is used for 2 reasons. It is a hedge that uses the most used benchmark - the S&P500. SH also allows long investors to be hedged, while keeping only long positions in their portfolio.

Performance charts are provided below.

Top 5 ETFs and a S&P500 Hedge

Total Return Since Inception – April 2022



Quarterly Returns Since Inception – April 2022



Total Return Since – 2023 YTD



The most recent ETF sector scores and rankings

TPA-RRG U.S. SECTOR & SUBSECTOR ETFs						
			10/17/23			
Code	Name	Last	RRG Ratio	RRG Momentum	Quadrant	TPA-RRG SCORE
XLE	Energy	89.59	104.15	104.22	52.53	3.03
XME	Metals & Mining	50.44	100.40	103.35	43.83	3.02
PPH	Pharma	80.09	100.60	102.28	47.79	3.01
OIH	Oil Services	345.01	111.08	103.20	52.62	2.03
XOP	Oil&Gas E&P	148.56	108.00	104.03	56.09	2.02
XRT	Retail	58.63	97.70	100.31	38.32	2.02
MOO	Agribusiness	76.20	96.00	100.98	32.92	2.01
XLF	Financials	33.21	99.94	101.70	43.73	2.01
HACK	Cyber Security	52.57	102.58	101.85	55.37	2.01
XLU	Utilities	59.30	93.20	100.19	44.73	2.01
XLB	Materials	77.64	98.13	100.59	39.95	2.01
XLV	Health Care	130.19	98.19	101.44	48.11	2.01
IYR	Real Estate	78.12	95.99	100.05	41.94	2.01
XLI	Industrial	101.75	99.52	100.06	44.25	2.00
ITA	Aerospace & Defense	108.66	96.24	100.29	50.82	2.00
XLC	Communications	67.07	102.63	99.78	52.06	-2.00
XLP	Staples	66.80	94.47	99.82	31.98	-2.00
IGV	Software	349.28	103.20	99.33	51.89	-2.01
FDN	Internet	158.22	101.90	99.04	42.04	-2.01
SOCL	Social Media	35.72	98.35	99.59	42.48	-2.01
SMH	SEMI	148.38	101.87	98.01	51.31	-2.01
XLK	TECH	168.63	100.94	98.55	51.61	-2.01
XLY	Consumer Discretionary	158.97	101.27	98.80	40.12	-2.01
CLOU	Cloud Computing	18.42	100.98	98.69	38.45	-2.01
TAN	Solar	48.33	81.15	95.79	36.07	-2.01
ITB	Home Construction	75.50	101.05	96.74	36.95	-2.03
IYT	Transportation	228.74	99.64	98.64	35.12	-3.03

Past performance is no guarantee of future performance.