COMPARING BUY & HOLD INVESTING TO OMNIFUNDS

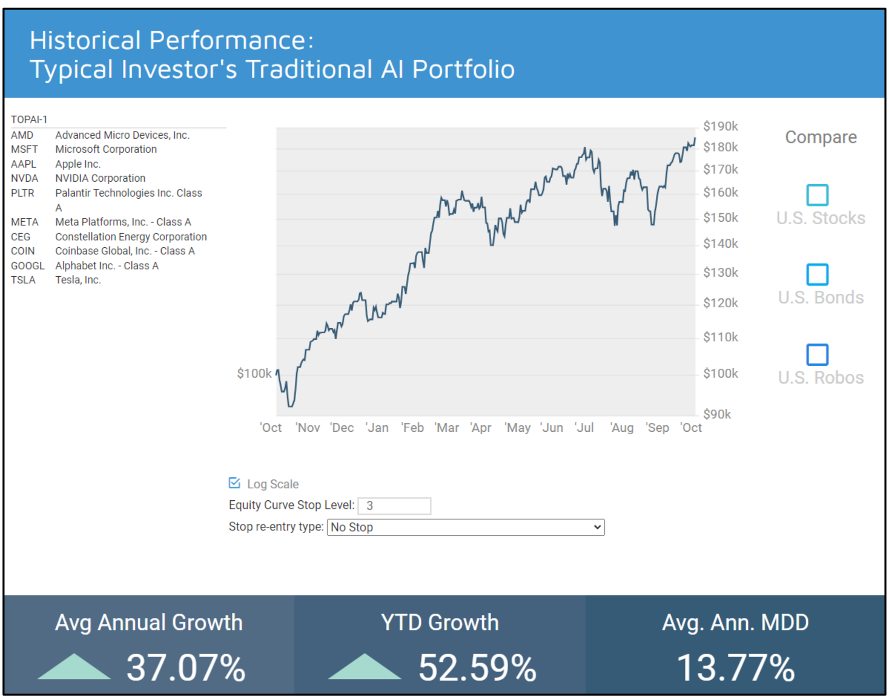
BY STEVE BYRNE ● OCTOBER 15, 2024

One of the most popular investment options is the "Buy and Hold" approach. And over the past year, there can be no question that stocks in the Artificial Intelligence field have shown stellar growth. Many investors have built fixed “Buy and Hold” portfolios with these stocks and have done well.

OmniFunds is not a Buy and Hold approach. We want to illustrate the difference between buying the latest growth stocks and holding them for a year, versus letting OmniFunds do the investing for us.

The Typical Buy and Hold Investor

"Last year, I noticed AI stocks were skyrocketing. I did my homework, researched online, and handpicked 10 AI stocks for my portfolio. I invested $10,000 in each stock on 10/10/2023. A year later, on 10/10/2024, I sold them all and made an 85% return."



Modelling the Buy and Hold Approach on 10 stocks.

Can OmniFunds Improve on These Results?

Clearly, 80%+ is a great return! But can it be improved using OmniFunds' professional portfolio management technology? Let's take the same 10 AI stocks and put them into an OmniFunds portfolio to find out.

The OmniFunds Advantage

- **Filtering:**
  OmniFunds filters out stocks that aren't in an uptrend, ensuring only high-potential stocks are considered for trading. Depending on your risk tolerance, the broader market trend can also be factored in; if both the stocks and the market are in an uptrend, they're eligible for the portfolio.

- **Ranking and Switching:**
  It's not necessary to trade all ten stocks at once. OmniFunds ranks the best-performing stocks and prioritizes them for trading. If one stock experiences a drawdown, the system automatically exits that trade and switches to the next best-performing stock.

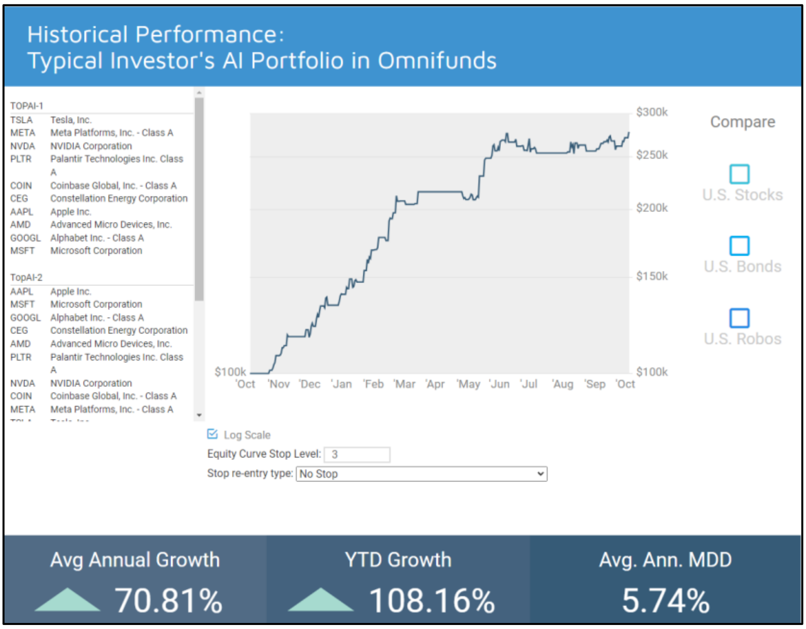
- **Risk Management:**
  Limiting losses during market downturns is crucial. OmniFunds uses a variety of stop-loss strategies to protect the portfolio. It also exits trades just before the market close to avoid overnight risks. Market-state exits can further prevent drawdowns when the market declines. Diversification may be handled at the portfolio level for optimal performance.

