

As a new subscriber you will be receiving your first issue of my weekly *No-load Mutual Fund Tracker* next Friday evening.

To familiarize yourself with some of the terminology we're using, you may want to print this page and keep it close by until you feel comfortable and have gained a better understanding of our various investment plans.

Here are some of the highlights of using our methodology with no-load mutual funds:

- We use trend tracking indicators for making our Buy and Sell decisions
- Each investment plan has its own indicator
- When we issue a BUY signal, we immediately establish two points at which we will sell this mutual fund, an upside Sell and a downside one. Hopefully we will sell at a profit. However, if the market goes against us, we're controlling our risk by taking a small loss.
- When we issue a SELL signal, we will always move the proceeds into money market.
- While in money market, we know exactly, at anytime, how far our indicators will have to advance in order for us to safely move back into the market.
- Upon receiving a BUY signal we will provide a list of recommended funds including the ones we are using for our managed accounts.
- Our methodology is a measured and risk controlled approach to long-term investing and not suited for traders looking for the "hot" tip.
- Our approach works for all types of accounts (IRAs, Sep-IRAs, brokerage, 401k). In order to take advantage of the wide variety of quality no-load mutual funds you should have your accounts set up with a discount broker (except for your 401k).

Making unemotional and unbiased investment decisions has served us well by side-stepping the current bear market. On October 13, 2000 we moved all of our clients' invested positions to the safety of money market accounts.

The chart below represents our Trend Tracking Index (TTI); our flagship product for signaling Buys and Sells in the area of domestic equity funds.



In essence, we try to be invested when the green line, the TTI, is above its long-term trend line (red) and that is confirmed by our Confirming Indicator, not shown. It gives us an immediate sense of where the market is, whether we're in an uptrend or a downtrend.

Notice how the market attempted several rallies after our major Sell on 10/13/2000 getting close to our trend line, but not breaking it until March 7, 2002. That subsequent Buy was short lived and we sold at a small profit on 6/12/2002. You can see how severely the markets dropped thereafter, which underlines my main point that anybody investing in any financial product MUST have a Sell discipline in order not to commit financial suicide.

When we receive a Buy signal to move into the market you will receive a list of the top funds, based on our momentum analysis. What does that mean? We choose funds that have performed well in the recent past as well as in the present.

The table below shows a listing of International Bond funds, which we have used in the past:

Ticker	Fund Name	Orientation	4Wk	8Wk	12Wk	YTD	%M/A	DatePeak	DD%
BEGBX	American Century International Bd Inv	Intern. Bond	2.76%	4.37%	8.21%	3.86%	9.65%	2003/02/04	0.00%
BPGBX	UBS Global Bond Y	Intern. Bond	1.61%	4.09%	6.89%	2.29%	7.39%	2003/01/29	-0.19%
OIBAX	Oppenheimer International Bond A	Intern. Bond	1.69%	3.90%	6.67%	2.35%	7.56%	2003/01/29	0.00%
SZGAX	Scudder Global Bond A	Intern. Bond	1.21%	2.76%	4.69%	1.41%	4.91%	2003/02/13	0.00%
SSTGX	Scudder Global Bond S	Intern. Bond	1.31%	2.76%	4.69%	1.52%	4.96%	2003/02/13	0.00%

The first three columns are self explanatory. The 4Wk, 8Wk, 12Wk and YTD refer to how these funds have performed or "appreciated" during these various time periods.

For example, the first fund, BEGBX has gone up 2.76% over the past 4 weeks, 4.37% over the past 8 weeks, 8.21% over the past 12 weeks and 3.86% year to date. Obviously, the figures change on a day to day basis as the markets change. The %M/A (Moving Average) refers to how far above or below its long-term trend line this fund currently is. In this case, it's +9.65%.

The last column DD% (DrawDown) is a bit trickier. It shows how much this fund has come off its recent high, which it made on 2003/02/04 (in the DatePeak column).

So, how do I use this information? Let's assume that the indicator for this plan has signaled a Buy and I'm looking at these fund choices. What do I look for?

First of all, if possible, I'd like to see the 4Wk, 8Wk, 12Wk and YTD figures to be in positive territory (blue). Second, I like these funds to show me strength by being above their own trend lines (a blue number in the %M/A column). Third, to be sure that the current momentum of the fund is still going strong, I'd like to see the DD% column to be in a range of 0.00% to no worse than -5.00%.

That's it! Since all of these funds fulfill my requirements, I can choose any of them. Now I have the luxury of picking the one with the highest numbers, which would be BEGBX. That's the one I chose when the international bond indicator signaled a Buy on 5/3/02. For current recommendations please see our StatSheet.

Using our methodology over the long term, you'll never have to guess again as to what investment to buy and when to buy it. In addition, all of our positions are protected with a strict Sell discipline.

This puts us in the enviable position of feeling relaxed about our investments no matter what the news media throw at us. Since we're in control we sleep well at night. I hope you will too.

Sincerely,

Ulli...

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REV 06/2004