

# Triangulated Capital Management, LLC

## **Tradexing**

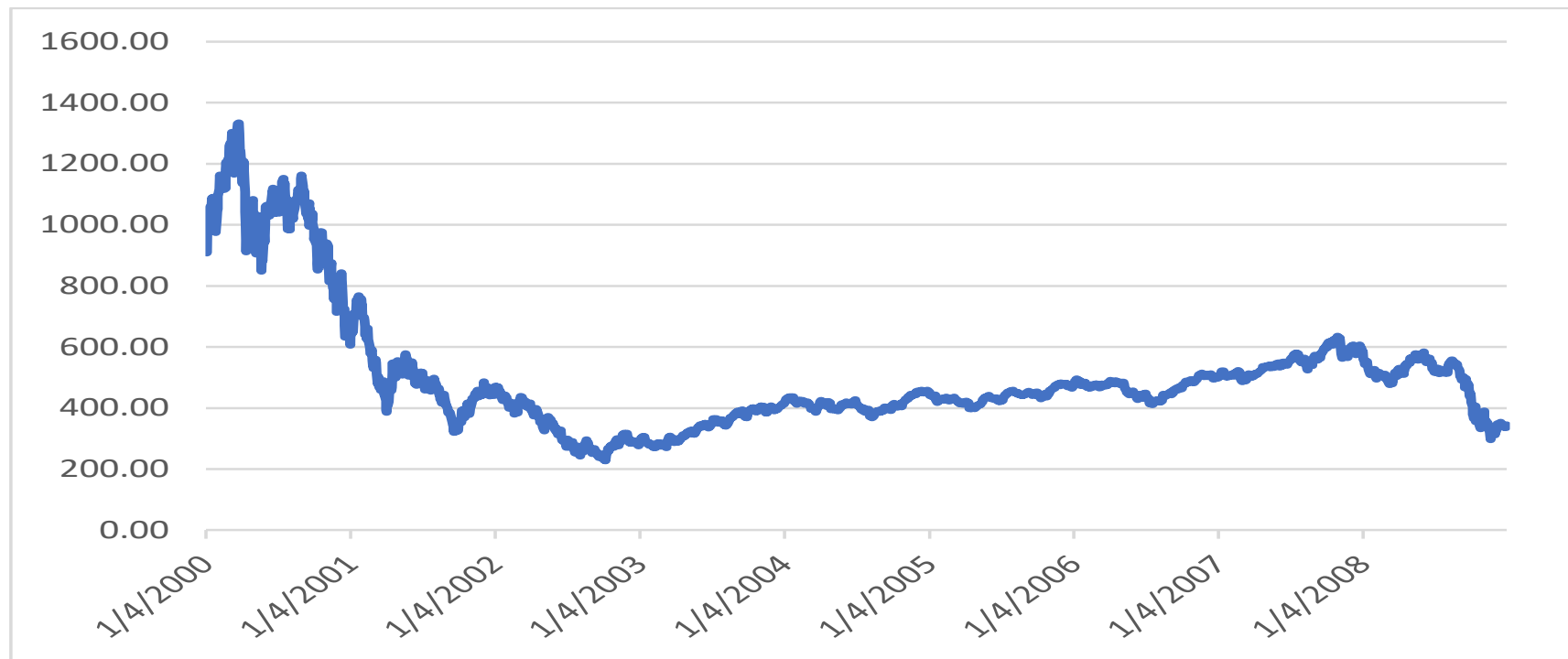
A capital preservation focused alternative to Buy & Hold.

# Overview

- Memory Lane
- Challenges of Buy & Hold
- Real World Risk
- Current Outlook
- Trader Principles/Tradexing

# Dot Com Bust

Result of QQQ Buy & Hold from 1/2000 to 12/2008



\*Please review notes on performance

# 2022

Result of 60/40 (SPY/TLT) Buy & Hold from 1/2022 to 1/2023



\*Please review notes on performance

# Relatable?

To anyone who endured the aforementioned periods, the picture below may be relatable.



