

# Perspective: Better Safe, ETF 529, DIY Book, AAI 2015 Conf.

Oct 04, 2015

Dear SectorSurfer Joe,

## Better to be Safe than Sorry.

SectorSurfer's "\$CASH trade alerts" from StormGuard have been going out in droves. By now it should be clear to everyone that the August pullback was not just one of those knee jerk reactions to a scary event that quickly dissipates and reverses any market drop within a few days. Thus the remaining possibilities are that we will see either prolonged market malaise or a more serious leg down. That's why StormGuard says it's time to be safe rather than sorry.

## Review of StormGuard's Character.

It's important to recognize that there are two primary types of StormGuard: (1) StormGuard-Standard, which obeys month-end trading rules, and (2) StormGuard-AQR (asymmetric quick response) which is allowed to trigger at any time during the month, and is designed to re-enter the market more quickly following the sharp "V" bottom typical of a major market crash. Additionally, custom trigger adjustments are made on an individual Strategy basis depending on the character of its candidate funds. Browse these links for additional information explaining the detailed operation of StormGuard.

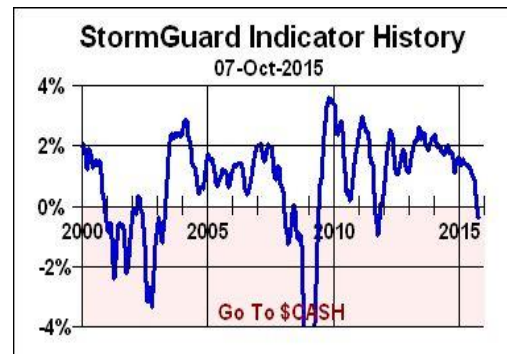
- [StormGuard Indicator Description.](#)
- [The "Faster Response" False Dilemma.](#)
- [Should You be Panic Selling on Bad News? No!](#)
- [AAII Seminar](#) starting at the 17 minute mark.

## Post Crash Behavior, a Second Look.

Last month I posted the chart (right) from an article by Dave Moenning in the *Daily State Of The Markets*: "[Post Crash Behavior and What to Expect Next.](#)" Given that last month's market behavior was quite similar to his chart's projection, I thought it was worth taking a second look. As an optimist, I would certainly like to believe that the market will re-test the bottom a bit more and then start drifting higher, as his article suggests.

## iShares ETF 529 Plan Strategy — Nice!

Most of us have either children or grandchildren who we hope will go to some prestigious college — without bankrupting our retirement plan. While there are many things to like about a tax-deferred 529 college plans, most active investors have considered their restrictive trading rules and pathetic portfolio choices not worthy of their attention.



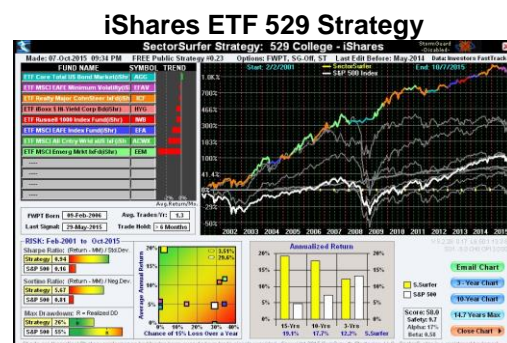
Click to learn more.



3-Months

## Post Crash Behavior

Click to Read PDF Article.



Click for iShares 529 Strategy Page

Politicians believed allowing the public to trade more than once per year would certainly lead to frivolous behavior that would harm investment returns, raise expenses, and deny countless children of a college education. Instead of protection, the law prevented countless investors from escaping the ravages of two recent bear markets as it handcuffed to their plummeting funds. To make matters worse, most 529's offer only a small set of well diversified portfolios as investment options, where each portfolio holds a different set of mutual funds. While that makes them easy to sell and relatively safe (except during market crashes), these portfolios have no publically available daily performance data. Thus there is nothing active investors can do even if they wanted to because they can't access the data.

