



Australian Financial Services License No: 340958
ABN: 63 135 540 135

FINANCIAL SERVICES GUIDE

December 2015

Purpose of the Guide

This Financial Services Guide (“Guide”) contains important information that a retail client should read and understand before deciding whether to obtain financial services from Market Timing Pty Ltd.

In particular, it is designed to assist you in deciding whether to use our services and contains important information about:

- ❑ the services we offer you
- ❑ how we and our associates are paid
- ❑ any conflicts of interest we might have
- ❑ what to do in the event of a complaint.

Contact details

You are able to contact us by email or in writing.

All inquiries should be directed to:

- ❑ Email: info@MarketTiming.com.au
- ❑ Postal address: Level 30, Australia Square, 264 George St Sydney NSW 2000

Financial services provided by Market Timing

Market Timing Pty Ltd holds a current Australian Financial Services Licence (No: 340958) which authorises it to:

provide general financial product advice to retail clients for the following classes of financial products:

- (i) interests in managed investment schemes excluding investor directed portfolio services; and*
- (ii) securities.*

In order to be granted and then retain our licence, we are required to commit to meeting stringent requirements in the areas such as: staff training, organisational competence, management expertise, financial control and compliance disciplines.

We provide our financial services solely by publishing “market signals”. Specifically, we provide our clients (via our website and by email alerts) with ‘buy’ and ‘sell’ signals.

- ❑ A **buy signal** flags when it is opportune to be in the Australian share market (via an exchange traded fund or the like).
- ❑ A **sell signal** flags when it's prudent to be out of the Australian share market (and so when a shift to a safe cash management account is warranted).

We publish market signals for a number of different ETF trading strategies, each of which involve a different number of expected signals per year and different risk and return characteristics. Presently, our ETF trading strategies are:

- ❑ a **Conservative** strategy, which is expected to generate an average of two change in signals per year;
- ❑ an **Active** strategy, which is expected to generate an average of six change in signals per year;
- ❑ a Gold strategy, which is expected to generate an average of four signal changes a year;
- ❑ a local ETF rotation strategy, which is expected to generate an average of three signal changes a year; and
- ❑ a global ETF rotation strategy, which is expected to generate an average of three signal changes a year;

Market Timing Pty Ltd reserves the right to add to this list of strategies, or to modify or discontinue individual strategies.

Acting on our advice requires an investor to invest in exchange traded funds, listed investment companies or cash management funds. Accordingly we expect our clients to obtain and read Product Disclosure Statements which sets out details specific to these products and the key benefits and risks in purchasing those products before acting on our advice to use such products for purposes of timing equity or gold bullion markets. **General advice warning**

We only provide “general advice”, not personal investment advice. As such, we do not take into account your objectives, financial situation or needs and risk tolerance. You should therefore consider the appropriateness of our advice in the light of your own objectives, financial situation or needs and risk tolerance before acting on the advice. Where our advice implies the acquisition or possible acquisition of a particular financial product, you should also obtain a copy of, and consider, the product disclosure statement for that product before making any decision.

Our credentials

The Board of Directors of Market Timing Pty Ltd comprises **Jack Kouzi (Managing Director)**, **Stefan Urosevic** and **Danny Moss**, each of whom are also the proprietors and directors of Vertical Financial Solutions Pty Ltd and have extensive financial services experience at a senior management level.

Re nera Thompson, a senior investment adviser with Vertical Financial Solutions, is General Manager of Market Timing. In addition, **Percy Allan AM**, who co-founded Market Timing in 2009, has been retained as Editor of its Trading Strategy signals and its Weekly Update bulletin.

Market Timing was founded on the 24th February 2009 by Percy Allan AM, Robert Gaussen, Alan Tregilgas and John Peterson. Market Timing's principals turned to market timing following their disillusionment with a buy-and-hold approach to shares and managed funds during the global financial crisis.

They established Market Timing Pty Ltd to share the potential benefits of a market timing approach with fellow investors. After being granted an Australian Financial Services Licence (AFSL) it opened its trend-trading strategies to private subscribers on the 14th December 2009.

To strengthen the company's administration, marketing and service offerings it was sold to the proprietors of Vertical Financial Solutions on the 28th September 2015. Vertical Financial Solutions is a fully licensed financial services provider based in the Sydney CBD.

Market Timing holds a current Australian Financial Services Licence which authorises it to provide general advice in the form of market timing signals. Being licensed, it must meet stringent requirements in relation to staff training, organisational competence, management expertise, financial control and compliance disciplines.

