



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

FINANCIAL SERVICES GUIDE

March 2012

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: Suite 2, 90 Mona Vale Road, Mona Vale NSW 2103

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 strategies, each of which involve a different number of expected signals per year and different risk and return characteristics. Presently, our strategies are:

- ❑ a **conservative** strategy, which is expected to generate an average of three change in signals per year;
- ❑ an **active** strategy, which is expected to generate up to eight change in signals per year; and
- ❑ an **ultra-conservative** strategy, which is expected to generate no more than one or two change in signals a year;

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

While acting on our advice requires an investor to invest in either managed share market funds or cash management funds, we do not recommend the purchase of specific financial products within these financial product classes. Accordingly, we do not provide you with a Product Disclosure Statement which sets out details specific to these products and the key benefits and risks in purchasing those products. You need to obtain such statements from the financial institution who you select to supply these particular products to you.

General advice warning

We only provide “general 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

Market Timing Pty Ltd was founded by Percy Allan AM, who was Secretary of the NSW Treasury and Chairman of the NSW Treasury Corporation (1985-1994) and Finance Director of Boral Ltd (1994-96). The company's board of directors currently comprises Percy Allan and Bob Gaussen, Managing Director of Adjudicate Today and Mediate Today, leading Australian dispute resolution practices.

Market Timing's principals turned to market timing following their disillusionment with the buy-and-hold approach during the global financial crisis. They established Market Timing Pty Ltd to share the potential benefits of a market timing approach with fellow investors.

Collectively, our principals have extensive economic, corporate finance, financial services compliance and business experience, at the highest level within both the public and private sectors. They bring a wide range of relevant knowledge and skills to the task of providing financial services advice to retail clients seeking to protect their superannuation and similar investments.

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 a purely mechanical model 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 buy-and-hold over any three to five year period.
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 3 to 5 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 that we know of 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. It operates completely independently. Therefore, we are not influenced by others when formulating or publishing our financial services advice.

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. 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 15 December 2009 and updated on 16 March 2012.