

# STAR MIN/MAX

- Explained -

## What, exactly, is Star Min/Max?

**S**imple **T**rend **A**nd **R**ank ("STAR") Min/Max is a low-activity strategy designed for potential risk-managed outperformance over the long term. The strategy seeks to be **M**inimally invested in equities (stocks) when equities are trending downwards and **M**aximally invested in equities when equities are trending upwards. The STAR Min/Max portfolio is reallocated quarterly. The trend measurements used by the strategy are intermediate to longer-term (months to quarters timeframe). The strategy does not use the Intermediate indicator (short to intermediate timeframe) or the Bull-Bear indicator (longer term time frame).

Because STAR Min/Max acts only at quarterly intervals, and concentrates on asset classes commonly found in 401k-type retirement plans, it is also appropriate for managing retirement accounts and variable annuities.

## What do we do to manage the assets that are earmarked for the Star Min/Max strategy?

At the start of each quarter, if equities (*either* Domestic *or* International) are in an uptrend, then equities are assigned the maximum allocation for the quarter. However, if *both* Domestic and International Equities are in downtrends, then equities are assigned the minimum allocation for the quarter. The equity portion of the portfolio consists of equal allocations to the Type 1 and Type 2 asset classes from our Asset Class Ranking Table - "Above Average - best for new positions" group. (We publish a current ranking table in our SITREP.) For the Fixed Income portion of the portfolio we either use our Multi-Sector Bond strategy, or a broad-based Bond Mutual Fund or an ETF. If the Fixed Income/Bond asset class is in a Bear market state, the Fixed Income portion is kept in Cash/Money Market.

## What is behind the scenes that drives this strategy?

This Strategy combines relative-strength rankings (think "tug of war" and "no slackers"), current Market trends, and predetermined minimum and maximum equities exposure. It provides a very effective way to deal with typical "investor risk profile" considerations.

You have all heard us discuss what happens when you stay on the tracks and ignore the facts: "You can't blame the wreck on the train"! The Star Min/Max indicator lets us know if the gates are up or down.

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