

Perspective: Pops and Drops -- The New Book -- July Meetup.

Jul 03, 2017

Dear Scott,

Pops and Drops: Punctuated Events

In our June Newsletter I discussed the technical reasons why some Strategies still held financial ETFs. I had previously also suggested that day-traders might call the post-election run-up and subsequent pull-back a buying opportunity given the new administration's priorities: corporate tax reduction, financial regulatory relief, and healthcare reform.

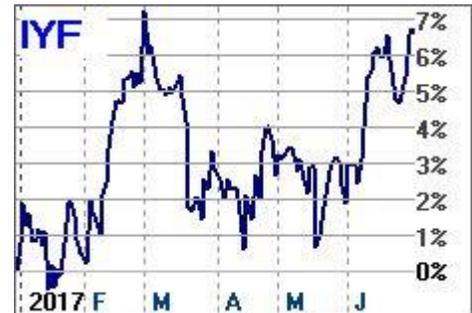
June brought us a few very interesting punctuated events — defined as market movers that can't be known ahead of time with certainty or precision. In the three 6-month charts for IYF Financial ETF chart, QQQ Technology ETF, and the IYH Healthcare ETF (right) a few specific events are quite visible.

- June 7: The strong rally in financial stocks was fueled by the announcement of planned changes in the Dodd-Frank law to (a) roll back the Volcker rule, (b) eliminate the new fiduciary rule, and (c) provide other regulatory relief for institutions. To purchase financial stocks based on the news, investors sharply took profits from recent gains in their technology stocks, as illustrated by the simultaneous dip in QQQ (right). Sharp rotations such as this are not uncommon. For example, to fund the purchase of billions of dollars of Facebook shares during its IPO, numerous large cap technology stocks were simultaneously sharply sold.

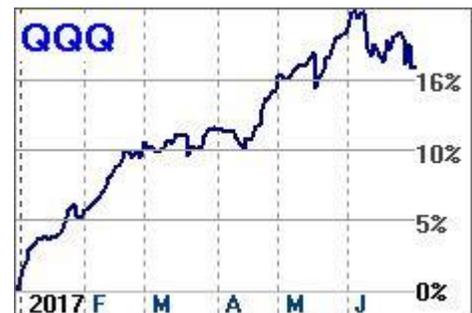
- June 20: Healthcare and biotechnology stocks rallied strongly on news that the Senate had made progress and would show its version of the healthcare bill a week ahead of their July 4th recess. The recent pop in financial stocks (and a bit more of technology) was quickly put on the chopping block to fund renewed confidence that a healthcare bill could still happen this year.

- June 29: The Federal Reserve report indicating that all major US financial institutions successfully passed their stress tests sent IYF higher again, at the expense of IYH and QQQ.

The prior six months can be considered a reasonable model for investment action in the coming months: fits and starts for healthcare, financial, and technology stocks while Washington pushes forward with the messy business of drafting major legislation. Keep in mind that although tech stocks have recently been used as a piggy bank for investment re-allocation, they should not be counted out — they have a seriously respectable life of their own, and a worthy rebound is more likely than a further drubbing.



Financial - 6mo.



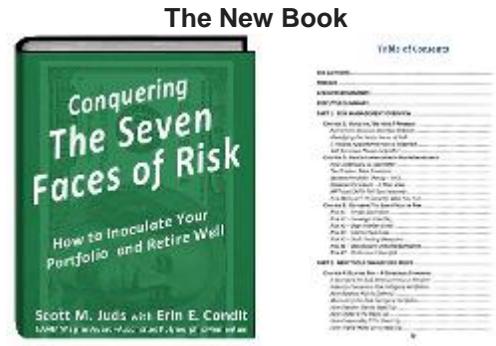
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How to Inoculate Your Portfolio and Retire Well.**

We are now making serious progress on this book, scheduled to be published in October in time for the [Riskalyze Fearless Investing Summit](#) in Lake Tahoe. You can preview the table of contents by clicking the book image (right). The book will have over 100 full color charts and will be available in both hard cover and e-Book formats. Please let me know if you have questions or comments about the topics in the table of contents... and particularly let me know if there are topics you'd like to be sure we include.



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Design of the Prudent Momentum Portfolios

(Thurs. July 6th, 7PM PST [Streamed Meetup Details](#))

Risk is not a one-dimensional problem cured by a single dose of diversification. The Prudent Momentum Portfolio family consists of a set of five classically allocated portfolios that apply a double dose of risk-avoidance and double dose of risk-dilution to a high-performance tactical momentum algorithm to address the needs of investors from many walks of life. The portfolio family includes these classic investment styles: Fixed-Income, Conservative, Moderate, Growth, and Aggressive.

Although risk has generally been measured as the standard deviation from average, both the dictionary and Behavioral Economics say risk is actually about the loss of value. Most importantly, "prudence" requires reducing the risk of meeting long-term investment objectives, such as retiring early and well.

**Design of the
Prudent Momentum Portfolios
Streamed Live July 6th, 7PM PST**



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Come see how a pair of Nobel Laureates, a Royal Society Fellow, and a National Medal of Science winner laid the foundation for active risk reduction and forever changed the game as we look under the hood of the design of these portfolios. These [Prudent Momentum Portfolios](#) just went live on the new [Riskalyze Autopilot](#) platform on June 22, 2017 under our AlphaDroid brand for advisors.

Surf Well and Prosper,



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