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## For Australian Investors Only: 'Super 10 ETF Portfolio' Update By John Atkinson

"Investing should be more like watching paint dry or watching grass grow. If you want excitement, take \$800 and go to Las Vegas."

- Paul Samuelson

We have received various requests for the latest on our Australian '[Super 10 ETF Portfolio](#)' Signals Service, so the following is our current update. First, some background:

### 1. What is an ETF?

Offering access to both Australian and global markets and every major asset class, Exchange Traded Funds (ETFs) are one of the fastest growing categories of investment products in the world.

The reason for this is clear – ETFs offer simple to use, transparent, low cost and flexible investment options for investors.

An ETF is an open-ended investment fund, similar to a traditional managed fund, that is traded on the Australian Securities Exchange (ASX), like shares.

ETFs aim to closely track the performance of a given Index (e.g. the ASX200 Australian share index or other Indices in USA, Europe, Asia, etc.) or asset class and to provide the returns of that index or asset class – less any fees.

Generally, Exchange Traded Funds do not try to outperform the market – as they aim to go up or down in value in line with the Index they are tracking.

### 2. Growth of ETFs in Australia

ETFs are eligible to be bought inside Self-Managed Super Funds (SMSF)– just like shares- so the popularity of ETFs has been growing strongly with many investors.

The following is an extract from an April report published by [BT Financial](#):

"...At the end of December, the Australian Securities Exchange (ASX) hosted 175 ETFs, with a total market capitalisation of \$35.7 billion.

The capitalisation of the Australian ETF sector grew by 39.3% in 2017.

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According to data from the Reserve Bank of Australia, there was around 80% growth in assets under management for exchange traded products in the four years to the end of 2016, with the total value reaching \$5 trillion.

Around the world, ETFs (which are also known as exchange-traded products, ETPs) have become a larger industry than hedge funds.

Growth in this form of ETF has outpaced growth in the traditional hedge fund industry since the global financial crisis in 2008: ETF assets surpassed hedge fund assets in June 2015.

Equity ETFs dominate the Australian landscape. The largest ETF category by market capitalisation on the ASX is global equities, at 41.6% with Australian equities accounting for 36.2% of the total EFT market...."

In 2017, the global equity category, traded by local exchanges grew by \$4.4 billion, or 42.7%. In comparison, the Australian equity category swelled by \$2.9 billion, or 28.9%.

These figures reflect the most common use of ETFs among Australian investors, which is to gain diversification to different asset classes: in this case, overseas shares.

This is particularly important for Australian investors, given the highly concentrated Australian share market – both in terms of being overly dominated by large companies, and in terms of the inferior spread of industries listed on the ASX.

The fact that the Australian stock exchange index has underperformed global shares benchmarks since 2009 makes it an even more pressing issue for investors.

Part of the explanation for the huge performance gap between Australian and global shares is that the ASX has a very small technology sector:

Australian technology companies contribute about 1.7% to the S&P/ASX 200 index's weighting, compared to the 27% weight that the technology sector has in the S&P 500's value. The FAANG stocks (Facebook, Amazon, Apple, Netflix and Google parent Alphabet) account for 11% of the S&P 500 index on their own.

Australian investors find it very difficult to gain exposure to the profound changes that technology is bringing: one way they can tap into this, is by holding large-cap US technology stocks. US-index equity ETFs are an option to give them this exposure – as are global-index equity ETFs, in which the US markets have a heavy weighting."

### 3. About the 'Super 10 ETF Portfolio' Signals Service



In Edition 640 of our weekly '[Investing & Online Trading](#)' Report in November 2017 we announced our intention to initiate a new 'Super 10 ETF Portfolio'.

