

## Slide 1

### What is Relative Strength?

- > Relative strength analysis measures the comparative performance between two assets. By evaluating how one asset performs relative to another, it helps us determine the likelihood of one asset outperforming the other over time.
- > Relative strength analysis answers a key question for investors: **Which of the two assets should we prioritize holding in our portfolio?**

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### Why Are We Interested In Relative Strength?

- > By comparing two assets and identifying which one is most likely to outperform, we can strategically rotate our positions into the stronger asset. This approach enables us to maintain exposure to the highest-performing asset, maximizing potential returns over time.

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### How Do We Quantify Relative Strength?

- > We can quantify relative strength by conducting **ratio analysis**.
- > Ratio analysis involves comparing two assets by analyzing the trend of a ratio ticker. The ratio ticker is created by dividing the price of one asset by the price of another, allowing us to visualize their relative performance.
- > For example, the ETH/BTC ratio ticker divides the price of Ethereum (ETH) by the price of Bitcoin (BTC). If the ETH/BTC ratio is trending upward, it signals that Ethereum is outperforming Bitcoin. Conversely, if the ratio trends downward, Bitcoin is outperforming Ethereum.
- > This approach to ratio analysis can be applied to any pair of tokens, enabling us to assess relative performance across a wide range of assets.

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### How Do We Analyze Relative Strength?

> We determine the relative strength between two tokens by performing **trend analysis** on the ratio ticker. If the ratio is trending upward, it indicates that the first token in the ratio is outperforming the second. Conversely, if the ratio is trending downward, the second token is outperforming the first.

> Let's take a look at an example:

Suppose we're analyzing the ETHBTC ratio using the Supertrend indicator. If the Supertrend indicator is currently signaling a short position on the ETHBTC ratio, this suggests that Bitcoin is outperforming Ethereum at the moment. In other words, the trend analysis indicates that ETH is relatively weaker than BTC, and investors might expect further underperformance of ETH relative to BTC as long as the Supertrend remains in a short position.

When the Supertrend indicator signals a long position on the ETH/BTC ratio, it means that Ethereum is outperforming Bitcoin. This indicates that ETH has relative strength over BTC, suggesting that Ethereum may continue to perform better than Bitcoin as long as the Supertrend remains in a long position.

You can see from the picture below, ETH/BTC is currently in a negative trend according to the Supertrend, meaning that Bitcoin is outperforming Ethereum at this time.



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### How Do We Analyze Relative Strength? (Part 2)

> Relative strength analysis can be applied to **ANY** pair of tokens to determine which one is outperforming the other.

> Let's take a look at another example:

Suppose we want to determine whether we should be holding DOGE or LINK. We would perform trend analysis on the DOGEUSD/LINKUSD ratio.

> You can see from the picture below, DOGEUSD/LINKUSD is currently in a positive trend according to the Supertrend, meaning DOGE is outperforming LINK at this time. Hence, we should be holding DOGE in our portfolio's, instead of LINK, as DOGE is probabilistically going to outperform LINK while it remains in a positive trend.



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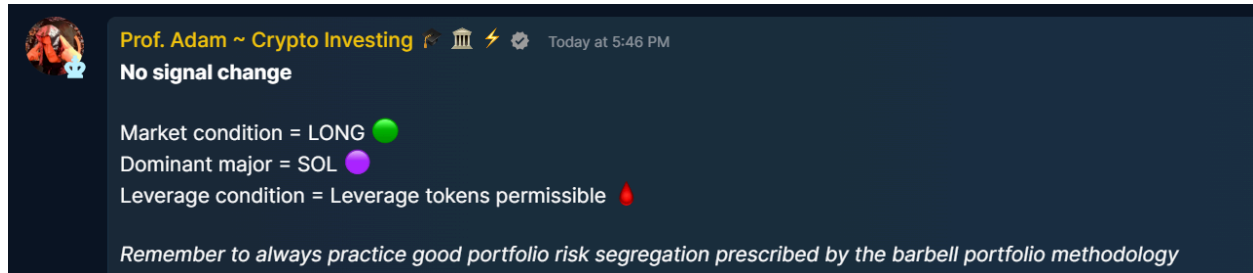
### How Do We Make Portfolio Decisions Based On Relative Strength?

- > Relative strength analysis is essential for determining the **Dominant Major** — the leading asset among major tokens (BTC, ETH, SOL) in terms of performance.
- > To identify the Dominant Major, we perform trend analysis on the ETH/BTC, SOL/BTC, and ETH/SOL ratios. By analyzing these ratios, we can see which asset is outperforming the others and adjust our portfolio allocations accordingly.
- > For example, if the ETH/BTC ratio is in an upward trend, Ethereum (ETH) is outperforming Bitcoin (BTC). Similarly, if SOL/BTC is trending upward, Solana (SOL) is outperforming Bitcoin, and an upward ETH/SOL ratio would indicate that Ethereum is outperforming Solana.
- > Based on this trend analysis, we allocate more weight in the portfolio to the token that is consistently leading in relative strength. This helps ensure that we are maximizing exposure to the strongest asset among the majors, increasing the potential for portfolio growth.
- > By continuously monitoring these relative strength trends, we can make dynamic, informed decisions on which major token to prioritize, adjusting our portfolio to align with the Dominant Major.

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### How Do I Start Applying This?

> You will learn how to actually build a relative strength system **after** passing the masterclass. Luckily for you, Adam has been kind enough to show you his personal ratio analysis and positions until then, which is posted daily in #Adams portfolio.



In the example above case, SOL is the dominant major, meaning you should be biasedly allocated to SOL. You may choose to allocate 100% of your portfolio to SOL, or run an 80/20 split between SOL and the 2nd most dominant major. **The same thing applies to leverage as well.**

### CHOOSE THE OPTION THAT IS RIGHT FOR YOU, THERE IS NO ONE CORRECT APPROACH

> Remember to turn on notifications in the signal channels and check them regularly, so that you can promptly make an LSI allocation change when the dominant major changes.

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### Relative Strength Weaknesses and Pitfalls

> Just because you are able to apply this to any pair of tokens, it does NOT mean that holding the outperforming asset is the optimal fit for the portfolio. If

GIGACHADUSD/HYPERSONICBUTTUSD is in a positive trend, this alone does not justify an allocation to GIGACHAD. Selecting suitable assets is crucial; focus on major tokens and adhere strictly to the provided signals until completing the masterclass.

> The quality and reliability of the indicators used is extremely important, and the effectiveness of the ratio analysis is heavily dependent on them. Poorly calibrated or unsuitable indicators can lead to misleading signals, resulting in suboptimal decisions. It is your responsibility to select high-quality, well-tested and calibrated indicators to capture the trends you are looking for. Like I said in the point above, I suggest you simply follow the signals until you pass the masterclass, where you will then gain access to a library filled with high quality trend indicators.

> ONLY HOLD TOKENS GOING UP. A token may show relative strength against another, yet still not be in an actual uptrend. Ensure your tokens are in positive, independent trends by screening tokens carefully and selecting only those that meet quantitative uptrend criteria.