

The Asset Class Ranking Table

The Sherman Sheet contains a Ranking Table of 25 major Asset Classes, updated daily. The Ranking Table incorporates proven short- and intermediate-term measurements in the ranking process. The position of an Asset Class within the Ranking Table is an excellent indicator of short-to-intermediate term prospects for that Asset Class.

The Ranking Table shows a "Preferred" section, a "Neutral" section, and an "Avoid" section.

The Preferred section is comprised of the 10 highest-ranked Asset Classes. The Preferred-ranked Asset Classes are superior, and all new funds should be put into Asset Classes ranked in this section.

The Neutral section is comprised of those Asset Classes which rank higher than the whole-market average (represented by the "Russell 3000 Index") but lower than the Preferred section. The Neutral-ranked Asset Classes are somewhat better than average, but not superior.

The Avoid section is comprised of all Asset Classes ranked lower than the whole-market average; by definition, they are below average.

How to Use the Asset Class Ranking Table

First, it is recommended that you simply follow along with one of the portfolios described in each issue of The Sherman Sheet: the Low-Activity Portfolio, or the Monthly-Activity Portfolio. They are described more fully in the document "The Low Activity and Monthly Activity Portfolios.pdf", available by clicking a link in the daily Sherman Sheet.

If, however, you are constructing ad-hoc portfolios or wish to trade at a more frequent interval than monthly, the best recommendation is to follow these tactics: (a) all new money is invested solely in the "Preferred" Asset Classes, and (b) positions are held until they (i) fall into the "Avoid" category or (ii) until a Sherman-determined out-of-market period occurs or (iii) until a previously-determined re-allocation date arrives (the Sherman Sheet Low-Activity Portfolio follows tactic (ii), while the Sherman Sheet Monthly-Activity portfolio follows tactic (iii), using a 1-month re-allocation interval).

Please take note of the Type assignments in the Ranking Table - Type 1 Asset Classes are less volatile, Type 3 most volatile. Portfolios with Type 3 Asset Classes should be re-allocated at least monthly (like our Monthly-Activity Portfolio), since Type 3 Asset Classes can swing in and out of favor quite quickly.

Sherman Sheet subscribers are entitled to submit as many portfolios of Mutual Fund and/or ETF symbols as they wish, and each portfolio is automatically processed weekly and returned via email. The selection process uses the Ranking Table as guidance in selecting entries representing "Preferred" Asset Classes in each submitted portfolio.

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