Our philosophy

Our aim is to help investors avoid market crashes while still enjoying market advances. In this way, our service could help you to improve your chances of making capital gains without taking excessive risks with your hard earned savings. Market timing involves abandoning the roller-coaster ride of 'buying and holding' shares for an indefinite period regardless of market conditions.

Market Timing is designed specifically for investors who want to reduce volatility in the value of their Australian share portfolios by avoiding being short-term share traders on the one hand or long-term holders of shares on the other.

We do not attempt to forecast share prices. Instead, we embrace a "trend-following" philosophy designed simply to alert investors to medium and long term changes in share market direction as soon as possible after such changes are identified/confirmed. Our signals are based on purely mechanical models using well tested technical indicators of market trend and momentum.

Core to our approach are the following general principles:

1. The performance of a market timing approach is appropriately benchmarked against that of the buy-and-hold alternative, with the aim of market timing being to outperform a buy-and-hold approach over the full course of a bull and bear market cycle.
2. A well-researched mechanical trading system should consistently outperform human judgment.
3. A good mechanical trading system will let profits run and cut losses.
4. No market timing system is perfect, so expect both gains and losses. Up to one-half of trades can lose money. And consecutive losses are common, so be prepared.

Market timing has beaten buy and hold historically because the cumulative gains from winning trades have far exceeded the cumulative losses from losing trades.

5. Focus on the signal execution process and avoid celebrating or agonising over the outcome of each trade. Don't let any short-term losses or changes in market sentiment interfere with the disciplined execution of signals. When in doubt remember the historic probability of market timing outperforming buy and hold over an extended time period. Compare results of market timing versus buy and hold after the completion of a full bull and bear market cycle which on average lasts about five years.
6. Once an active, conservative or ultra-conservative timing strategy or a particular combination of these strategies is being followed, switching between strategies needs to be carefully considered.
7. Any lack of discipline in adhering to these rules will invariably be regretted.

Based on the above principles, our aim is to see cumulative gains outpace cumulative losses, with the value of capital invested under our market timing approach over time exceeding the value under the more-conventional buy-and-hold alternative.

Past performance disclaimer

We use past performance data extensively to describe and compare our timing strategies and alternatives.

We recognise that past performance is not necessarily indicative of future performance. Investments can go up and down. Yet it's the best gauge we know to judge the pedigree of our timing strategies and competing alternatives.

In all cases, the past performance results we publish are derived strictly in accordance with guidelines for the preparation of such information issued by the Australian Securities & Investments Commission (ASIC), notably Regulatory Guidelines 53 (July 2003), "The use of past performance in promotional material".

Any remuneration, commissions and other benefits

Market Timing Pty Ltd derives its income solely from subscriptions paid by clients for our email and web-based market alerts. It does not receive any remuneration, commission, product fees or other benefits from any other financial service provider.

Associations and relationships

Market Timing Pty Ltd does not have any commercial associations or relationships with other financial service providers except Vertical Financial Solutions Pty Ltd (<http://www.verticalfinancialsolutions.com/>) which provides an auto-trade service for Market Timing clients who elect to have a professional broker execute Market Timing's strategy signal changes on their behalf. Market Timing Pty Ltd receives no commissions or other rewards from Vertical Financial Solutions Pty Ltd for this auto-trade service. Market Timing's general advice on trading strategies is based purely on quantitative trading models developed in-house and is not influenced by personal opinions or forecasts on share or gold markets from either inside or outside the company. .

Privacy policy

The *Privacy Act 2000* (Cwth) set out standards for the collection and management of personal information. We use your personal information only for the purposes for which you provided it to us originally. We do not provide any information about you or any of our clients to third parties.

Dispute resolution procedures

Clients not satisfied with our services should contact our Complaints Officer, Renera Thompson, either by email (info@markettiming.com.au) and/or by phone (1300 220 360). We are members of the Financial Ombudsman Service (FOS), a free consumer service. Further information is available from us on request, or by contacting FOS directly on 1300 780 808 or by visiting www.fos.org.au

Compensation and insurance arrangements

We hold a Professional Indemnity Insurance Policy. This policy is designed to pay claims by third parties (including our clients) arising out of any professional negligence on our part. The policy satisfies the requirements for compensation arrangements under section 912B of the *Corporations Act 2001* (Cwth).

Your obligations as a subscriber

Our current market timing signals are for the use of our subscribers only. Subscribers are under an obligation not to share our current signals with any other person or organisation without our express permission. If we have reason to believe that a subscriber has breached this condition of use, we reserve the right to immediately cancel that subscription and to initiate legal action for breach of contract.

When does this Guide apply from?

This Guide was initially prepared on 15th December 2009 and subsequently updated on 16th March 2012 and the 1st December 2015.