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# Buy & Hold Challenges

- Potentially large unrealized losses (2022, 2008-09, 2001-03, etc.)
- No mechanism to deal with losses beyond waiting
- Expectations hinge on the future looking like the past
- One must keep the faith, come what may

# Important Questions

- **Do you have the time to make it back if you incur a large loss?**
- **Do you have the temperament to endure large losses?**
- **Given what has happened to supposedly stable investments lately, are you comfortable with the status quo?**

If you answered “no” to any of the questions above (or you aren’t sure) read on.

# Real World Risk

- Real world risk is abandoning a viable strategy
- Strategies are usually abandoned due a loss of money and associated faith

Manage real world risk by aligning your goals and your temperament with a strategy that contends with an uncertain future.

As we saw in 2022, **most investment strategies don't have a mechanism to deal with real world risk. This is particularly concerning given the current outlook...**



# Current Outlook

- Ever growing national debt
- Political influence in markets
- Inflation
- Heightened price volatility

While one never knows what the future holds and it typically pays to be an optimist, a question: **If you adopt a method designed to contend with a potentially challenging financial future is that pessimism or prudence?**

But does such a method exist?

# Tradexing

A method to contend with an uncertain future does exist and we call it Tradexing.

# Tradexing Goals

Relative to Buy & Hold, Tradexing seeks to:

- Produce more stable outcomes
- Reduce drawdowns (aka large losing periods)
- Achieve more return for the “risk” (max drawdown)

How?

# Trader Principles

**Our approach relies on thoroughly researched, time proven methods:**  
the common principles of the greatest traders of the last century.

- Respect price action/price trends
- Hold winning positions
- Cut losing positions

