

# Legal Disclaimer And Risk Disclosure

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# AAII SV CI-MI Agenda

- (7:00 – 7:10) Administrative Items
- (7:10 – 7:20) Since the Last Meeting...
- (7:20 – 8:10) GTAA Framework Review (CC)
- (8:10 – 9:00) Asymmetric Moving Averages & Timing (John N)
- (9:00 – 9:45) Informal chats – must clear UCPA by 10!!

Reference section:

- Performance Metrics

# Administrative Items

# CI-MI Meeting Schedule

~~“April” Meeting – Tuesday (April 136<sup>th</sup>)~~

~~Saratoga Library, 6:30-8:30 PM~~

**April Meeting: Monday April 21<sup>st</sup>  
(UCPA, 6-7 Dinner, 7-9 Presentation)**

**May Meeting: Monday May 19<sup>th</sup>  
Scott Juds/Sector Surfer  
Joint Meeting with SSUG  
(UCPA, 6-7 Dinner, 7-9 Presentation)**

**Saratoga & Campbell Libraries have limited hours and room availability. We will do what we can...**

# Upcoming Events

- AAI – SV Chapter: **2014 US & Global Outlook: Markets & The Economy**
  - **San Jose Airport Garden Hotel**, 1740 N 1st St, San Jose, CA 95112
  - Register on-line at <http://www.eventbrite.com/e/2014-usglobal-outlookmarkets-and-economy-tickets-10814423231?aff=eorg>
  - **Discussion group**: 3/25/14, Coco's Restaurant, 1206 Oakmead Parkway Sunnyvale
- CTAG – **Combined SSUG-CTAG: March 19<sup>th</sup> (next Wednesday)**
  - 1<sup>st</sup> & 3<sup>rd</sup> Wednesdays, Holder's Country Inn, 998 South De Anza Boulevard, SJ
- SectorSurfer User Group: **Combined SSUG-CTAG: March 19<sup>th</sup>**
  - Holder's Country Inn, 998 South De Anza Boulevard, SJ
  - Contact: Joe Gruender ([SectorSurferJoe@gmail.com](mailto:SectorSurferJoe@gmail.com))
  - Group site: <https://groups.google.com/forum/?fromgroups#!forum/sectorsurfer>
- SV Options Group: **Next Meeting: March 13<sup>th</sup> (Thursday) 6-9 PM.**
  - Further information at <http://www.svog.org/>
  - Held at Elks Lodge Sunnyvale: 375 North Pastoria Avenue, Sunnyvale
- VectorVest: **Wednesday March 26 6-8:30 PM**
  - Campbell Library 77 Harrison Ave, Campbell CA
  - contact Steve Greenfield, [steveg1943@gmail.com](mailto:steveg1943@gmail.com)

# User Presentations???

- We are always looking for volunteers for presentation
  - Can be as informal or formal as you like
- Possibilities to consider – or add your own:
  - Review Dark Liquidity site strategies
  - Tool reviews: Investors FastTrack, SectorSurfer, VectorVest (various), ETFReplay
  - Bring Michael Cugino, the PRPFX manager, down (if he's willing)
  - Timers: \$NAHL, Vreba, **DEMA(x) (April??)**
  - **AAII CI Portfolio Optimization Program (April??)**
  - AAII: “Smart Beta” funds (DIY version), CI articles on web-based stock screening, FINVIZ, MeanVar optimization spreadsheet, O'Shaughnessy screens, CI: The Ulcer Index and Stock Screens
  - Pring-Turner Business Cycle Approach
  - Biotech investing (core & explore, funds, screens, trading algs, etc.)
  - Review of algorithmic trading platform sites, motif investing, Gerstein screening papers
  - Wealth Index strategies, DIY FYLD equivalent with ADRs

# Presentations, Data Files and Such

- We don't do paper – bring your own if you need to take notes, etc.
  - (If you need the contact info I have a limited number of 1 page fliers I can hand out)
- Presentations, spreadsheets, etc. are stored at **Dropbox** usually by the weekend after the meeting
  - See Links > CI-MI Group Presentations & Files in Yahoo Group
  - The Files section of the group page is NOT kept current and is NOT the place to find our presentations!

# Yahoo! Group

- Yahoo Group is the point of contact, information
  - Name: AAI-SV-CI-MI-Group
  - Link: <http://finance.groups.yahoo.com/group/AAI-SV-CI-MI-Group/>
  - Alternative: Go to Yahoo! Groups home page and search for “aai sv”
  - [Also listed in monthly AAI mailers \(tinyurl provided\)](#)
- Admin points
  - Email sign-ups: Go to the Yahoo! Group and sign-up - you’ll get read only access to everything
  - Feel free to post emails to the group (currently unmoderated), hold conversations outside meetings
  - If you want to post a file, provide a link, etc., email Al or the group
    - [Al\\_zmyslowski@yahoo.com](mailto:Al_zmyslowski@yahoo.com)
  - [Files will be posted at Dropbox \(again, read-only mode\) – use link in Link section](#)
    - To save space on larger files they may be zipped with 7zip (open source tool). Links to 7zip are also in the links section at the Yahoo! Group
- Questions??



