



# *PROFESSIONAL TIMING SERVICE*

## *Phase Advantaged Trading Program*

### ***The Phase Advantaged Trading Program***

The stock market is destined to trade generally between 1,600 and 800 in the S&P 500 over the next 7 to 10 years; and if you are going to be involved with common stocks (financial assets), the only way to manage the risk is to take a trading approach. Successful trading, however, is not “seat of the pants” stuff. It requires following solid, technical principals.

There are always several ways to accomplish the same goal - ways to skin the proverbial cat. Most market participants prefer to approach their investments on a buy-and-hold basis, which is primarily how we approach things at Professional Timing Service. There are those who prefer to take a shorter term approach. They prefer to maintain a higher level of liquidity and move more with the shorter term twists and turns in the market. If you have the discipline and time, short term trading is a viable way to exploit the stock market.

In my 40 years of experience, I have learned that success in the stock market is not that difficult. The first step is to realize that 85% of investment success is being invested in the correct asset class. I like to make this easier by breaking asset classes down to only two main categories. There are paper/financial assets like stocks and bonds, and there are real/tangible assets like commodities. Furthermore, you can easily determine which asset class holds the best risk-to-reward ratio for long term investing by calculating a simple ratio between the ultimate financial asset, the Dow Industrial Average, and the quintessential tangible asset, gold. In 2000, the ratio topped out at 43, and it has been falling ever since. Currently, it is about 8. It is telling us that you should be invested in commodity-related assets - either commodities or those stocks that represent companies that benefit from rising commodity prices.

The bottom line here is that if you are going to be invested in financial assets; i.e., stocks while the Dow/gold ratio is advising otherwise, you had better use a trading strategy. You cannot approach financial assets on a long term, buy-and-hold basis until the Dow/gold ratio falls well under 5. The down side in trading is that it takes discipline and time. Discipline is what most folks lack, especially during inevitable drawdown periods. Sometimes things do not go perfectly, but you have to have the restraint to take all of the trades when you are instructed to take them. However, the trading program I am about to introduce will allow you to do this in the easiest manner possible ... but you will have to devote a little time each market day in order to see this through successfully.

Subscribers receive a simple e-mail after each market day with instructions for the next trading day. It will have straightforward instructions as to exactly what you should buy and/or sell and at what price. You can then go online and enter the instructions with your online broker. The orders will be good for the next day only unless specified otherwise. Often they will not fill; and if not, the instructions will be repeated in the next day’s e-mail if they need to be re-entered. You have to take the time to do this without fail, before the next trading day’s open.

**An example of what you will receive is:** “For Tuesday, 3/03/09 - buy 100 Royal Gold (RGLD-OTC) @ 38.50, and buy 100 Barrick Gold (ABX-NYSE) @ 28.00.” You may see some issues you are not familiar with, but you can look them up if you like. Our order may not fill, but you will receive new instructions for what to do the following day. Furthermore, other than using short ETF’s from time to time, ***the program does not directly short***. All you have to do is go online with your online broker and enter the trades for the next day. You will also receive weekend updates which Mr. Clements sends to subscribers outlining his near term strategy and outlook. You will also have exclusive access to the subscriber’s section of the Phase Advantaged Trading Web site <http://dailyphasetrading.com>.

Our real time trading with this program has been done at Scottrade, and our trading results are based on their commission schedule, which is usually \$7.00 per trade. All of the results shown are net of commissions. This is a good time to sincerely tell you that past performance is no guarantee of future success. There will be losing months - sometimes as in the great meltdown of 2008 - several months in a row. The monthly balances for July 2008 to February 2009 reflect that difficult time; but for those with the discipline to follow the trading, our net loss of 6.2% is enviable versus the severe and likely not to be repeated drubbing the averages took during this time. I believe this was a true test of fire. From July 1, 2008 when we started the program to February 28, 2009, the S&P 500 fell 42.8%. We managed with a 6.2% loss.

The program's results in better times are also worth noting. For example, real time trading from the end of June 2007 to the end of June 2008 showed a gain of 28.8%. The account balances are on Page 4, along with a list of the closed trades since we went public with Phase Advantaged Trading on July 1, 2008. You should study the closed trades from the perspective of frequency as well. Again, not everyone is cut out to devote the time and discipline of using and keeping up with the signals. If you can, I believe you will take a step forward in managing risk and improving your returns.

The monthly results and open and closed trades presented on our track record should give you a good idea how this program has done during the very worst of times and best of times. Normally, the program has a market exposure of 25% to 50% of the funds in the account with part of those funds sometimes in a hedge position, further reducing risk.