Our aim was to design and provide a dedicated 'Done for You' [ETF Signals Service](#) whereby:

1) We notify Signals Members of:

- **WHICH ETFs** to Buy
- Suggested maximum Entry prices for each of the 10 ETFs, together with
- Associated Money & Risk criteria
- Progressive ratcheting of Stops and updated prices for later entry (*see below*)
- Daily & weekly monitoring of all 10 ETFs for potential exit triggers
- **WHEN to SELL** where applicable and, if so then we
- Analyse ETF charts to search for a replacement ETF

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2) The ETFs chosen for this Signal Service are:

- ✓ Predominantly in **RISING TRENDS** by Jim Berg's rule based criteria
- ✓ Represent diverse Indices from **stock markets around the world**, i.e. *not only Australia*
- ✓ Can be bought using an Investor's **local trading platform** or advisor - without the need to set up an overseas account or be concerned with exchange rates
- ✓ Structured so that an Investor can join the Signals Service at any time, then be able to **invest in exactly the same ETFs** and thereby match the performance of that notional ETF Portfolio on a monthly basis.

To do so, here are just **4 of the key problems** which needed to be solved before we launched this new [ETF Signals Service](#):

1. How to choose WHICH 10 of the many ETFs to include?
2. Once ETFs are in stable rising trends, they tend not to correct and give as many JB Volatility Blue Bar Entry Signals as shares – so we developed a *new Initial Entry approach for ETFs*
3. **For investors who miss the initial entry**, but *want to enter the same trade later*, we also designed a new and easy-to-follow method **to ratchet up suggested entry prices**.
4. New Money and Risk Management Rules with **no less than 5 Exit Stops**, *designed specifically for this ETF Portfolio*.

In Editions 641 and 642 of our Report, we published some questions and our responses. Many of these were then posted on an [FAQ webpage](#) at our web site.

In Edition 645 we announced our intention to progressively launch our new '*Super 10 ETF Portfolio*' Signals Service the following week. The first 7 ETFs were added to our new notional '*Super 10 ETF Portfolio*' Signals Service on 11<sup>th</sup> December 2017 and by Edition 649 we announced that we had added the remaining 3 ETF spots.

In Edition 651 we wrote: "*Overall, ETFs tend to be less volatile than shares as they are not stock specific e.g. as they are intended to represent Funds or Indices. As such, do not expect such high returns as some shares. However, if we can have a group of 10 ETFs, all **gradually trending upwards**:*

- ✓ *With minimal 'churning' - so we can have longer term positions with less exit triggers and less need to find replacements ( and, in turn, less transaction costs)*
- ✓ *Receive dividends (where applicable) and*
- ✓ *Target annual returns hopefully far greater than residential real estate and bank interest\*.*

*then we trust our ETF Signals Members will be pleased with the new '[Super 10 ETF Portfolio](#)' as an additional 'string to their bow' - to add to their current stock/share trading and investing.*

(\* The future performance of the '*Super 10 ETF Signals*' Service should not be assumed based upon current or past performance alone. Caution should be exercised in assessing future claims of performance, as these are based on assumptions and structured guesses. This service, like all other financial products, is subject to market forces and unpredictable events that may adversely affect future performance.)

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## 4. February 2018 'Mini-Crash' and USA 'Trade War'

For example purposes, we started this notional '[Super 10 ETF Portfolio](#) with a notional \$100k, similar to that used for our [Report's notional Portfolio](#) and Jim's [Trading and Investing Signals](#).

By 29<sup>th</sup> January 2018, the open value of this notional ETF Portfolio was \$102,473, i.e. an increase in open value of **+2.47%** in 7 weeks.

We wrote previously that ETFs are subject to unexpected market movements and global events, just like shares. In early February, markets around the world went into melt-down mode in what Jim called a '*mini-crash*'.

On Monday 5<sup>th</sup> February, the Dow Jones Industrial Average fell nearly 1,600 points at its Lows, marking its worst intraday point drop in history, on computer-driven selling.

Amplifying the slump was computer-programmed trade set to dump shares at certain levels. Three days later, Thursday's fall in the Dow marked its second-worst point decline in history.