# Since the Last Meeting...

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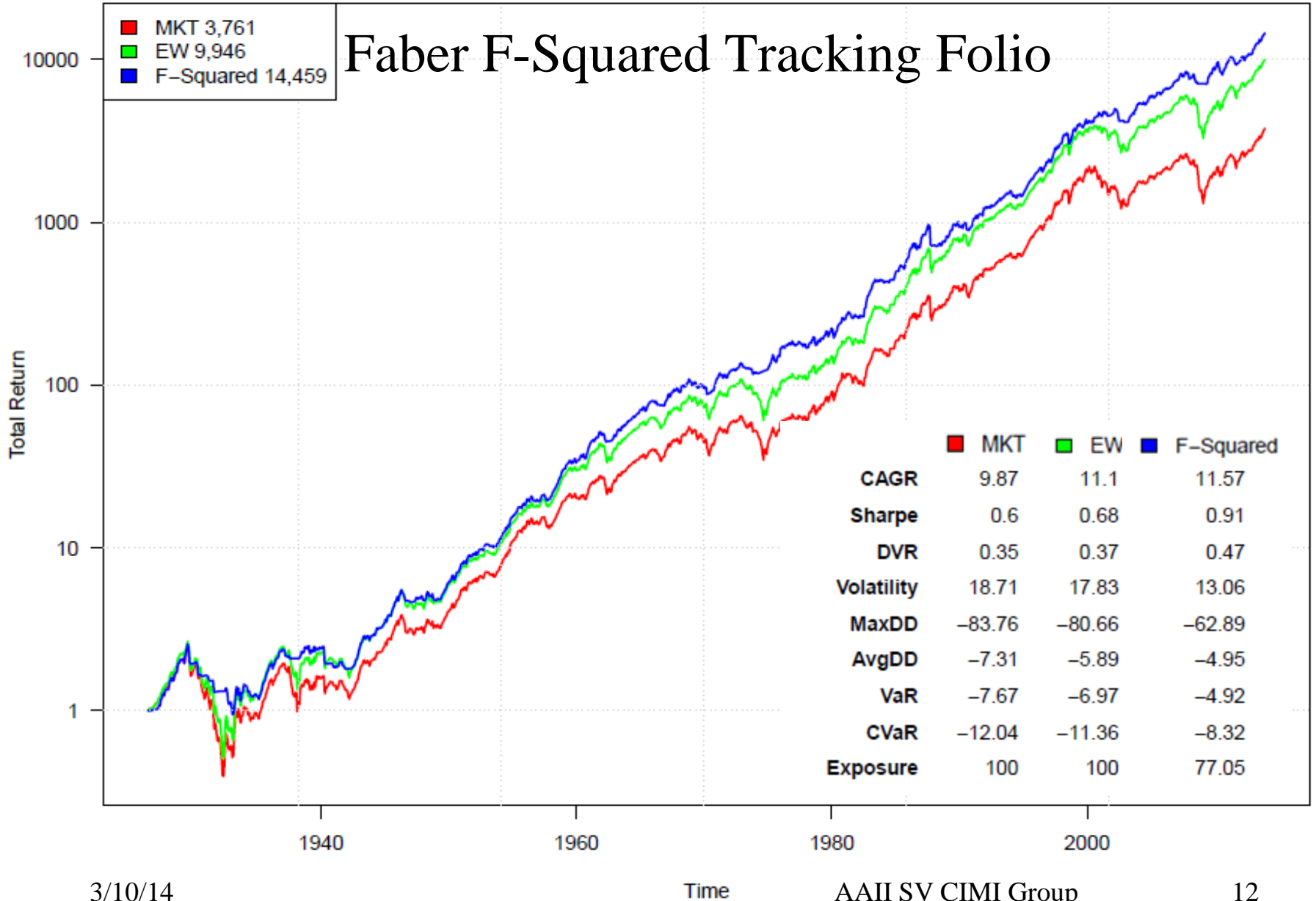
- Market Health Indicators
  - See following slide for details
- Faber F-Squared Tracking Folio
  - Tracking SS sent out; See following slides for details
- Quick Hits/Board Discussions
  - Novy-Marx video (#481)
  - Rolling Performance Windows on Faber-F-Squared (#484)
  - Replacing GTAA as a multi-asset benchmark (#491) – beware of fully optimized vs. Walk-Forward mode of SectorSurfer
  - Hulbert Sector Articles and Hulbert Interactive (#500)
  - Ideology & Investments (#502) – unbiased “mechanical” attitude
  - Faber’s Ivy Portfolio study by Darwin Investments (#506)