Find related research here: <https://traderprinciples.com/>

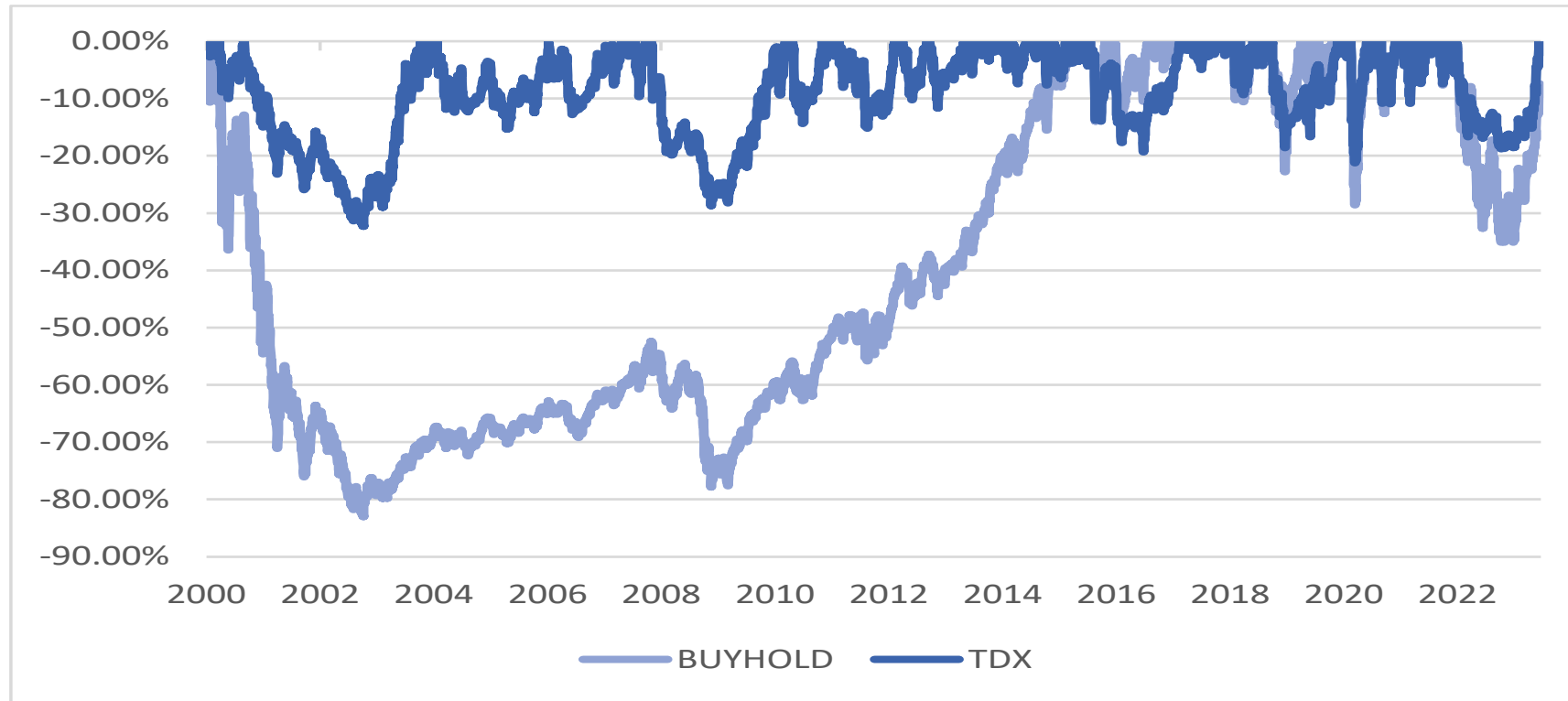
# Implementation

A simple example

50%	Indexing (Buy & Hold)
50%	Trader Principle Driven Processes (Trend Models, Stop Losses, etc.)
100%	Tradexing

# QQQ Tradexing (TDX) Benefit Visualized\*

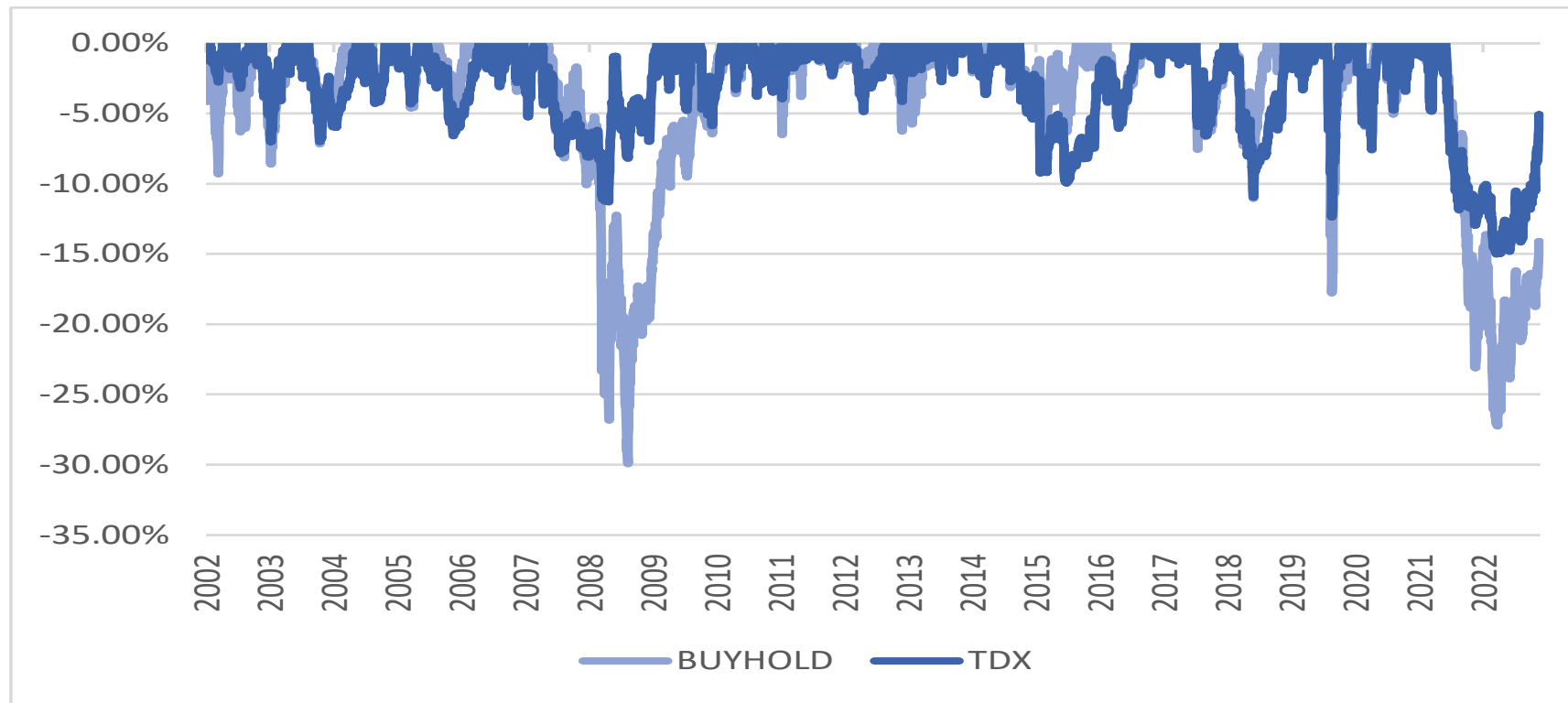
By design, Tradexing experiences milder losses versus Buy & Hold