Dr Shane Oliver, AMP's AMP Capital's Head of Investment Strategy and Chief Economist, wrote in Edition 654, on 10<sup>th</sup> February 2018;

*" ..From their recent highs to the lows share markets have fallen **12%** in Japan .... **10%** in the US, **8%** in Europe, **13%** in China and **5%** in Australia... "*

In comparison, for our *Super 10 ETF Portfolio*' Signals Service, which comprises ETFs to represent markets from around the world:

- ✚ We progressively advised Members when 7 of the 10 ETFs triggered their Exit Signals.
- ✚ Those 7 ETFs were '*exited*' the following days:
  - With an average notional loss of **-\$284** per \$10,000 position (i.e. **-2.8%**) loss
  - While no one likes to experience losses emotionally, financially this equated to a **-1.99%** total closed loss on the overall \$100,000 notional ETF portfolio - **for all 7 exited positions combined.**
  - This is significantly less than the 2% Portfolio Risk often quoted in many Money and Risk management books - **for each single position.**



We regarded this as a *positive result* as it showed our new ETF Signals Service had "*passed its first test*" - under '*mini-crash*' conditions.

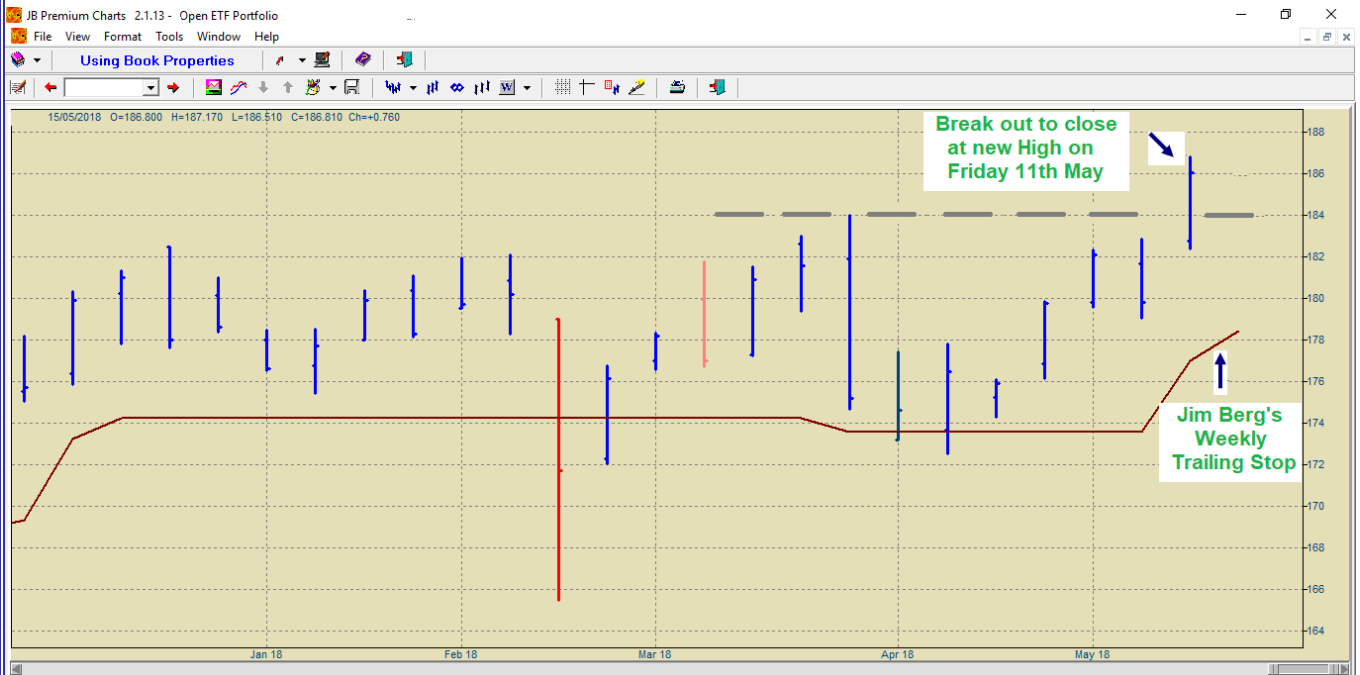
In April 2018, an Asian ETF was also exited, at a small trade loss of **-3.9%**, after President Trump's trade war rhetoric resulted in falls in some Asian markets.