# Market Health Indicators

Indicator	Type	Status	Comment
10M SMA SPY	Market Timer	Long	1.09 SPY/10M SMA at present 1.0 is lower limit
Storm Guard	Market Timer	Long	2.0% at present 0% is lower limit
New High - New Low	Market Timer	Long	1.02 \$NAHL/10d EMA at present 1.0 is lower limit
Trailing 60d SPY Volatility	Volatility	Long	0.75% 60d Std Dev at present 1% is upper limit
TED Spread	Credit Crunch	Long	0.1844% at present 1% is upper limit
FRED Recession probability	Recession warning	Long	1.12% at present 10% worry, 20% upper limit

# Total Returns of Three Models

## Faber F-Squared Tracking Folio



# Folio Holdings: CI-FaberFSQ

## Holdings Summary

	Securities	Market Value	Day's Gain	Day's Gain %	Position Gain	Position Gain %
<b>Totals</b>	9	\$104.11	(\$0.02)	(0.02%)	\$3.85	3.83%

## Holdings

Expand View    Reset View

Symbol	Company Name	Shares	Last Price	Price Chang	Market Value	Day's Gain	Day's Gain %	Position Gain	Position Gain % ▲	Current Weight
<a href="#">XLP</a>	CONSUMER STAPLES SELECT SECT...	0.27318	\$42.71	\$0...	\$11.67	\$0.01	0.12%	\$0.18	1.57%	11.21%
<a href="#">XLU</a>	UTILITIES SELECT SECTOR SPDR FU...	0.28339	\$39.92	(\$...	\$11.31	(\$0.02)	(0.18%)	\$0.18	1.61%	10.85%
<a href="#">XLK</a>	TECHNOLOGY SELECT SECTOR SPD...	0.31518	\$36.38	(\$...	\$11.47	(\$0.01)	(0.11%)	\$0.29	2.59%	11.01%
<a href="#">XLY</a>	CONSUMER DISCRETIONARY SELEC...	0.17141	\$67.21	(\$...	\$11.52	(\$0.03)	(0.27%)	\$0.50	4.52%	11.07%
<a href="#">XLE</a>	ENERGY SELECT SECTOR SPDR FUND	0.13088	\$88.20	\$0...	\$11.54	\$0.02	0.20%	\$0.50	4.56%	11.09%
<a href="#">XLI</a>	INDUSTRIAL SELECT SECTOR SPDR ...	0.22017	\$52.77	(\$...	\$11.62	(\$0.05)	(0.44%)	\$0.52	4.70%	11.16%
<a href="#">XLV</a>	HEALTH CARE SELECT SECTOR SP...	0.19287	\$59.73	\$0...	\$11.52	\$0.05	0.47%	\$0.52	4.77%	11.07%
<a href="#">XLF</a>	FINANCIAL SELECT SECTOR SPDR F...	0.52825	\$22.39	\$0...	\$11.83	\$0.01	0.09%	\$0.54	4.82%	11.36%
<a href="#">XLB</a>	MATERIALS SELECT SECTOR SPDR ...	0.24356	\$47.77	(\$...	\$11.63	(\$0.00)	(0.04%)	\$0.60	5.47%	11.18%

# Performance: CI-FaberFSQ

Change View to:

CI-FaberFSQ

GO

Performance FAQs

Download

Print

## Time-Weighted Return Graph

CI-FaberFSQ (Without Fees) 4.13% S&P 500 (Total Return) 4.74%



Portfolio Summary

From: 02-09-2014 To: 03-07-2014

3d 5d 1m 3m YTD 1y 3y 5y Max

# GTAA Framework Review

(CC L)

# Asymmetric Moving Averages and Timing

(John N)



# Reference Material

- Performance Metrics

# Performance Metrics

EC	Equity Curve	Portfolio Value plotted against time
CRR	Compound Rate of Return	Reward Measurement -- Annualized compound, or geometric, rate of return
DD	Drawdown	Percentage difference in portfolio value on a given date from the maximum portfolio value on all prior dates
MDD	Maximum Drawdown	Risk Measurement - Maximum observed DD over all portfolio valuation dates
UI	Ulcer Index	Risk Measurement - Root Mean Square of the DD measurements for all portfolio evaluation dates. For each date, measure DD and square it. Then take the square root of the average of all the DD <sup>2</sup> measurements. The result is the Ulcer Index where a high number means the portfolio has large drawdowns that take a long time to recover to a new portfolio high value.
UPI	Ulcer Performance Index	Reward to Risk Measure -- $CRR / UI$
CR	Calmar Ratio	Reward to Risk Measure -- $CRR / MDD$ This measure is inferior to the UPI because a single large DD will result in a low Calmar Ratio forever

with permission, Michael Begley, informal notes

# Performance Metrics: Examples