\*Please review notes on performance

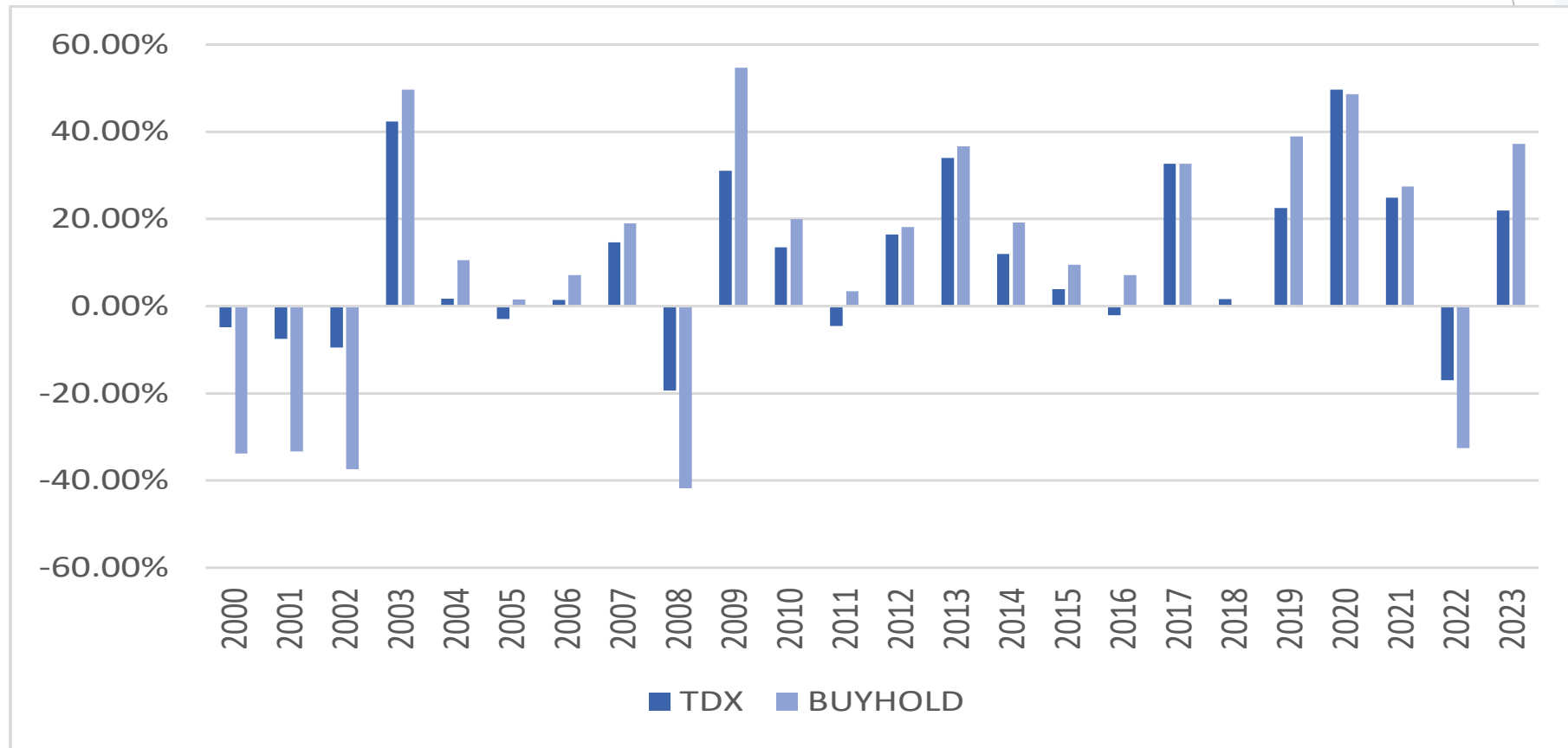
# 60/40 Tradexing (TDX) Benefit Visualized\*

