**Trader's Expo 2011**
**Bally's Las Vegas**
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# MoKa Market Direction Model™
## Timing The Market

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## MoKa Market Direction Model™

❑ The model seeks to capitalize on bear and bull trends in the U.S. and international stock markets, as well as related asset classes such as commodities or currencies.

❑ The model primarily invests in Exchange Traded Funds (ETFs) as vehicles for exploiting identifiable trends.
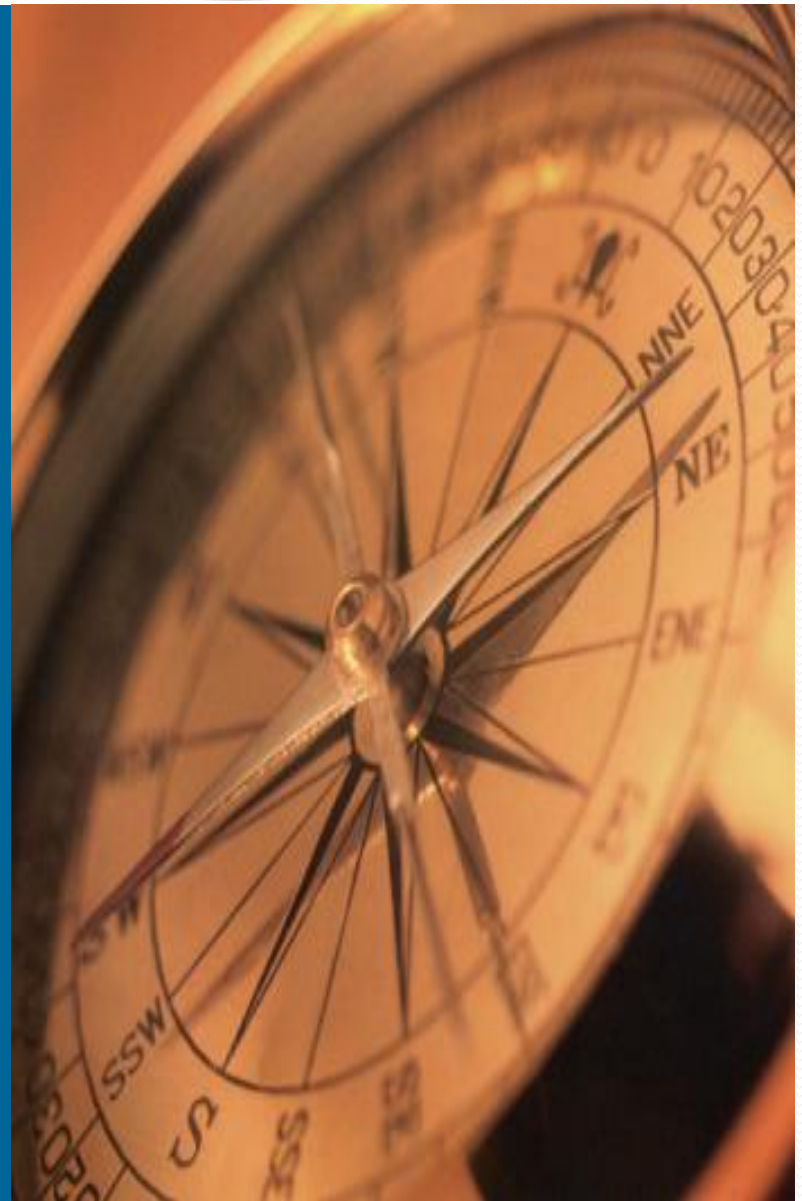
## MoKa Market Direction Model™

❑ The model is based upon a proprietary algorithm that captures intermediate- to longer-term moves up or down in the stock market and associated asset classes.

❑ The model generates buy, sell, or neutral signals of varying strength, which in turn drives the discretionary portion of the model with respect to the selection of appropriate Exchange Trade Fund (ETFs) vehicles in order to optimize the exploitation of any market trend.

❑ The model is asymmetric; the model will seek to profit from both bull and bear trends, while remaining in cash during periods of trendless action.
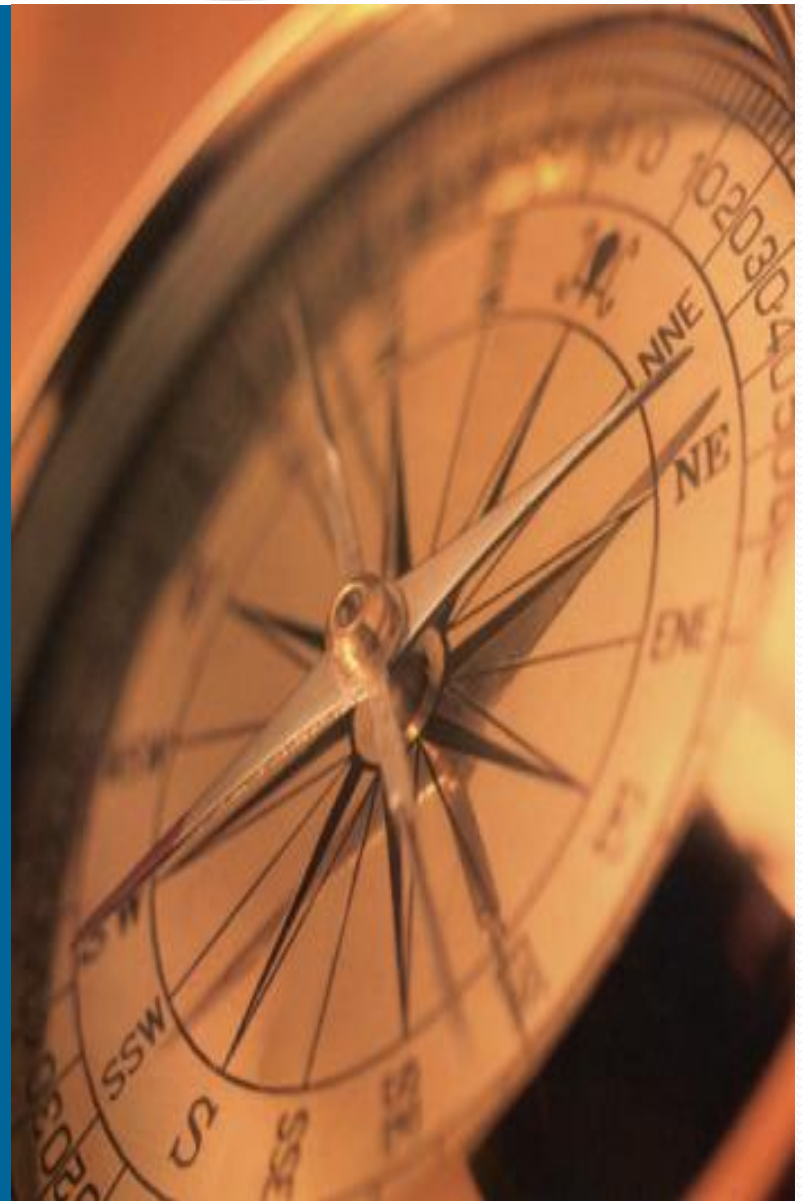
## Why Market Direction Model?

