

# Point & Figure Update

Balser Wealth Management, LLC  
 Roger S. Balser | Chief Investment Officer

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## TECHNICAL INDICATOR CHART

| INDICATOR    | BULLISH PERCENT LEVEL | TREND | LEGEND: |            |          |
|--------------|-----------------------|-------|---------|------------|----------|
|              |                       |       | SYMBOL  | RISK LEVEL | RESPONSE |
| NYSE         | 59.47                 | ↑ ●   | ●       | High       | Defense  |
| OTC (NASDAQ) | 49.36                 | ↓ ●   | ●       | Caution    | Plan     |
|              |                       |       | ●       | Low        | Offense  |

  

| TACTICAL ALLOCATION PROCESS |                                  |                           |                                       |  |  |      |
|-----------------------------|----------------------------------|---------------------------|---------------------------------------|--|--|------|
| ASSET CLASS                 | DOMESTIC EQUITIES                | COMMODITY                 | INTERNATIONAL EQUITIES                | CURRENCY   | FIXED INCOME                           | CASH |
| RISK LEVEL                  | ●                                | ●                         | ●                                     | ●  | ●                                      | ●    |
| TALLY NUMBER                | 94                               | 91                        | 75                                    | 27   | 22                                     | 2    |
| EMPHASIS                    | EQUAL WEIGHT<br>SMALL CAP GROWTH | PRECIOUS METALS<br>ENERGY | EMERGING MARKETS<br>EUROPE (EMERGING) | SWISS FRANC<br>NEW ZEALAND DOLLAR<br>AUSTRALIAN DOLLAR<br>BRAZILIAN REAL | CORPORATE BONDS<br>INTERNATIONAL FIXED |      |

### BACK ON OFFENSE!!!!

The momentum of the market has changed back to "OFFENSE."

What do I mean by "OFFENSE?"

Demand has take control of the market. There are more buyers than sellers and prices usually rise in this environment.

When on offense, we run offensive plays from our playbook. Meaning, we'll look to put money into the market to build your wealth. We're not going to buy everything in sight; we want to focus ONLY on the sectors and asset classes that are also on offense.

The NYSE Bullish Percent has possession of the football, however the OTC Bullish Percent remains on defense .

### SECTOR WATCH

In the past week 17 Bullish Percent charts changed. Sixteen (16) to X's (OFFENSE) and one (1) to O's (DEFENSE).

We now have 18 sectors in a column of X's (OFFENSE), with 2 close to receiving the football (changing columns) .

The average BP reading rose this week to 51% this is up 3.71% for the week.

### TACTICAL ALLOCATION PROCESS

US Equities and Commodities are the top two asset classes. With International Equities holding the third position. To answer the question: "What to do in today's market:"

- US Equities, equal weighted in small cap growth.
- Commodities, focusing on precious metals and energy.

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## TACTICAL ALLOCATION PROCESS

The Tactical Allocation Process or “TAP” was designed to answer the question, “what would you do in the market here?”

We use a six-step top down methodology to identify the strongest asset classes available in your plan in which to invest.

### Step 1: Create Inventory

The starting point for our process is to explore where in the world one should be focusing their investments. We do this by creating an inventory. We use multiple ETF’s to represent each of the following asset classes: US Equities, Fixed Income, International Equities, Foreign Currencies, and Commodities.

### Step 2: Relative Strength Analysis

We conduct a relative strength wrestling match between the different asset classes with numerous representatives from each particular asset class. Each individual representative (index) is then ranked from strongest to weakest.

### Step 3: Rank Each Asset Class

Once that ranking is done, then a cumulative score for each asset class is derived -- a summary, if you will, of that asset’s strength vis a vis others. Think about it like a college wrestling tournament. There are five schools participating in the event, with numerous individual athletes competing.

The athletes compete for both individual place, and that placement contributes toward the overall team score, or placement. The two asset classes with the highest score get to move on.

### Step 4: Check Against Cash Proxy

Before either of these two asset classes can gain the emphasized status, each must pass a final hurdle, or satisfy Step Four: “does the asset class outperform Cash?” As long as the given asset’s, such as Commodities or International Equities, relative strength is positive versus Money Market, then it becomes an emphasized asset class. If the asset class is unable to outperform Cash on a relative strength basis, then Cash takes its place.

### Step 5: Exposure via Funds Available in Your Plan

Once we have decided upon our emphasized asset classes we then garner exposure via the funds available in your plan. We have produced relative strength based models for each of the six asset classes considered with the corresponding funds available in your plan. So not only are you positioned in the asset classes with the best relative strength, but this takes it a step further, and puts you in the “best of the best.”

### Step 6: Daily Monitor

Our relative strength analysis is performed on a daily basis. We rank the asset classes and funds available in your plan every day on relative strength, which helps the portfolio to adapt to what is working. You can think of the ranking system as something like the PGA rankings or the BCS rankings, where the strongest players or the strongest teams get the highest ranks.

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### What Is Relative Strength?

How a stock (or fund) performs compared to the overall market.

Stocks or funds are either on a relative strength BUY signal or a relative strength SELL signal. Did you know that relative strength signals (buy and sell) last, on average, for TWO YEARS? Meaning a stock or fund that gives a relative strength buy signal today will usually outperform the overall market for (on average) two years. That’s a long time!

Positive relative strength indicates that the asset class/sector has outperformed the overall market while negative relative strength indicates it has underperformed the overall market.

### What Is The Bullish Percent or BP?

The Bullish Percent is a “RISK” indicator, not a predictor. It is a simple chart from 0 -100%, that measures the percentage of stocks on a point and figure buy signal.

The only way a stock is on a buy signal is if its price is rising and the only way to be on a sell signal is if its price is declining.

Stocks are on either on a buy signals or sell signals. If the Bullish Percent is rising it tells us we should focus on “wealth accumulation” or defensive strategies. If it is declining, “wealth preservation” or offensive strategies are the focus.

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Balser Wealth Management, LLC  
36873 Harriman Trail | Avon, Ohio 44011 | [www.balserwealth.com](http://www.balserwealth.com) | Office: 440-934-3114 | Mobile: 440-610-3012