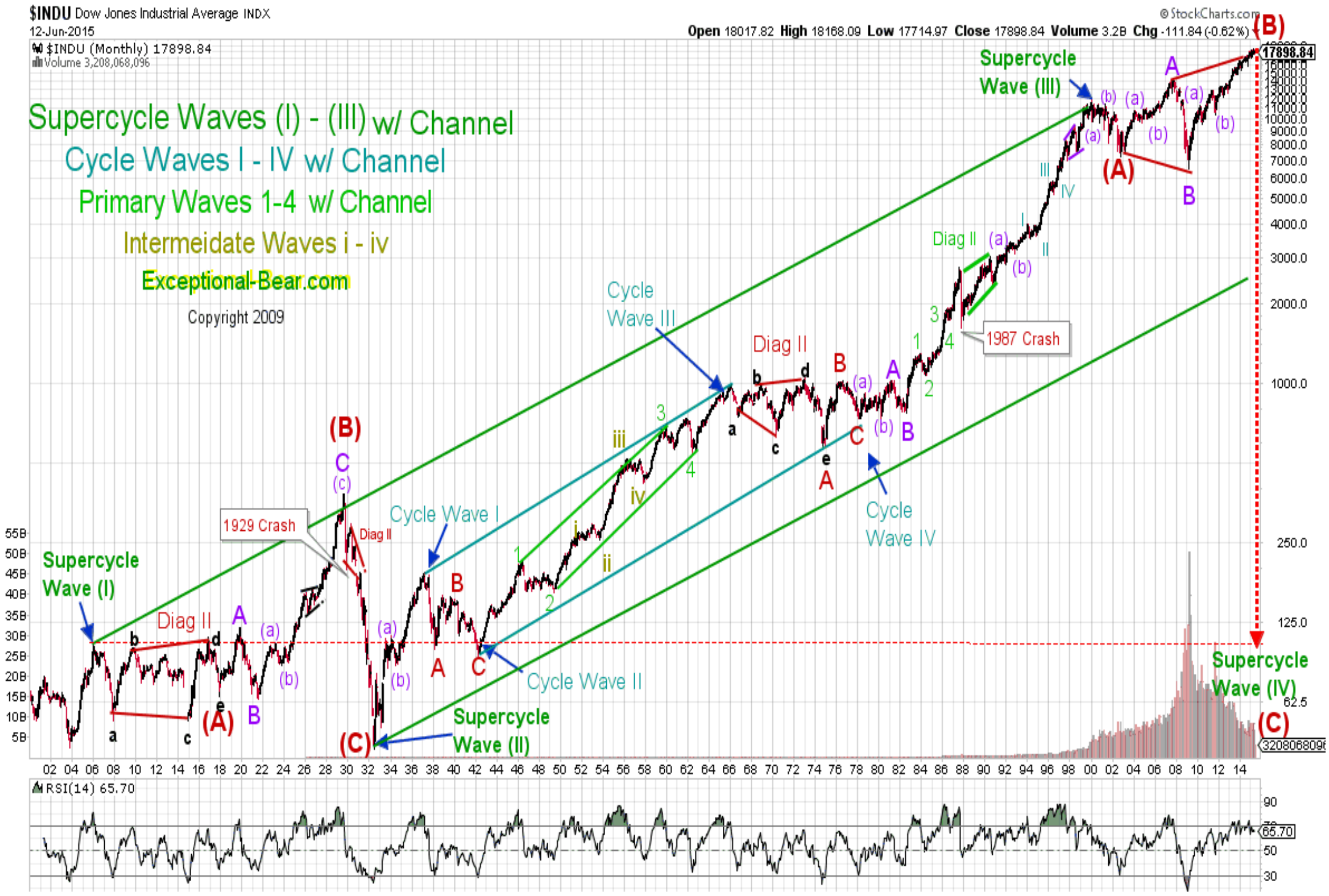
Exceptional Bear Market Letter™

August 30, 2015

Summary to follow up on Josh Jalinski´s Financial Quarterback



Above is the Aug 27 Market Letter detailing the development of the ***Cycle Bull Market*** in China since 1990, now in the late stage ***Cycle Bear Market*** going into a counter-intuitive rally...as Lord Nathaniel Rothschild sagely advised over a Century ago, ***BUY WHEN THERE´S BLOOD IN THE STREETS,*** *sell when investors become exuberant.* Lord Rothschild who funded the war against

