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Holly Hooper

The Mutual Fund Strategist

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Featured Advisor

THE MUTUAL FUND STRATEGIST

Holly Hooper's father, Charlie, planted the seed for *The Mutual Fund Strategist* as a serviceman in the US Air Force where he developed and experimented with market timing strategies as a hobby. Like most entrepreneurs, Charlie's hobby became a business and he began publishing *The Mutual Fund Strategist* newsletter in 1982. Back in those days, the newsletter was produced on a Royal electric typewriter, and subscribers called a telephone recording for trading alerts. CNBC's forerunner, The Financial News Network (FNN), had begun broadcasting just the year before. Sector-specific funds were a novelty at the time; only a single mutual fund invested in precious metals, for example.

From its first publication, the newsletter was well-received. And, in 1986, after numerous requests from subscribers, Charlie established a managed account program. That's when Holly came on board. Together this father-daughter team launched a service for investors who valued the strategy, but didn't have the time, discipline, or inclination to manage their own money by following the newsletter's recommendations. In the late 1990s Holly stepped into the role of co-editor of *The Mutual Fund Strategist* before assuming sole responsibility for its publication when Charlie retired in 2006. Over the past five years, Holly has expanded the newsletter's slate of timing strategies and model portfolios while successfully navigating the 2007 - 2009 bear market.

Holly's performance in 2008 for Stocks (#7) and Gold (#2) earned *The Mutual Fund Strategist* front-page billing in the Special Annual Forecast Issue. In 2010, her Bond signal performance ranked #2. And, the publication's Intermediate-term Stock signals have shown remarkable consistency, ranking #4 for each time horizon (3, 5, 8, and 10-years) at the end of 2010 (see Special Annual Report). This follows appearances by her father on the cover of Timer Digest in 1984, 1992 and 2006.

"The history of *The Mutual Fund Strategist*'s track record has been one of avoiding getting shot through the heart during market declines", according to Holly. "That's the real benefit of a market-timing approach - reducing risk," Holly continued. "Obviously, no one will complain if market-timing succeeds in beating the market; but market timing isn't necessarily a failure if it doesn't. So long as market-timing reduces risk by more than it may reduce return," Holly said, "then the strategy has been successful."

The Mutual Fund Strategist's approach to investing is mechanical – Holly takes the emotion and subjective judgment out of the decision-making process. She believes that the key to success is designing a model that works over time; and then sticking with it. All of Holly's timing models are intermediate-trend based, that is, they focus on market action over the past several weeks, giving more weight to recent price activity. This intermediate-term approach doesn't require an excessive amount of switching on the part of subscribers: on average, the newsletter's timing models trade only 1.5 round-trips per year without exposing subscribers to the huge price swings that are associated with major trend following systems such as a 200-day moving average. "Retired folks, or those approaching their golden years, just cannot stomach that level of volatility." said Holly.

Holly's approach employs a 50-day exponential moving average to define the trend and a confirming indicator to validate entry and exit points. A confirming indicator is important to use in any trading system to gauge the strength of the trend and to help filter out potential losing trades and minimize whipsaws. *The Mutual Fund Strategist*'s confirming indicator is based on momentum – it's her own proprietary formula that measures returns over various time periods, weights them; and puts emphasis on what has happened more recently.

When it comes to her model portfolios, Holly believes that several elements must harmonize to produce optimal investment results. First is the selection of an investment vehicle. Mutual funds and ETFs suit her style best because funds limit investment risk by diversifying among many companies. Specific fund selection is also an important ingredient to a successful investment program, according to Holly. For the individual funds recommended in *The Mutual Fund Strategist*'s model portfolios, Holly relies on intermediate-term performance characteristics on a relative strength basis to ferret out the most favorable momentum patterns for future performance potential. However, the single most important factor, Holly maintains, is a sensible approach to market-timing.

The Mutual Fund Strategist is a weekly publication that offers subscribers model portfolios for ProFunds, Rydex, ETF, and Thrift Savings Plan (TSP) investors, as well as 17 timing models: Dow, S&P 500, S&P 400, Nasdaq, Nasdaq 100, Russell 2000, Wilshire 5000, Gold, Asia, Japan, Europe, Latin America, US Bonds, US Stocks, US High Yield Bonds, International Stocks and International Bonds. Each newsletter also contains a list of the top monitored funds based on relative strength in fund categories that correspond to their timing models - including rankings for Fidelity, Vanguard and Direxion fund families.

Timer Digest has been following *The Mutual Fund Strategist* since May 1984. and it is currently the number 7 stock timer over the most recent 52 weeks, see page 2.

For more information contact:

The Mutual Fund Strategist
Post Office Box 755
Shelburne, Vermont 05482
(800) 355-FUND
holly@mutualfundstrategist.com
Weekly issues + interim hotlines, when necessary.

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