- **Hedging Market Downturns:**
  OmniFunds allows hedging strategies, such as using inverse ETFs, to keep the portfolio profitable during downturns. This adds another layer of protection to the portfolio.

- **Maximizing Performance:**
  A high CALMAR ratio (a measure of risk-adjusted return) indicates a well-designed portfolio. If OmniFunds can keep the maximum drawdown under 10%, that's a bonus.

The Verdict

The investor's Buy and Hold portfolio did well, but OmniFunds made more than TWICE as much - up 175% from 10/10/23 to 10/10/24.



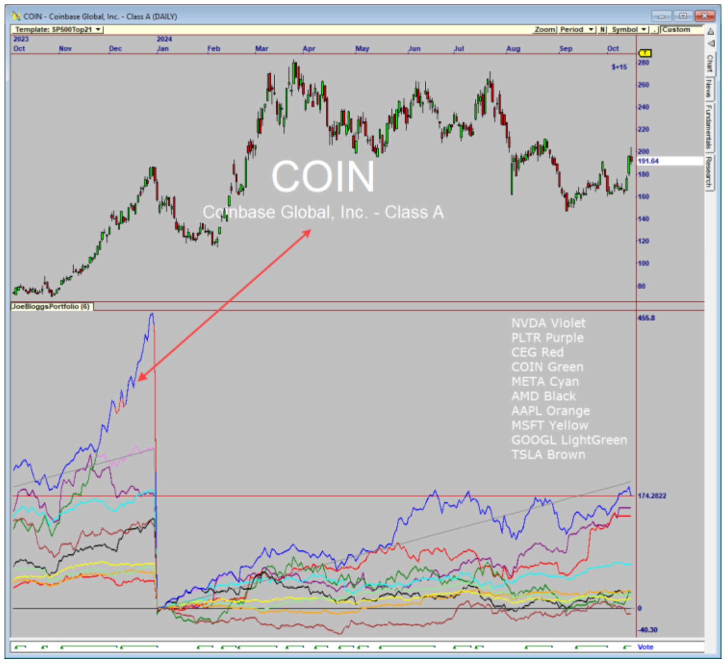
Trading the Same 10 AI Stocks in an OmniFund

How Can OmniFunds Get 2x the Return on the Same List, with Lower Draw Downs?

- OmniFunds only trades the top-ranked stocks in a given list.
- OmniFunds knows which stocks are trending down, which would not be traded. For example, there was no way TSLA would have been traded because its rank was well below most of the others.
- NVDA was cycling at the top of the ranking in 2024. If the investor had traded the cycles (buying up-moves and selling in down-moves), he would have accrued the benefit of compounding.

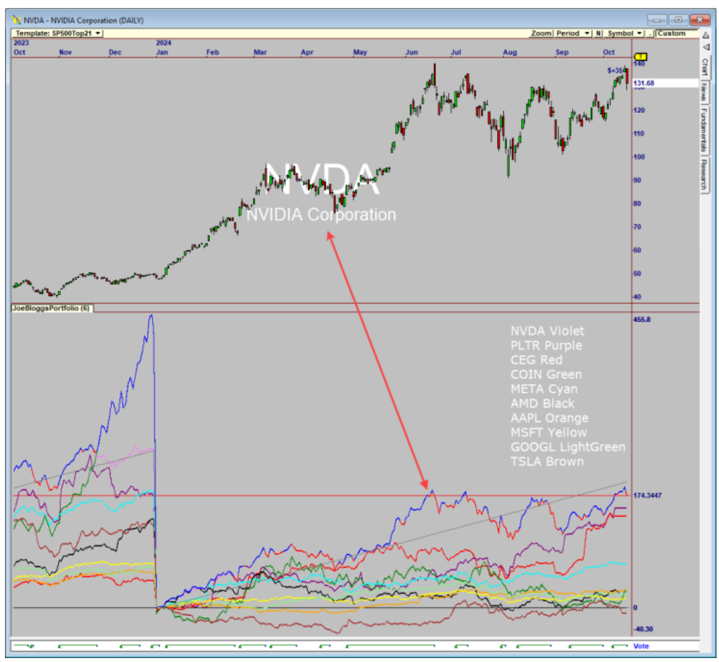
Visualizing the Top-Ranked Stocks

These charts represent the 10 stocks that were held in our Typical Investor's portfolio.



When a symbol is ranked the highest, its line chart (in the indicator area) shows as blue/red.

Clearly, COIN was the top-ranked stock in the fourth quarter of 2023.



We can also see that NVDA was the top-ranked stock throughout 2024.

If the investor had simply owned COIN at the end of 2023 and NVDA in 2024, he would have been up 158%.

Summary:
By Ranking the stocks in a list and only trading those with the highest ranking, far superior returns can be generated than through a typical "Buy and Hold" approach.