❑ Current crosswinds and crosscurrents in the global financial system require a nimble, flexible and asymmetric approach to protect assets and purchasing power in an uncertain era of financial flux and fiat currencies.

❑ The model is designed to move with the markets, minimizing risk and seeking to capitalize on strong trends, up or down, that may develop in equities or related asset classes, given the wide range of liquid, ETF vehicles available in today's markets.
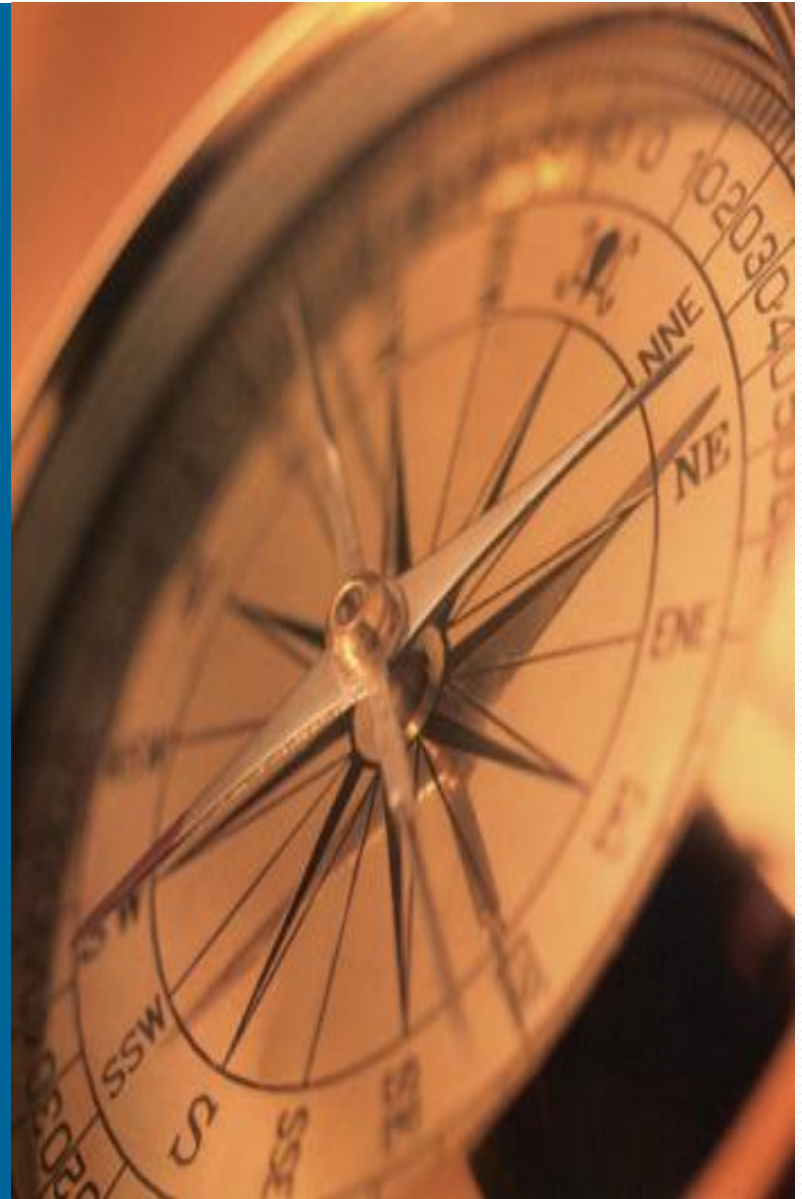
## "Fail-Safes" Built into the Model

A unique feature of the MoKa Market Direction Model™ are its built-in "fail safes" which take the model to a neutral, or "cash," position when a trend cannot be adequately determined. Dr. Chris Kacher, when first developing the model, recognized that the majority of so-called "timing" models fail because they are often locked into a "buy" or "sell" signal. MoKa Market Direction Model™ adheres to a philosophy of identifying optimal "windows of opportunity" in the market such that the fund may only be invested during such windows of opportunity while remaining in cash the rest of the time.
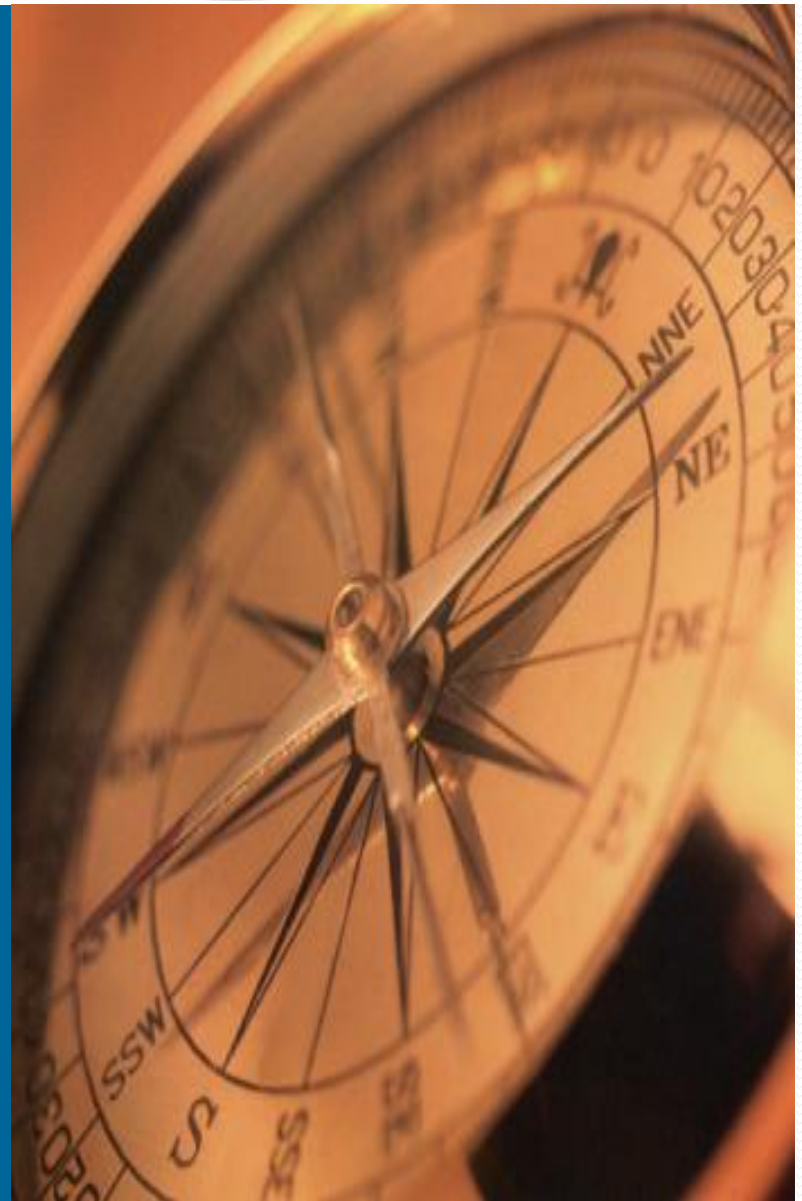
# MoKa Market Direction Model™ in Action

