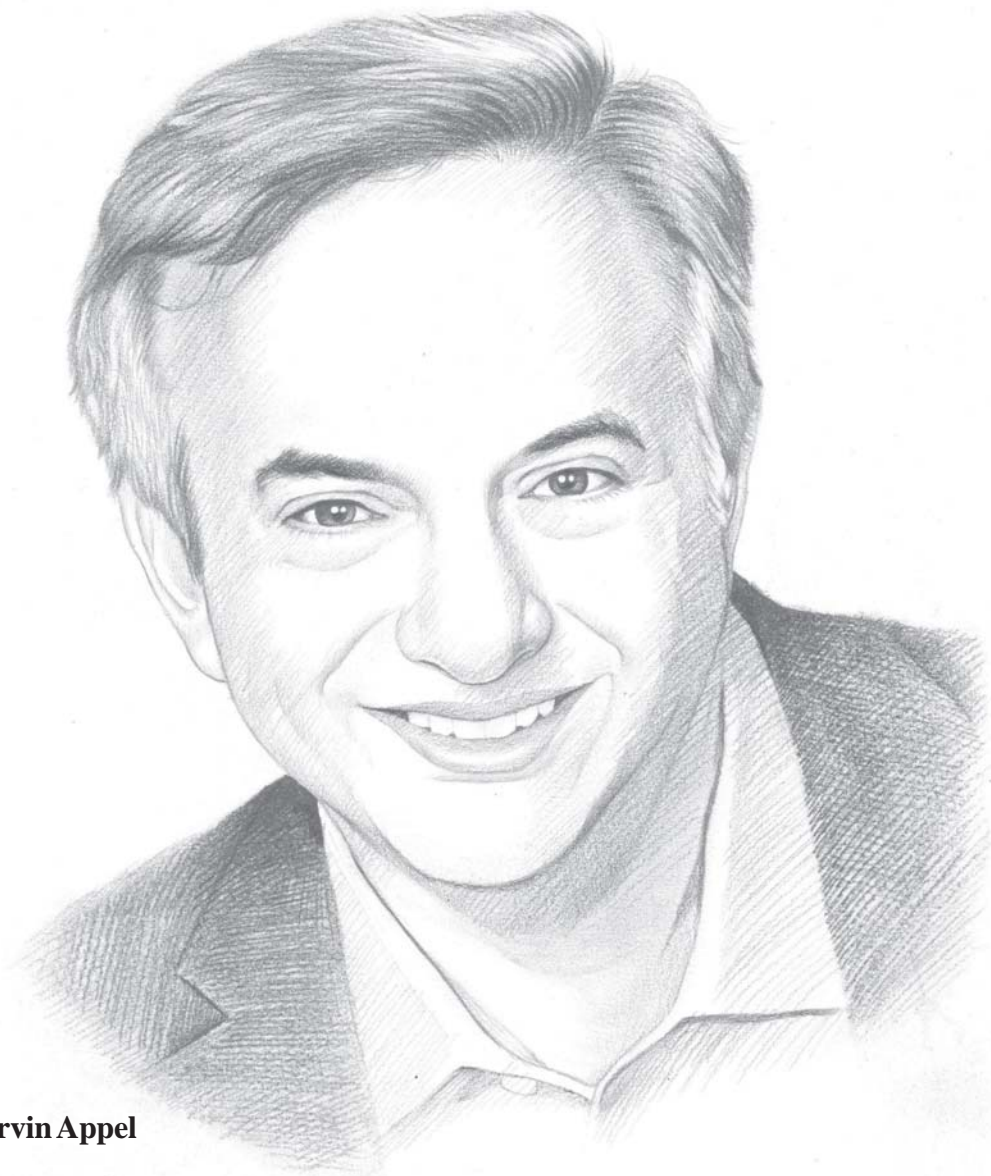


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**Dr. Marvin Appel**

## Systems & Forecasts

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## Systems & Forecasts

**S***ystems and Forecasts*, published by Signalert Asset Management (a registered investment advisor on Long Island, NY), is dedicated to market timing and to tactical asset allocation of mutual funds, exchange-traded funds (ETFs) and selected individual stocks using strategies based on technical analysis.