Fortunately two things have recently changed. First, legislators have changed the one-year hold rule to 6 months, and a pending bill might further reduce it to 90 days. This is a very significant improvement. Second, iShares now offers a 529 Plan that allows investment selection from a [set of 16 ETFs](#), which is exactly what investors need for implementing an active management strategy. So that's what we've done. Click the chart to the right to see the new Free iShares ETF 529 Strategy we've made for all to use. You'll find it listed on the Select-A-Strategy popup window after checking the box to "Include 401K, 403b, and 529" Strategies. **This is a profound change. Share it with friends that have children or grandchildren!**

#### **New Improved Strategy Charts – Coming Soon.**

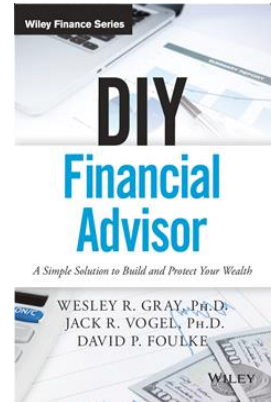
Our "New Improved Strategy Charts" will be introduced in a presentation (streamed live) to the Seattle SectorSurfer Momentum Investing Meetup Group during its October 8th meeting at 7PM PST. You can get an idea for what they'll be like by closely examining the thumbnail graphic (right), but you'll have to wait until October 8th to learn what new information will be displayed, what it means, and how you can control it. Please click the chart thumbnail for more information about attending or viewing the Meetup presentation.

#### **DIY Financial Advisor, by Fray, Vogel and Foulke.**

I was recently introduced to Dr. Wesley Gray, one of the authors of the new book DIY Financial Advisor. I must say, I was amazed to find myself quite captivated as I read through its numerous psychology experiments and case studies demonstrating; (1) experts often fail because incentives are wrong, (2) experts almost always fail to outperform fairly simple models, (3) even when experts know the judgment of

## **New Chart Features Coming Soon**

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the model, their added finesse always reduces the probability of a better outcome, and (4) how experts prefer story based investing to fact based investing. The authors also lay out their solution for how you can beat the experts. I highly recommend this book both as a fascinating read, and because it is compatible with what SumGrowth Strategies is trying to accomplish.

**The 2015 AAI Investor Conference - Las Vegas.**

Come see SectorSurfer at the 2015 AAI Investor Conference in Las Vegas November 7th to 9th. We'll have a booth and lots of time for one-on-one discussions. We'll also have a workshop presentation about Building Low Drawdown Portfolios and the Seven Faces of Risk. Click the image (right) for more information.

**Speaking**

**Engagement**

**Calendar.**

Please come and see one of these seminar presentations if you are in the neighborhood. Alternatively, ask your AAI Chapter or Investment Group leader to schedule a presentation. Webex presentations for smaller investment clubs and groups are welcomed.

**Seminar Title: True Sector Rotation: Breaking Through the Efficient Frontier.**

This is a fast-paced detailed seminar that will cover SectorSurfer basics, Forward Walk Progressive Tuning, Strategy-of-Strategies, and how to make Low Drawdown Portfolios.

- [Seattle, WA: SectorSurfers Meetup Group - Wed, Oct 8, 7:00 PM](#)
- [Madison, WI: AAI Subgroup - Wednesday Oct 21, 6:00 PM](#)
- [Milwaukee, WI: AAI Chapter - Thursday Oct 22, 6:00 PM](#)
- [Twin Cities, MN: AAI Chapter - Friday, Oct 23, 7:00 PM \(Intro\)](#)
- [Twin Cities, MN: AAI Chapter - Sat, Oct 24, 9:00 AM \(Advanced\)](#)
- [Boston, MA: AAI Chapter, MIT SIG - Mon, Oct 26, 7:00 PM](#)
- [Providence, RI: AAI Chapter - Tues, Oct 27, 7:00 PM](#)
- [Las Vegas, NV: AAI National Conference - Saturday, Nov 7 - Nov 9](#)
- [Houston, TX: Houston Investors Association - Sat., Nov14, 9:00 AM](#)
- [Orlando Florida: AAI Chapter - Wednesday, Nov 18, 7:00 PM](#)
- [Baton Rouge, LA: AAI Chapter - Thursday Nov 19, 6:00 PM](#)
- [Houston, TX: AAI Chapter - Saturday, Nov 21, 9:00 AM](#)
- [Phoenix, AZ: AAI Chapter - October 2016 - Stay tuned for details.](#)

Surf Well and Prosper,



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