**Some Visual Examples of the Model's Signals and Strategies in Real-Time.**
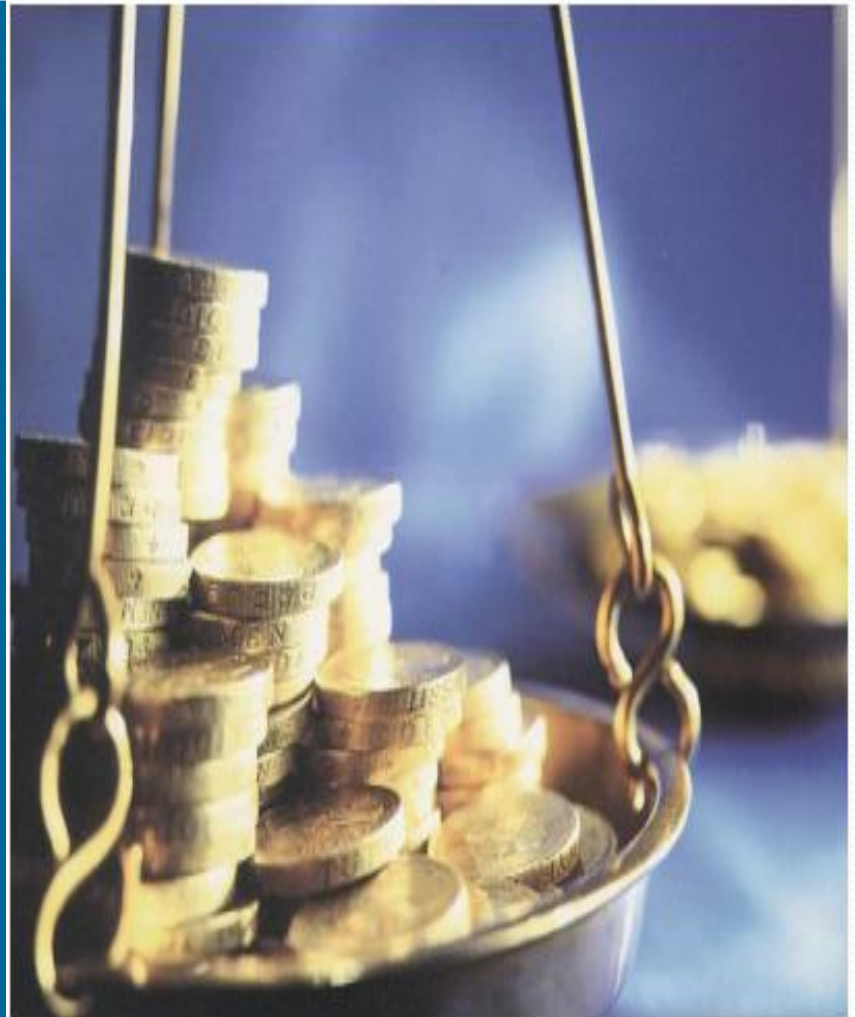
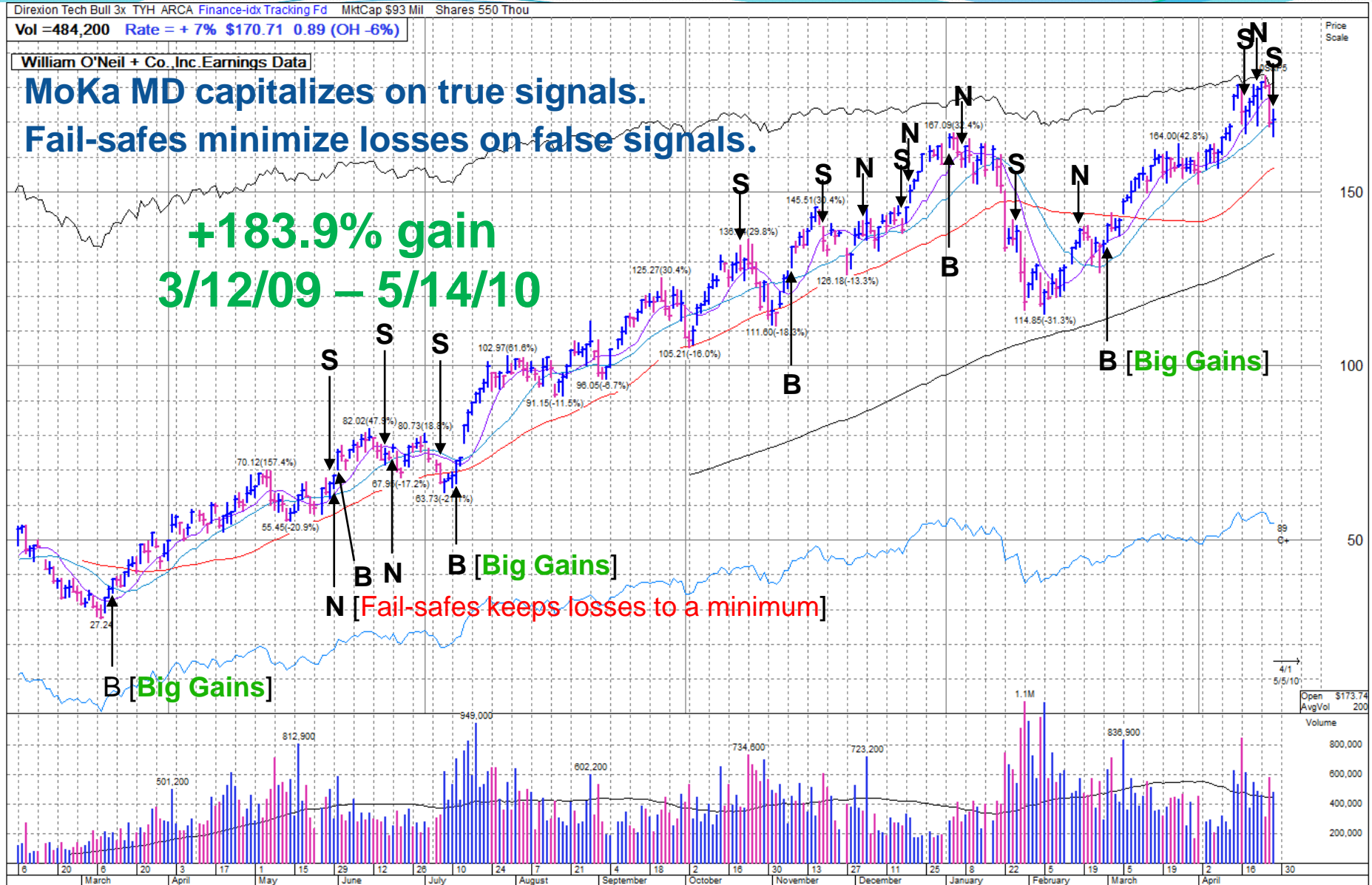# MoKa Market Direction Model™ Buy/Neutral/Sell Signals using **TYH** ETF 2009-2010

Direxion Tech Bull 3x  TYH  ARCA  Finance-idx Tracking Fd   MktCap $93 Mil   Shares 550 Thou

Vol =484,200   Rate = + 7%  $170.71  0.89 (OH –6%)