## 5. 'Super 10 ETF Portfolio': Latest Performance Update

As at Friday 11th May 2018\*\*:

- One ETF was showing an open loss of **-5.6%**, has triggered its Initial Stop, so will be exited and replaced.
- The other 9 ETFs in the notional portfolio represent markets from around the world.

After the February global '*mini-crash*', most of these ETFs tracked sideways for up to 3 months.



Weekly chart of sample ETF from 'Super 10 ETF Portfolio'

- Following this extended consolidation period, we are now pleased to report that:
  - ✓ All of these other **9 ETFs** are now showing **open profits**, of up to **+7.4%**.
  - ✓ Of these, **6 ETFs** closed at **new Highs** on Friday
  - ✓ Total net *open profits* have now exceeded the losses incurred in Feb to April.
  - ✓ **4 ETFs** rose sufficiently this week to switch their Weekly Stops from Jim's Initial Stop to his Weekly JB Volatility **Trailing Stop**.

This is another good sign as it brings the number of ETFs now being managed by us *weekly* using Jim's Trailing Stop (as well as *nightly* with his Emergency Stop) to a **total of 8 of the 10 ETFs** in this notional '*Super 10 ETF Portfolio*' .

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**SUPER 10 ETF PORTFOLIO**  
Invest with Confidence

For more info on the 'Super 10 ETF Portfolio', [Click Here](#)

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Information on its own will NOT change your life. You can Google any topic you like and often find some fairly reliable information. To make a difference, **Implementation is the key.**

*It's what YOU DO with what you learn which makes Expert Jim Berg's trading and investing education so VALUABLE.*

Our focus is to **help you implement and get it done**, step-by-step, based on Jim's Volatility Indicators and common sense 'Weight-of-Evidence' approach.

*To continue your journey with us, simply click the links below now to find out more about our:*

## A) OUR 2 MAIN CORE SERVICES

### #1 Learn How to Trade and Invest Yourself

with our weekly mentoring-style 'Investing & Online Trading' Report, which includes:

- Jim's latest Watch Lists for the USA and Australian markets
- Practical tutorials on how to filter 'experts picks' - to help you find **WHICH shares to buy** & compare your analysis with Jim's
- Notional portfolios for the current USA and Australian Markets - to help you learn **WHEN to Buy** and, more importantly, when to **SELL**
- Money & Risk Management & trading/investing psychology
- Jim's and others' view of the market - so you'll know when Jim recommends to be in the market and when to be in Ca\$h



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## #2 Do you prefer to have US do the Analysis for you?

If so, then check out our 3 Australian Signals Services, which operate like 'Paint-by-numbers' - to help you learn how to trade and invest in the Australian market:

- 1) Jim Berg's [Trading Signals](#) for shares
- 2) Jim's [weekly Investing Signals](#) for shares
- 3) Our '[Super 10 ETF Portfolio](#)' Signals Service



## B) PACKAGES

The main tools which Jim Berg uses are his now world famous **JB Volatility Indicators** -- to help him select:

1. **WHICH** shares and ETFs to Buy, then
2. **WHEN** to Buy and more importantly,
3. When to **SELL**.

Jim's Indicators are installed on many charting programs around the world, including Amibroker, Bullcharts, IC Investor, Market Analyst and now the benchmark, MetaStock too.

They are also included (along with price data and history data) in [JB Premium Charts](#), the charting program which Jim and John use every day.

In A) above we explained our 2 core services are our weekly '[Investing & Online Trading](#)' Report for the Australian, USA and other markets and our [3 Australian Signals Services](#).

The following 2 packages also include **JB Premium Charts and 6 months of USA or Australian data:**

### 1) MasterClass Package

Includes:

- 3 months Weekly Report
- Jim Berg's 12 weekly E-classes
- 6 months JB Premium Charts and data
- 1 month email support
- And more

For full details, [Click Here →](#)

### 2) Platinum Membership



Includes:

- As for the MasterClass above
- **PLUS** 3 months of our 3 Signals Services for Australian shares and ETFs
- And more

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