**How does it work?** First of all, there are no clairvoyants, but technical data will talk to you if you know what you are looking for. Warren knows. Warren Clements has been an associate of mine for most of my 40 years of market involvement. Warren and I have been in business and have worked together since we were in college. He is the finest and most knowledgeable market technician I could have the pleasure of working with. Perhaps the best thing I can say about Warren comes from real time experience - he is a successful trader.

The exact mechanics of the program are proprietary; but essentially, it is technically driven in conjunction with short term cycle analysis. There will be a high number of short term trades. However, there will be no day trades and there will not necessarily be trades executed or instructed for each and every day. The program may hold positions for several months or for just a few days, but the overall goal is to accumulate profits along the way while minimizing risk exposure. Due to the relatively high number of trades you will experience, a tax-sheltered account and using a discount broker is best. As mentioned earlier, we use Scottrade.

We do not use a margin account, and we don't recommend that you do either. **The program does not do any direct short selling.** Our goal is to make a strong return while managing and minimizing risk. We will sometimes use ETF's for hedging (short) or to introduce minor leverage in a given sector. Since we will take primarily very high percentage, short-term, technically triggered trades, we often take smaller, high percentage profits as well. That leads to a minimum of market exposure.

Not everyone has the mentality to be a trader. You should study the track record carefully. Sometimes individuals will sell a stock at a profit, only to see it move higher, and they become very disturbed. I think this bothers the novice more than taking losses. Sometimes we take positions during weakness, and they move against us for a time. Trading is not an egocentric thing to do. We are trading to make profits, not to call exact highs and lows. Again, our goal is to finish at the end of the year with more money than we started with. If you do not have the discipline to keep up or are bothered by ego errors, trading may not be a good fit for you. This is not a "pie in the sky, we will make you 1,000% a year" approach. We will be happy with 20% to 30% a year with a minimum of risk. There will be few ten-baggers.

Following is also track record of closed trades since we took the program live. This should give you an idea of how much trading activity there will be. This represents an account of \$50,000, which is the minimum we recommend you devote to the program. The daily instructions will tell you how many shares to buy and at what price. This will be based on a \$50,000 account. If you are trading \$100,000, you will simply double the amount of shares on the buy orders.

## Real Time Trading Account - Month End Balances

### 2007

Jun-07	\$ 48,745.00	Mar-08	\$ 60,976.00	Nov-08	\$ 41,846.00
Jul-07	\$ 50,148.00	Apr-08	\$ 62,307.00	Dec-08	\$ 47,417.00
Aug-07	\$ 51,865.00	May-08	\$ 64,513.00		
Sep-07	\$ 52,524.00	Jun-08	\$ 62,822.00		
Oct-07	\$ 54,247.00			<b>2009</b>	
Nov-07	\$ 56,640.00			Jan-09	\$ 47,275.00
Dec-07	\$ 56,596.00			Feb-09	\$ 46,855.00

### 2008

Jan-08	\$ 59,103.00	Jul-08	\$ 49,383.00
Feb-08	\$ 60,210.00	Aug-08	\$ 48,434.00
		Sep-08	\$ 47,192.00
		Oct-08	\$ 31,495.00

### Trading Program Began 7/1/08

July 1, 2008	\$ 50,000.00
Jul-08	\$ 49,383.00
Aug-08	\$ 48,434.00
Sep-08	\$ 47,192.00
Oct-08	\$ 31,495.00

For the 12 months of June 2007 through the end of June 2008, our real time account appreciated from \$48,745 to \$62,822, or 28.8%. You will note that drawdowns occurred. The severe market meltdown that began during the summer of 2008 was a challenge. Riding the great meltdown during 2008 saw our account draw down an astonishing 37% at one point. However, discipline was rewarded, and we ended up trimming that to a 6% loss by the end of the year. You need to realize that although the debacle during the latter half of 2008 will likely not be repeated any time soon, losing periods will occur. You need to have the discipline to see them through. Trading the markets will never be perfect, but you do not need to be perfect to be profitable and to manage risk.