William O'Neil + Co.,Inc.Earnings Data

**MoKa MD capitalizes on true signals.**

**Fail-safes minimize losses on false signals.**

**+183.9% gain**
**3/12/09 – 5/14/10**

S
N
S

N

N

S
N
S

S
145.51(30.4%)
167.09(33.4%)
164.00(42.8%)

S
136(29.8%)
N
S
N

B
125.27(30.4%)
126.18(-13.3%)

S
111.60(-18.3%)
S

102.97(61.6%)
105.21(-16.0%)
B
N

96.05(-6.7%)
91.15(-11.5%)
B [Big Gains]

S
S
S
82.02(47.9%) 80.73(18.8%)
70.12(157.4%)
67.9%(-17.2%)
63.73(-21.1%)

55.45(-20.9%)
B  N
B [Big Gains]

N [Fail-safes keeps losses to a minimum]

27.24
B [Big Gains]

89
C+

4/1
5/5/10

Open  $173.74
AvgVol  200

Price
Scale

150

100

50

Volume

949,000
812,900
734,600
723,200
836,900
1.1M
501,200
602,200

800,000
600,000
400,000
200,000

6  20  6  20  3  17  1  15  29  12  26  10  24  7  21  4  18  2  16  30  13  27  11  25  8  22  5  19  2  16  30
March    April    May    June    July    August    September    October    November    December    January    February    March    April

(DataBase Page 962-II)  4/28/2010

# The Model & the SPDR Gold Trust (GLD) ETF in 2009-2010



1. Buy breakouts.
2. Follow the trend.
3. Sell signals lock in profit.
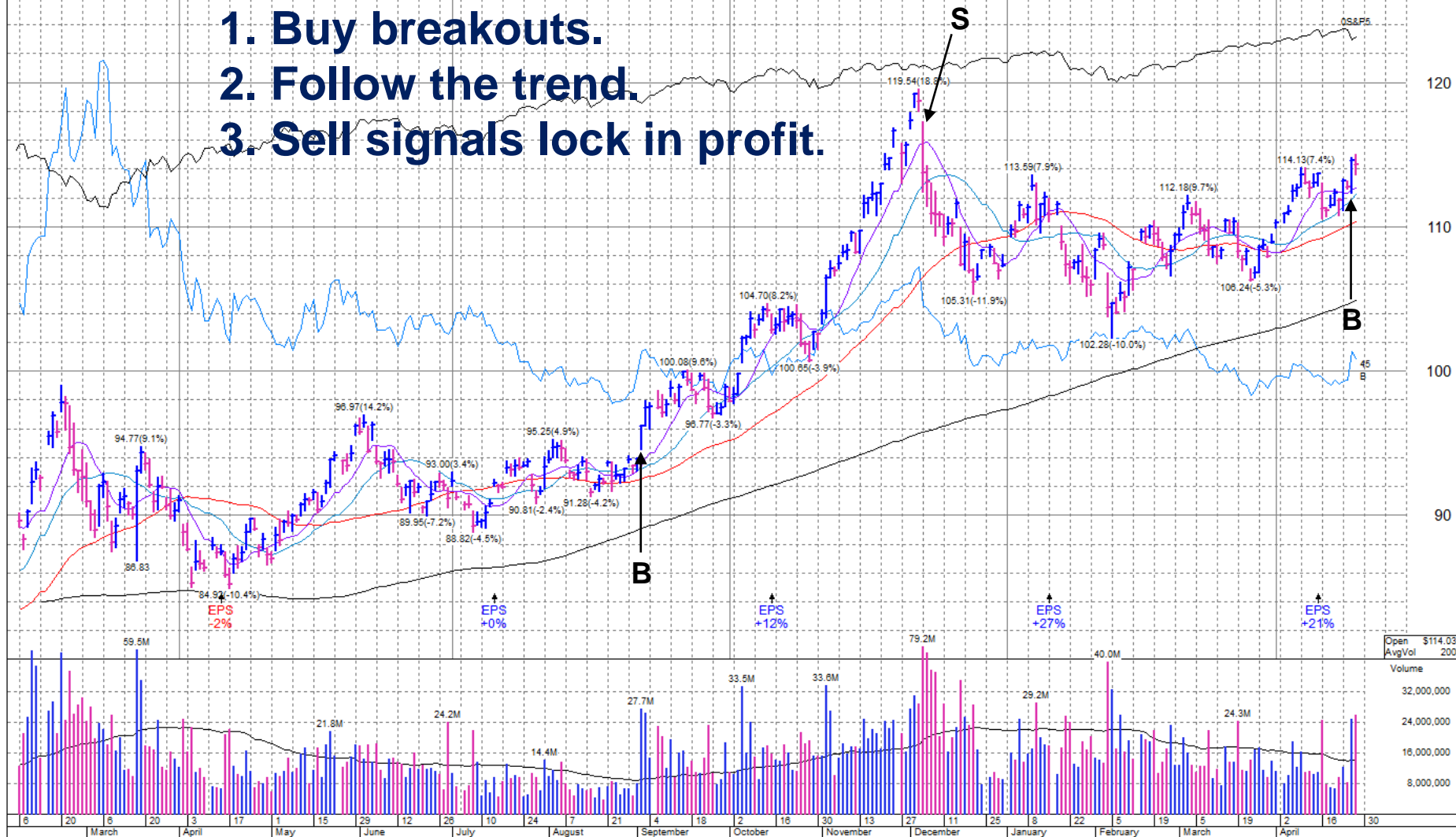
# The Model during the "Crash" of 2008
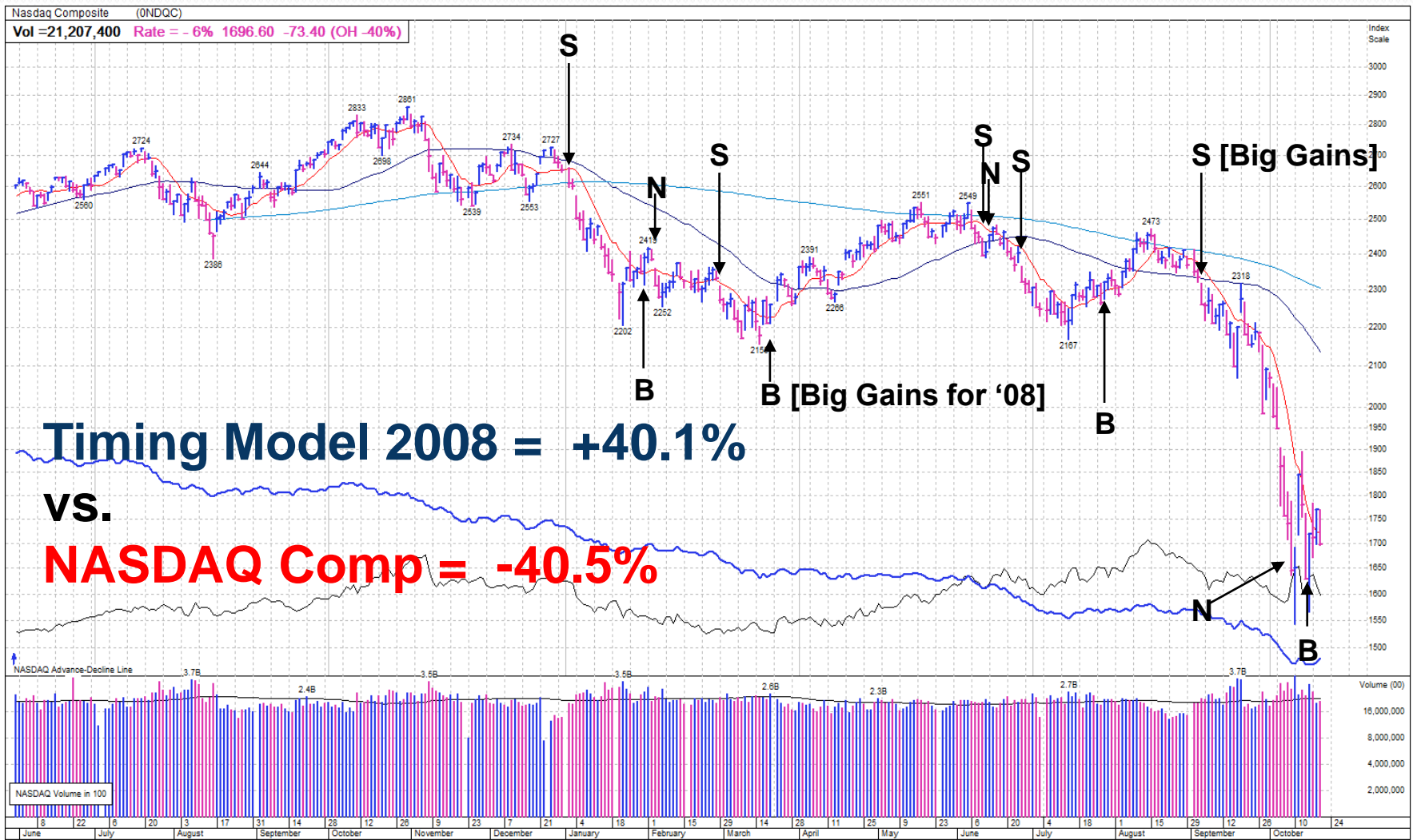
# The Model and the NASDAQ Composite Index during the October 1997 Asian Currency Crisis