By design, Tradexing experiences milder losses versus Buy & Hold



\*Please review notes on performance

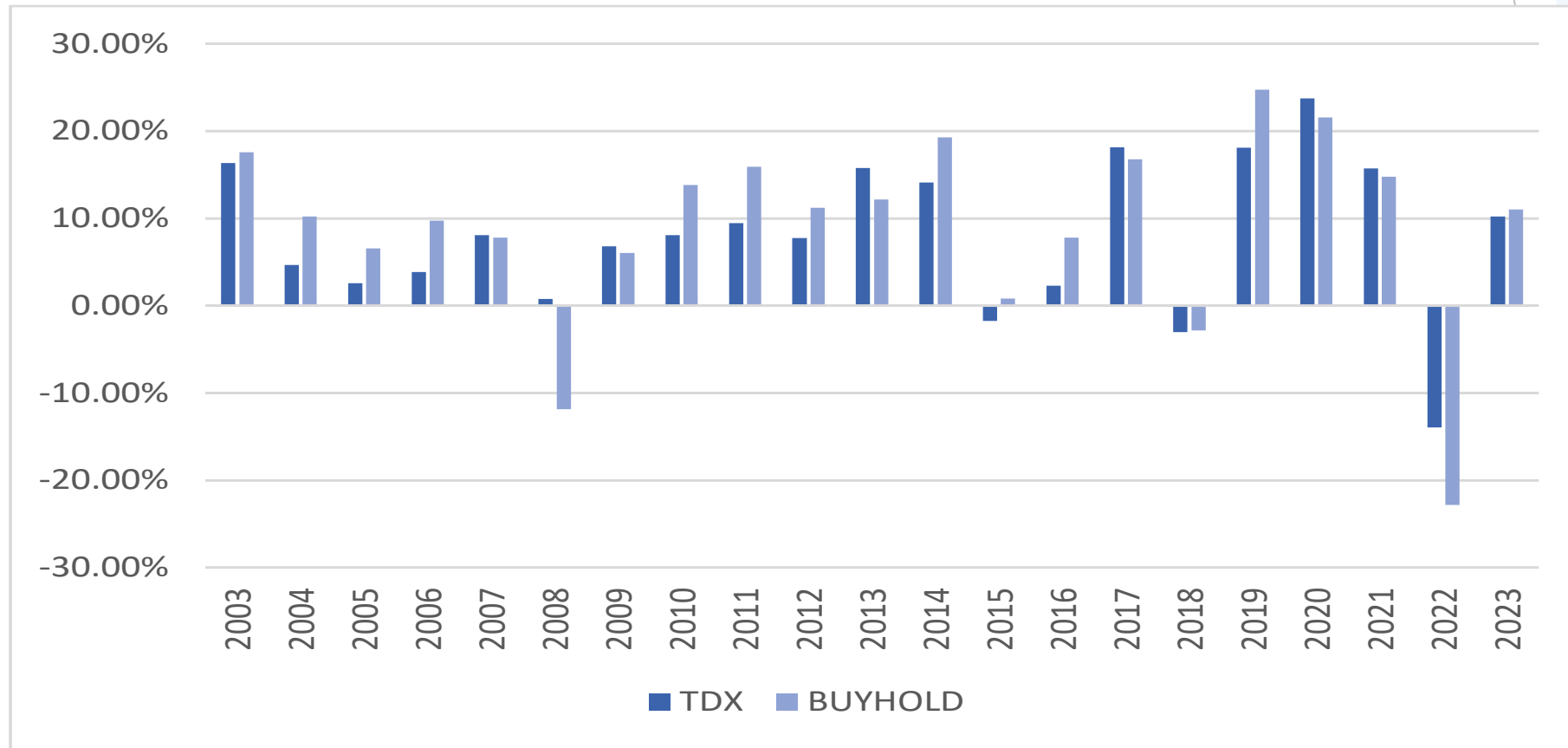
# QQQ Relative Performance Visualized\*



\*Please review notes on performance



# 60/40 Relative Performance Visualized\*



\*Please review notes on performance

# Tradexing “Costs”

Performance relative to Buy & Hold depends on when you start:

- Start at the end of a bull market: Tradexing tends to beat Buy & Hold
- Start at the end of a bear market: Buy & Hold tends to beat Tradexing

However, **to obtain Buy & Hold results, one must endure whatever drawdowns may come.** Head back to the charts on the first few slides if you'd like a reminder of how challenging Buy & Hold can get.

# Tradexing Review

## **Tradexing:**

- Is about accepting reality for what it is.
- Seeks to produce a more tolerable ride vs Buy & Hold.
- Is designed around time proven trader principles.
- Manages real world risk by taking action in difficult times to reduce losses.
- Contends with a future that doesn't look like the past.

# Tradexing & You

Specific strategies are selected/designed based on individual goals and temperament. To learn more, please reach out: [info@tricapm.com](mailto:info@tricapm.com)

# Bio

George Coyle is the portfolio manager/strategy designer.

He has over 20 years of diverse industry experience. Early in his career he worked in a variety of capacities for long/short equity hedge funds John A. Levin & Co. and Clovis Capital. He was a macro strategist with 13D Research's *What I Learned This Week* and most recently was the CIO of a Chicago-based CTA and family office.

George believes his investing methods are informed by the best of both Wall Street and LaSalle Street or New York and Chicago finance cultures, respectively.

# Fees

Management Fee: 1%

Performance Fee: N/A

# Contact

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# Performance Notes

- Performance related data (charts, tables, etc.) is based on a hypothetical simulation, is gross of all fees, and assumes reinvestment of dividends and other earnings. The simulations do not reflect interest earned on cash balances which, as of this writing (6/2023) has become non-trivial. A simulation is used in lieu of actual performance as a simulation provides the best representation of what a constant client account would achieve since factors like fund flows (adding/subtracting money), account size, and more can alter performance outcomes.
- Post a discussion with Ohio regulators, Triangulated Capital Management (TCM) chose to exclude fees (aka show gross results) due to difficulty in producing accurate net of cost/fee simulations historically. For example, commissions no longer exist but they did to varying degrees historically. Similarly, there is no way to know what other advisors might charge for buy & hold thus gross results became the ideal solution for presentation comparison purposes. Clients/potential clients should assume a reduction of roughly 1% per year from portrayed results to reflect TCM's fee subject to the disclosure below.
- The hypothetical results reflect a historical simulation of the current approach being used and the approach may gradually adapt over time (subject to strategy goals). Thus, the hypothetical results provide a framework of what an investor might expect – actual results will vary.
- TCM may use data from external vendors in producing simulations and assumes said data vendors correctly calculated things such as dividends, splits, etc. but TCM can make no guarantees. Again, the hypothetical results provide a framework of what an investor might expect – actual results will vary.
- While TCM believes the proven principles will allow the strategy to produce results similar to the simulations (and TCM's actual accounts have been very close) there is no guarantee the strategies will work in the future as in the simulation window.
- Past performance including hypothetical performance may not be indicative of future results. Hypothetical results do not represent actual trading. Material economic and market factors may impact the adviser's decision-making.
- Account size can lead to performance dispersion.

While the above may be daunting, potential investors should take solace in the fact that almost all financial plans from advisors rely on simulations. What's more, George Coyle is using the Tradexing strategies for his own retirement accounts and the accounts of his family. In short, George is using the methods he recommends which, oddly, isn't always a given in the investment business.



# The End

Thank you!