Napoleon, loaded up on British Government Bonds, at highly discounted prices when it appeared as though Napoleon would be the victor at Waterloo, obviously he made a great fortune. In China there is currently the high return/low risk opportunity in long the Shanghai Stock Exchange index, as represented by YINN in a short-term bounce, or ***swing trade.*** *Of course, you will need the advice of an expert market timer to know when to get out.*

The major difference between Bull & Bear Markets

The major difference between Bull & Bear markets is that Bull markets are *smooth* by their very nature, and reward those who *buy & hold,* ***if invested in like manner, wildly volatile, Bear Markets will decimate your wealth.*** The Ideal Bear Market strategy is **SWING TRADE**...*scale out* at the most likely minimum upside, and wait for confirmation to by the reciprocal short fund. That´s precisely what we do with 8 asset-class ETFs. Our allocations, 3x per week, provide precise buy and sell limits - when the shorts become overvalued and overbought, as in China, ***we reverse into the Long***... Other asset class ETFs include: gold, crude oil, natural gas, the VIX, China, Emerging Markets, financial stocks, small-cap stocks & the S&P. Many clients use our signals to trade the futures exclusively the SPX minis. The Euro, at a limit of 105 is a good long-term investment as the Euro is in a Bull Market, while the $US is completing a long Bull run, and must obviously plunge along with the market.

As RN ELLIOTT first observed, the market pendulum never stops at fair valuation, but swings from one extreme to the other, and back again, at all degrees of trend from the 1 minute intervals to the ten year interval charts. For a Bird´s eye view of the US Market, the chart below shows the similarity between ***Supercycle Wave (II)*** from 1906 to 1932 to the current ***Supercycle Wave (IV)*** initiated in 2000.

Elliott **waves 2 & 4** are <u>*always*</u> corrections, as you see, when a correction is of ***large magnitude it is a Bear Market.***

At each degree of trend, once the upper limit of the channel is breached, the subsequent move kisses the lower limit of the same channel....when degree

gears up, as it does after the 4th wave, the Channel must widen to accommodate the higher magnitude. That's why the downside will not stop at the lower limit, but to pause for a breath....

Below is the ***history of the US Market*** in the process of repeating itself...watch out below! The Chart is original and required 25 years of experience to fine-tune the Wave principle so that it would fit in a channel...

Regarding a ***free trial***, everyone gets a 30-day 100% money back guarantee, those that cancel get the trial for free, of course *not many do,* those who are looking for long-term wealth-building, are those who should subscribe to my service....a Crash such as the one on the way, will ***make or break investors for a lifetime.***...our role models are short-seller ***Jesse Livermore*** who was worth over $100m in 1932 and ***Li Ka Shing***, the richest an in Asia, who completed liquidation of his real Estate in Mainland China only last October.

Question: If past performance is no indicator of future returns, then how are we to judge the validity of financial advice?

Answer: Only past performance in a Bear Market is useful in predicting future returns; Bull Market performance on the other hand will most often be contra-productive to future returns. Why? Because a Bull is likely to remain a Bull despite evidence to the contrary – he believes that in the long run, the Market will prove him right. The evidence does not back such intractability – those who held long from 1929 to 1932 did not get even until 1945, almost 13 years later. I am not in the investment business to get even, but rather to build wealth. The Bear Market in process must include a crash beyond imagination – that Crash will either make or break investors for a lifetime.

Question: If "Buy and Hold" is a Bull Market Strategy, then what is the best approach for the Bear Market?

Answer: Bear Markets are wildly volatile, higher magnitude corrections, where the one larger trend changes direction at least twice. Each

retracement takes back 62% of the previous gains. In order to make the most of the Bear Market, we must be able to time the market. Don't be dissuaded by those who can´t time the Market, there are those of us who can as proven by our performance of over 4.3x the S&P over the last 12 months as proven by the [Timer Digest verification.]()

Eduardo Mirahyes

Exceptional Bear

"Opportunistically timed investments that mazimize wealth"