# The Model and the NASDAQ in 1994-1995
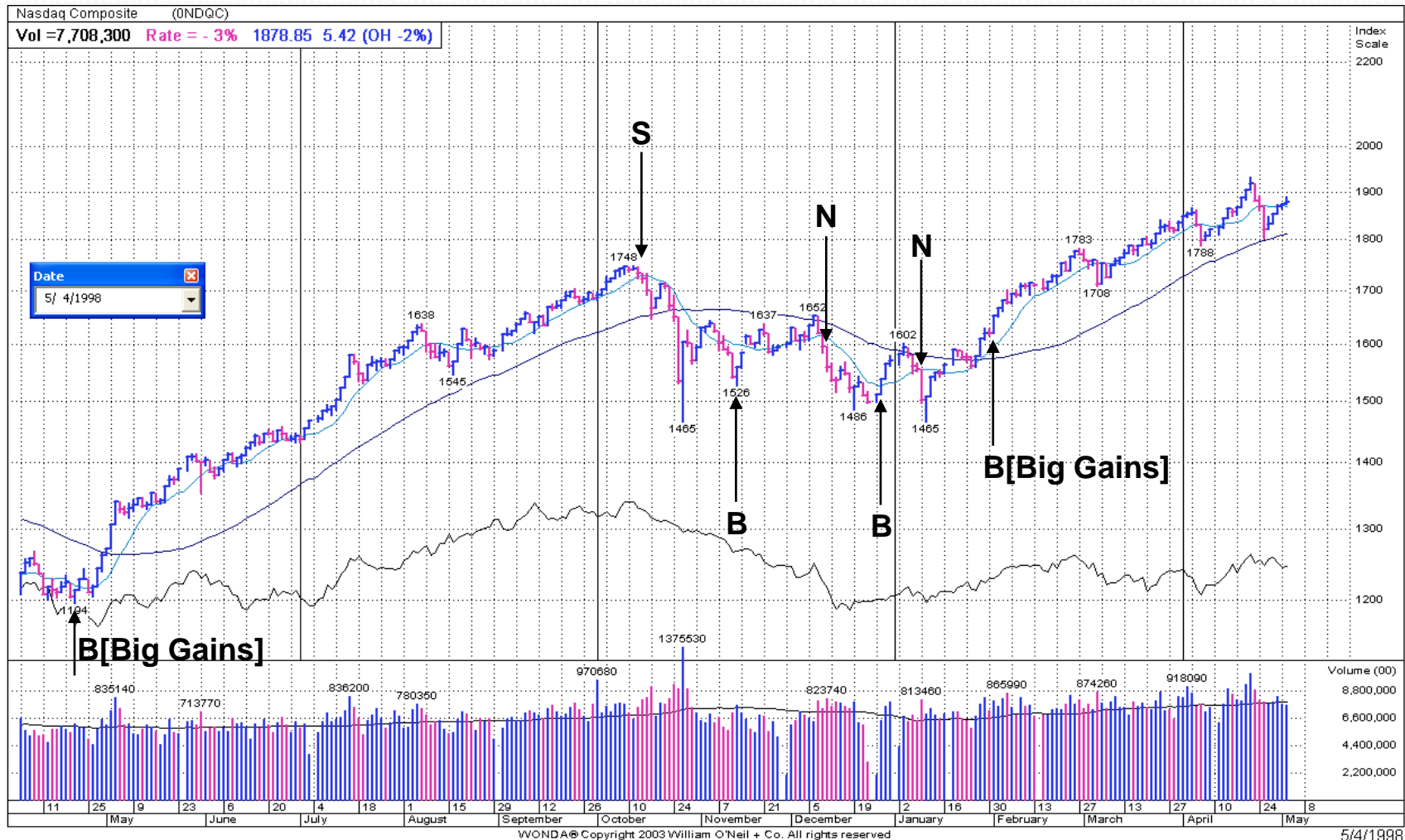