## TRACK RECORD - Closed positions since taking the program live - July 1, 2008 to February 28, 2009

Stock Symbol	Buy Date	Shares	Price	Net \$ Amt	Sell Date	Shares	Price	Net \$ Amt	Profit/(Loss)
GDX	7/8/2008	100	\$45.88	\$ 4,595.00	7/11/2008	100	\$48.11	\$ 4,804.00	\$209.00
SSO	7/16/2008	100	\$55.45	\$ 5,552.00	7/18/2008	100	\$59.57	\$ 5,950.00	\$398.00
RSP	7/1/2008	100	\$41.10	\$ 4,117.00	7/24/2008	100	\$42.33	\$ 4,226.00	\$109.00
RSP	7/10/2008	100	\$40.40	\$ 4,047.00	7/24/2008	100	\$42.33	\$ 4,226.00	\$179.00
SSO	7/28/2008	100	\$58.00	\$ 5,807.00	7/30/2008	100	\$61.20	\$ 6,113.00	\$306.00
SU	7/18/2008	100	\$54.00	\$ 5,407.00	8/7/2008	100	\$53.50	\$ 5,343.00	\$(64.00)
RGLD	8/8/2008	100	\$32.62	\$ 3,269.00	9/18/2008	100	\$37.90	\$ 3,783.00	\$514.00
NEM	9/8/2008	100	\$40.60	\$ 4,067.00	9/18/2008	100	\$43.90	\$ 4,383.00	\$316.00
ABX	8/11/2008	100	\$34.70	\$ 3,477.00	9/23/2008	100	\$38.50	\$ 3,843.00	\$366.00
SSO	11/17/2008	100	\$24.50	\$ 2,457.00	11/19/2008	100	\$22.25	\$ 2,218.00	\$(239.00)
ABX	12/5/2008	100	\$24.00	\$ 2,407.00	12/11/2008	100	\$31.75	\$ 3,168.00	\$761.00
ABX	12/5/2008	100	\$25.03	\$ 2,510.00	12/11/2008	100	\$31.75	\$ 3,168.00	\$658.00
DGP	12/1/2008	300	\$14.97	\$ 4,498.00	12/17/2008	300	\$17.76	\$ 5,321.00	\$823.00
KGC	7/24/2008	200	\$20.00	\$ 4,007.00	1/2/2009	200	\$18.90	\$ 3,773.00	\$(234.00)
KGC	12/19/2008	200	\$15.90	\$ 3,187.00	1/9/2009	200	\$18.00	\$ 3,593.00	\$406.00
NEM	9/26/2008	100	\$41.30	\$ 4,137.00	1/22/2009	100	\$41.50	\$ 4,143.00	\$ 6.00
KGC	1/15/2009	200	\$16.10	\$ 3,227.00	1/22/2009	200	\$17.20	\$ 3,433.00	\$206.00
UGA	1/20/2009	100	\$21.23	\$ 2,130.00	1/22/2009	100	\$19.90	\$ 1,983.00	\$(147.00)
AU	8/11/2008	100	\$28.60	\$ 2,867.00	1/26/2009	100	\$29.45	\$ 2,938.00	\$71.00
AEM	1/28/2009	100	\$51.50	\$ 5,157.00	1/29/2009	100	\$53.70	\$ 5,363.00	\$206.00
FCX	1/13/2009	100	\$24.90	\$ 2,497.00	2/4/2009	100	\$27.23	\$ 2,716.00	\$219.00
AUY	9/8/2008	300	\$ 9.50	\$ 2,857.00	2/5/2009	300	\$8.58	\$ 2,567.00	\$(290.00)
GDX	8/25/2008	100	\$37.32	\$ 3,739.00	2/18/2009	100	\$37.48	\$ 3,741.00	\$ 2.00
DZZ	2/24/2009	100	\$19.10	\$ 1,917.00	2/26/2009	100	\$21.70	\$ 2,163.00	\$246.00

### Three Ways To Sign Up:

- 1) You can subscribe using your MasterCard or Visa (sorry, we do not accept American Express or Discover cards) by contacting our toll free order operators 24/7 at 1-888-891-4326.
- 2) You can fax the subscription form that is included to 1-406-543-4131.
- 3) You can mail the form, along with a check or credit card number, to Professional Timing Service, P.O. Box 7483, Missoula, MT 59807.

**The introductory cost is \$525 a year; and, of course, you can cancel at any time for a prorated refund.**

***Yes, I want to subscribe to the Phase Advantaged Trading Program and take advantage of the trading opportunities you provide.***

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone \_\_\_\_\_

**E-mail Address** \_\_\_\_\_

**Note:** It is absolutely imperative that you give us your correct e-mail address as that is how you will receive your daily trading instructions. Be sure to write legibly. You are responsible for ensuring that we are advised about any e-mail changes you make in the future.

\_\_\_\_\_ Enclosed is my check in the amount of: \$525.00

Please charge \$\_\_\_\_\_ to my: \_\_\_\_\_ Visa \_\_\_\_\_ MasterCard

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