The newsletter provides subscribers with proprietary buy and sell signals for a number of different classes of investments including broad-based U.S. equity ETFs (such as SPY, DIA or MDY), high yield corporate and municipal bond funds, investment-grade bond funds (such as AGG or BND) and preferred stocks. It currently ranks among the top ten equity and top five bond market timers among the newsletters that we track (as of 3/10/2017).

In addition to timing signals, the newsletter provides coverage and commentary on macroeconomic factors of importance to the stock and bond markets. *Systems and Forecasts* also contains research reports on different trading systems and market indicators. Lastly, the newsletter provides frequent shorter-term trading recommendations.

*Systems and Forecasts*, now in its 44th year of publication, was founded by Gerald Appel in 1973. His contributions to the field of technical analysis include developing the Moving Average Convergence-Divergence Indicator (MACD) that is still widely used and which plays a big part in the commentary that appears in the newsletter. MACD can be tailored to work as either a trend-following or an overbought-oversold indicator. The newsletter illustrates the use of MACD in both ways.

Gerald Appel has authored many important investment books. Most recently, he reviewed and updated his approach to technical analysis in his book "Technical Analysis: Power Tools for the Active Investor" (Prentice Hall, 2005), which has been translated into five languages. This book contains in depth training in how to use MACD. Gerald is now retired, enjoying travel and still following the markets.

Until 1996, Gerald was the sole contributor to the newsletter, but

starting in 1996 he was joined by his son, Dr. Marvin Appel, who is now its editor. In addition to taking over editing *Systems and Forecasts* Dr. Appel's principal professional activity is managing over \$200 million for individual clients as president of Signalert Asset Management. The approach to managing client assets is to use technical analysis to distinguish between periods when the market climate is favorable and when the climate is risky, and changing clients' investment holdings appropriately. In particular, Signalert always stands ready to raise cash positions for clients when they judge that market conditions are turning riskier. This has allowed them to protect their clients from the brunt of every major bear market since the company's founding.

Before entering the investment field in 1996 with his father, Dr. Appel trained as an anesthesiologist and earned a PhD in biomedical engineering. The quantitative analysis techniques that Dr. Appel utilized in his studies have informed his approach to analyzing market data in the development of trading systems. Dr. Appel has authored several books, most recently "Higher Returns from Safe Investments: Using Bonds, Stocks, and Options to Generate Lifetime Income" (Prentice-Hall, 2010).

Although MACD is our most prominent indicator, the research team at *Systems and Forecasts* has developed other timing models whose signals are presented to subscribers. The timing models that the newsletter utilizes are trend-following models: They are designed to recognize turning points in the markets in a timely manner (rather than trying to predict when a turning point might occur). The goal is to be on the right side of significant market trends that might typically last from weeks to months. Of course, the actual frequency of trades will depend on how the market is behaving.

Readers can utilize the buy and sell signals in the same manner as they are tracked in *Timer Digest*: as tools to trade index investments such as the S&P 500 SPDR (SPY) or the iShares Total Bond Market Index ETF (AGG). However, the Appels' research and experience have shown that the best long term risk-adjusted results have

come from portfolios that include both stocks and bonds. Over the long term historically, equity investors would have benefited from a 20%-30% allocation to bonds compared to all equities. Conversely, conservative investors would have benefited from a 20%-30% allocation to stocks compared to all bonds. As a result, *Systems and Forecasts* maintains two different portfolios with specific recommended holdings that subscribers can implement for themselves—one for growth-oriented investors and one for more conservative investors.

The Growth and Income portfolio is allocated to sector ETFs (30%), covered call/trading strategy (40%) and high yield corporate bond funds (30%). This portfolio is best for investors looking for long term growth at potentially half the risk of the S&P 500 Index. (Future results cannot be guaranteed for any investment, of course.)

The High Income portfolio is allocated 25% to high-dividend and preferred equities and 75% to a variety of bond mutual funds including high yield corporate and municipal bond funds and floating rate bond funds. The High Income portfolio is best for conservative investors. All positions in both newsletter portfolios have exit strategies attached to them in order to manage risk during major market declines.

*Systems and Forecasts* is published twice a month, usually on Thursday mornings. In addition, market updates are provided twice a week to keep subscribers up to date between newsletter editions. *Systems and Forecasts* is delivered via email to all subscribers, with hard copies mailed upon request.

**Timer Digest** has monitored *Systems & Forecasts* since 1981.

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