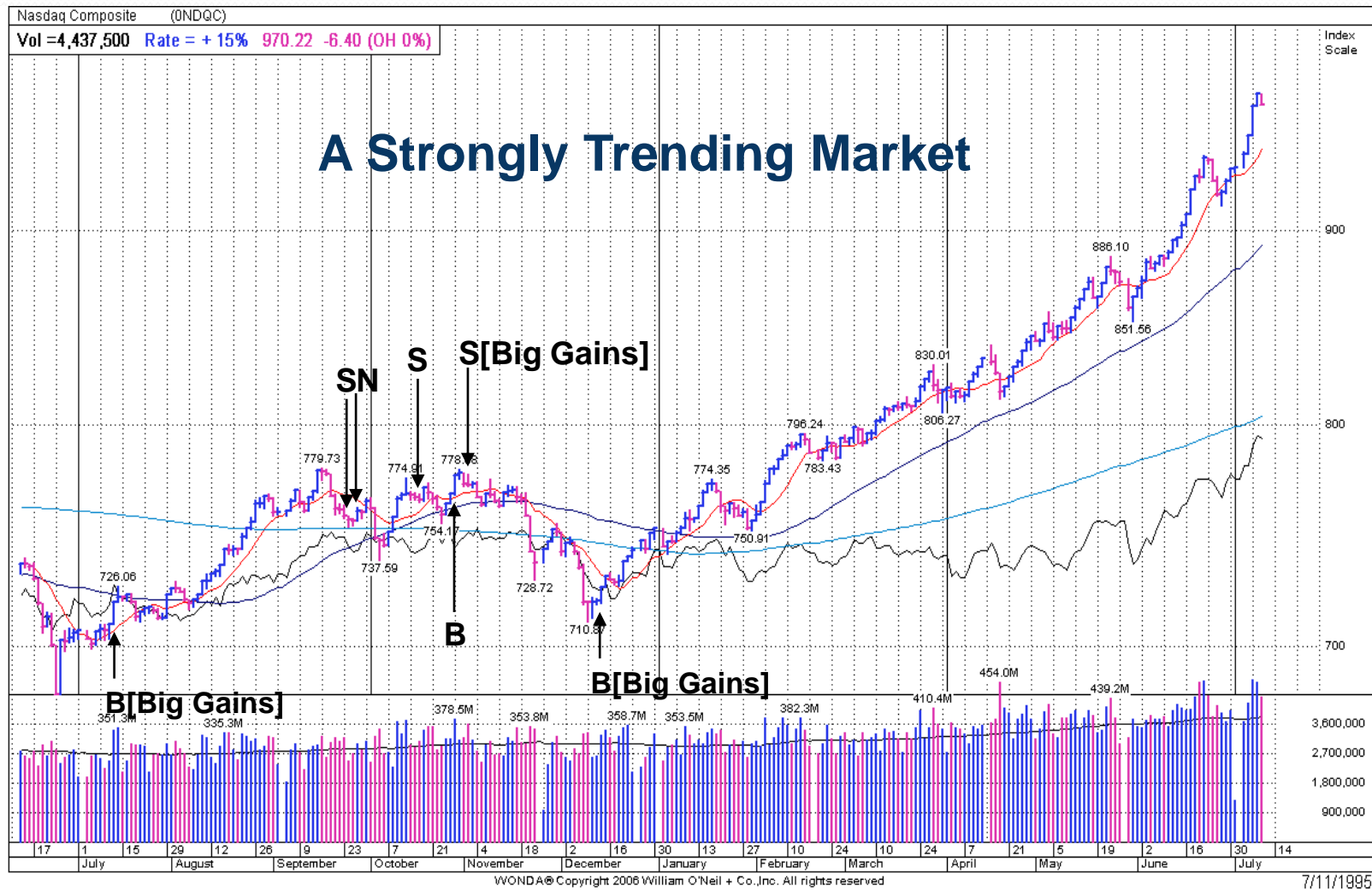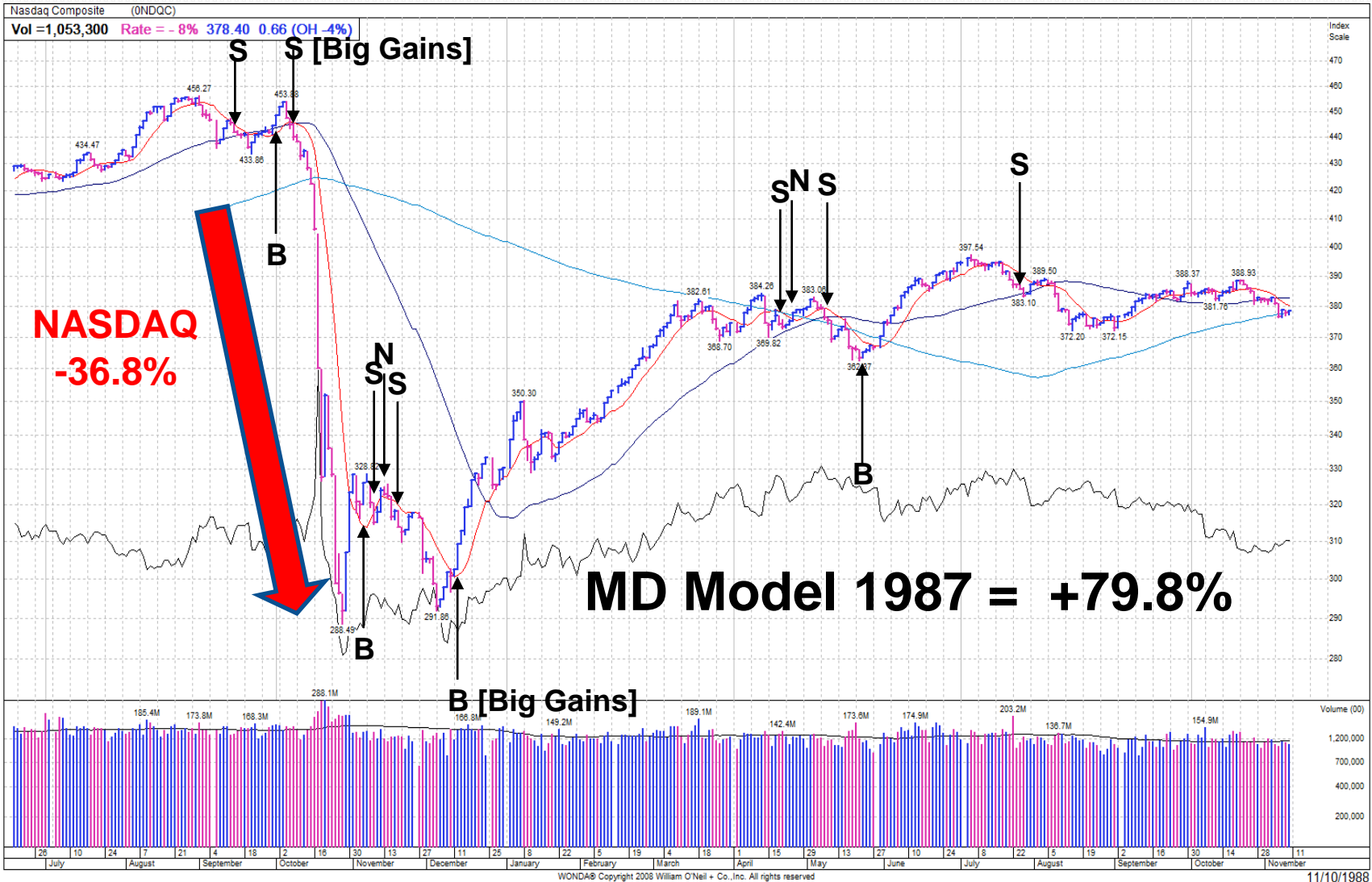


A Strongly Trending Market

# The Model during the Crash of October 1987

You will notice in the tables below how the Market Direction Model's gains on a true signal more than make up for the small losses. You should notice that a string of small losses can occur during trendless, volatile periods which are the most challenging not just for the model but also for traders and investors who are attempting to buy or short individual stocks. Such a period has characterized much of 2011. Fortunately, such periods always come to an end, new trends begin, and the model's gains in catching these trends have always more than made up for the small losses, thus, the model's long term returns average out to be about +33%/year. Had the 3-times ETFs that exist today existed from inception, the model's long term returns using 3-times ETFs would probably be 3-times its long term +33%/year average, or roughly +99%/year. Keep in mind that the drawdowns in getting such a return would also be 3-times as great, so position size accordingly and know your risk tolerance levels.

**Timing Model profit/loss on NASDAQ Composite** - Annualized return July 1974 – present: **+32.97 % / year** [100% long Nasdaq Composite on buy signal, 100% short Nasdaq Composite on sell signal, 100% cash on neutral signal]

| Date | Signal | % gain / loss | $1 becomes |
|---|---|---|---|
| 11-11-2011 | Cash | | 41773.63 |
| 11-10-2011 | Sell | -2.49 | 41773.63 |
| 11-01-2011 | Cash | | 42840.54 |
| 10-27-2011 | Buy | -1.64 | 42840.54 |
| 10-20-2011 | Cash | | 43552.99 |
| 10-19-2011 | Buy | -2.39 | 43552.99 |
| 10-07-2011 | Cash | | 44621.56 |
| 10-05-2011 | Buy | 2.94 | 44621.56 |
| 08-31-2011 | Sell | 6.12 | 43347.53 |
| 08-31-2011 | Cash | | 40846.37 |
| 08-26-2011 | Buy | 3.28 | 40846.37 |
| 08-23-2011 | Cash | | 39547.5 |
| 08-16-2011 | Sell | 3.26 | 39547.5 |
| 08-11-2011 | Cash | | 38297.3 |
| 08-02-2011 | Sell | 11.65 | 38297.3 |
| 07-27-2011 | Cash | | 34302.42 |
| 07-13-2011 | Buy | -1.43 | 34302.42 |
| 07-12-2011 | Cash | | 34798.3 |
| 07-11-2011 | Buy | -0.97 | 34798.3 |
| 06-27-2011 | Cash | | 35140.12 |
| 06-22-2011 | Sell | -0.82 | 35140.12 |
| 06-21-2011 | Buy | -0.11 | 35431.85 |
| 05-31-2011 | Cash | | 35471.63 |
| 05-05-2011 | Sell | -0.97 | 35471.63 |
| 03-24-2011 | Buy | 2.54 | 35819.88 |
| 03-16-2011 | Cash | | 34932.42 |
| 03-15-2011 | Buy | -0.61 | 34932.42 |
| 03-08-2011 | Sell | 3.65 | 35145.99 |
| 03-03-2011 | Buy | -2.36 | 33907.7 |
| 02-23-2011 | Cash | | 34725.86 |
| 02-01-2011 | Buy | -0.06 | 34725.86 |
| 01-31-2011 | Sell | -2.52 | 34745.55 |
| 01-20-2011 | Cash | | 35642.52 |
| 01-12-2011 | Buy | 0.31 | 35642.52 |

**Timing Model profit/loss on TNA** - 3x ETF Direxion Small Cap Bull (Russell 2000) - Annualized return March 2009 - present:
**+105.82 % / year** [100% long TNA on buy signal, 100% short TNA on sell signal, 100% cash on neutral signal]

| Date | Signal | % gain / loss | $1 becomes |
|------|--------|---------------|------------|
| 11-11-2011 | Cash | | 6.85 |
| 11-10-2011 | Sell | -10.94 | 6.85 |
| 11-01-2011 | Cash | | 7.69 |
| 10-27-2011 | Buy | -7.05 | 7.69 |
| 10-20-2011 | Cash | | 8.27 |
| 10-19-2011 | Buy | -9.23 | 8.27 |
| 10-07-2011 | Cash | | 9.11 |
| 10-05-2011 | Buy | 4.08 | 9.11 |
| 08-31-2011 | Sell | 31.22 | 8.75 |
| 08-31-2011 | Cash | | 6.67 |
| 08-26-2011 | Buy | 14.79 | 6.67 |
| 08-23-2011 | Cash | | 5.81 |
| 08-16-2011 | Sell | 12.36 | 5.81 |
| 08-11-2011 | Cash | | 5.17 |
| 08-02-2011 | Sell | 42.46 | 5.17 |
| 07-27-2011 | Cash | | 3.63 |
| 07-13-2011 | Buy | -12.82 | 3.63 |
| 07-12-2011 | Cash | | 4.16 |
| 07-11-2011 | Buy | -2.84 | 4.16 |
| 06-27-2011 | Cash | | 4.28 |
| 06-22-2011 | Sell | -1.32 | 4.28 |
| 06-21-2011 | Buy | -1 | 4.34 |
| 05-31-2011 | Cash | | 4.38 |
| 05-05-2011 | Sell | -6.77 | 4.38 |
| 03-24-2011 | Buy | 3.82 | 4.7 |
| 03-16-2011 | Cash | | 4.53 |
| 03-15-2011 | Buy | -1.49 | 4.53 |
| 03-08-2011 | Sell | 10.86 | 4.6 |
| 03-03-2011 | Buy | -7 | 4.15 |
| 02-23-2011 | Cash | | 4.46 |
| 02-01-2011 | Buy | 6.05 | 4.46 |
| 01-31-2011 | Sell | -7.97 | 4.21 |
| 01-20-2011 | Cash | | 4.57 |
| 01-12-2011 | Buy | -3.08 | 4.57 |

**Timing Model profit/loss on TYH** - 3x ETF Direxion Tech Bull - Annualized return March 2009 - present:
**+99.45 % / year** [100% long TYH on buy signal, 100% short TYH on sell signal, 100% cash on neutral signal]

| Date | Signal | % gain / loss | $1 becomes |
|------|--------|---------------|------------|
| 11-11-2011 | Cash | | 6.3 |
| 11-10-2011 | Sell | -7.77 | 6.3 |
| 11-01-2011 | Cash | | 6.83 |
| 10-27-2011 | Buy | -3.83 | 6.83 |
| 10-20-2011 | Cash | | 7.1 |
| 10-19-2011 | Buy | -6.48 | 7.1 |
| 10-07-2011 | Cash | | 7.59 |
| 10-05-2011 | Buy | 11.26 | 7.59 |
| 08-31-2011 | Sell | 10.78 | 6.82 |
| 08-31-2011 | Cash | | 6.16 |
| 08-26-2011 | Buy | 8.23 | 6.16 |
| 08-23-2011 | Cash | | 5.69 |
| 08-16-2011 | Sell | 14.77 | 5.69 |
| 08-11-2011 | Cash | | 4.96 |
| 08-02-2011 | Sell | 29.88 | 4.96 |
| 07-27-2011 | Cash | | 3.82 |
| 07-13-2011 | Buy | 1.21 | 3.82 |
| 07-12-2011 | Cash | | 3.77 |
| 07-11-2011 | Buy | -2.39 | 3.77 |
| 06-27-2011 | Cash | | 3.86 |
| 06-22-2011 | Sell | -2.39 | 3.86 |
| 06-21-2011 | Buy | -1 | 3.95 |
| 05-31-2011 | Cash | | 3.99 |
| 05-05-2011 | Sell | 0.84 | 3.99 |
| 03-24-2011 | Buy | 4.48 | 3.96 |
| 03-16-2011 | Cash | | 3.79 |
| 03-15-2011 | Buy | -1.62 | 3.79 |
| 03-08-2011 | Sell | 12.84 | 3.85 |
| 03-03-2011 | Buy | -7.6 | 3.41 |
| 02-23-2011 | Cash | | 3.69 |
| 02-01-2011 | Buy | -3.66 | 3.69 |
| 01-31-2011 | Sell | -8.34 | 3.83 |
| 01-20-2011 | Cash | | 4.18 |
| 01-12-2011 | Buy | 3.76 | 4.18 |

**Timing Model profit/loss on TVIX** - 2x VIX - Annualized return December 2010 - present: **+118.24 % / year**
[100% long TVIX on sell signal, 100% short TVIX on buy signal, 100% cash on neutral signal].
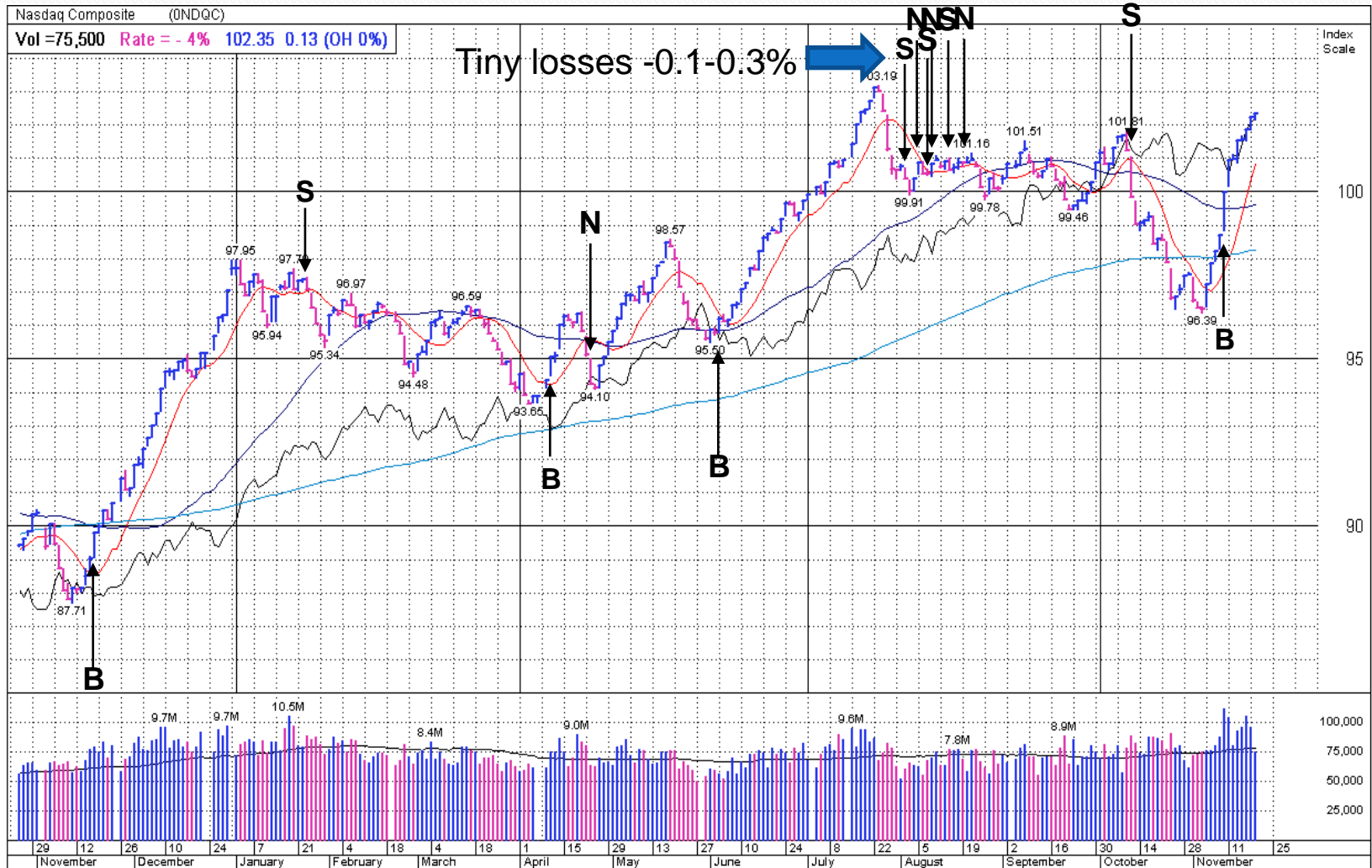**Note: Unlike the other ETFs shown on this page, you buy this ETF on a sell signal, and short this ETF on a buy signal.**
Note that the volatility is massive in TVIX so position size with care! We discuss possible strategies for trading TVIX here

| Date | Signal | % gain / loss | $1 becomes |
|------|--------|---------------|------------|
| 11-11-2011 | Cash | | 2.06 |
| 11-10-2011 | Sell | -17.98 | 2.06 |
| 11-01-2011 | Cash | | 2.51 |
| 10-27-2011 | Buy | -15.02 | 2.51 |
| 10-20-2011 | Cash | | 2.95 |
| 10-19-2011 | Buy | -23.07 | 2.95 |
| 10-07-2011 | Cash | | 3.84 |
| 10-05-2011 | Buy | 12.57 | 3.84 |
| 08-31-2011 | Sell | 70.55 | 3.41 |
| 08-31-2011 | Cash | | 2 |
| 08-26-2011 | Buy | 6.17 | 2 |
| 08-23-2011 | Cash | | 1.88 |
| 08-16-2011 | Sell | 52.94 | 1.88 |
| 08-10-2011 | Cash | | 1.23 |
| 08-02-2011 | Sell | 104.64 | 1.23 |
| 07-27-2011 | Cash | | 0.6 |
| 07-13-2011 | Buy | -7.88 | 0.6 |
| 07-12-2011 | Cash | | 0.65 |
| 07-11-2011 | Buy | -3.94 | 0.65 |
| 06-27-2011 | Cash | | 0.68 |
| 06-22-2011 | Sell | 4.52 | 0.68 |
| 06-21-2011 | Buy | -4.74 | 0.65 |
| 05-31-2011 | Cash | | 0.68 |
| 05-05-2011 | Sell | -30.45 | 0.68 |
| 03-24-2011 | Buy | 30.21 | 0.98 |
| 03-16-2011 | Cash | | 0.75 |
| 03-15-2011 | Buy | -6.74 | 0.75 |
| 03-08-2011 | Sell | 19.98 | 0.81 |
| 03-03-2011 | Buy | -14.44 | 0.67 |
| 02-23-2011 | Cash | | 0.79 |
| 02-01-2011 | Buy | -13.96 | 0.79 |
| 01-31-2011 | Sell | -8.45 | 0.92 |
| 01-20-2011 | Cash | | 1 |
| 01-12-2011 | Buy | 15 | 1 |

# The Model during 1976-1977