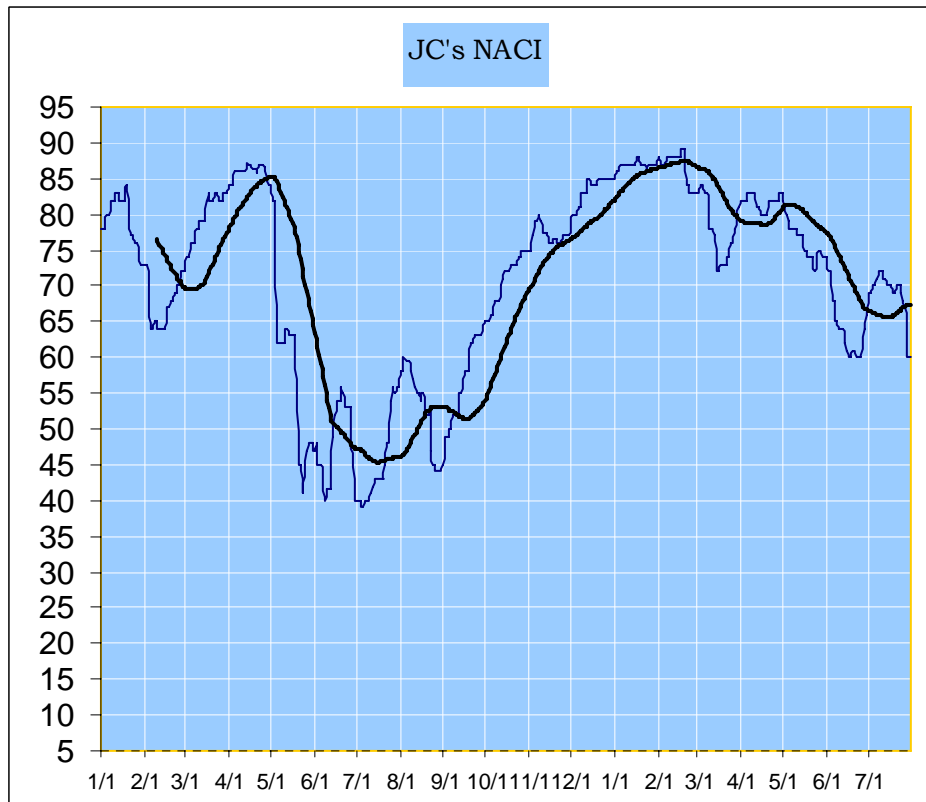


# JACK CHAN'S SIMPLY PROFITS

Growth sector update 7/30/2011



Growth sector cycle turned down this week.

## Long term stocks/bonds model

This is a simple model to aid long term “buy & hold” investors on asset allocation, and is updated monthly at month end.

**When the model favors stocks, investors should overweigh their portfolios with stocks, stock funds, or stock ETFs, and underweigh with bonds, bond funds, or bond ETFs; for maximum growth.**

When the model favors bonds, investors should overweigh their portfolios with bonds, bond funds, or bond ETFs, and underweigh with stocks, stock funds, or stock ETFs, for safety.



Current status: favors stocks.

## Signals and set ups



### Investors

During a long term buy signal, investors can accumulate positions by cost averaging at cycle bottoms, ideally when prices are at or near the daily 200ema.

### Traders

Simply buy and sell upon buy/sell signals on the daily charts, or cost average in at cycle bottoms when prices are at or near the daily 200ema; and cost average out at cycle tops when prices are above the daily 50ema.

### Allocations

Will be conservative when volatility is high, and aggressive when volatility is low.

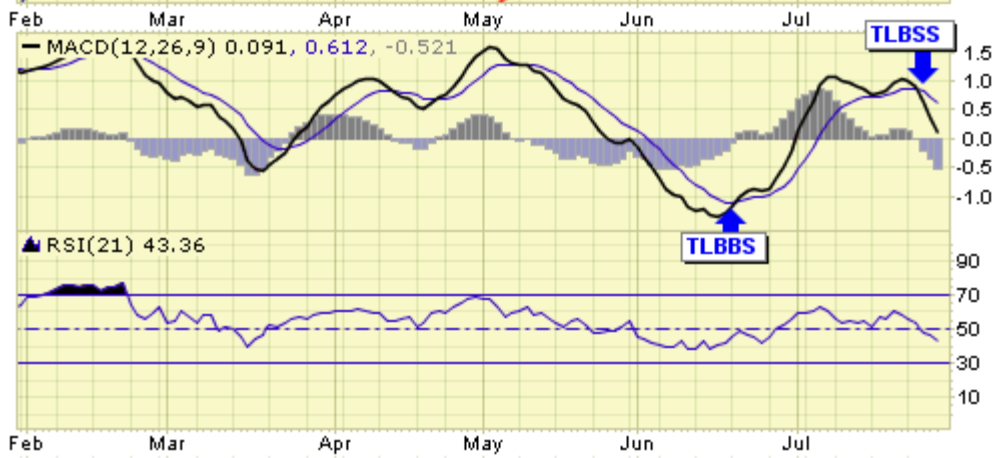
### Current signals

Long term – on major buy signal.

Short term – on mixed signals.

DIA (SPDR DJ Industrial Average ETF Trust) NYSE © StockCharts.com

29-Jul-2011 Op 121.08 Hi 122.23 Lo 120.64 Cl 121.13 Vol 16.0M Chg -1.15 (-0.94%)



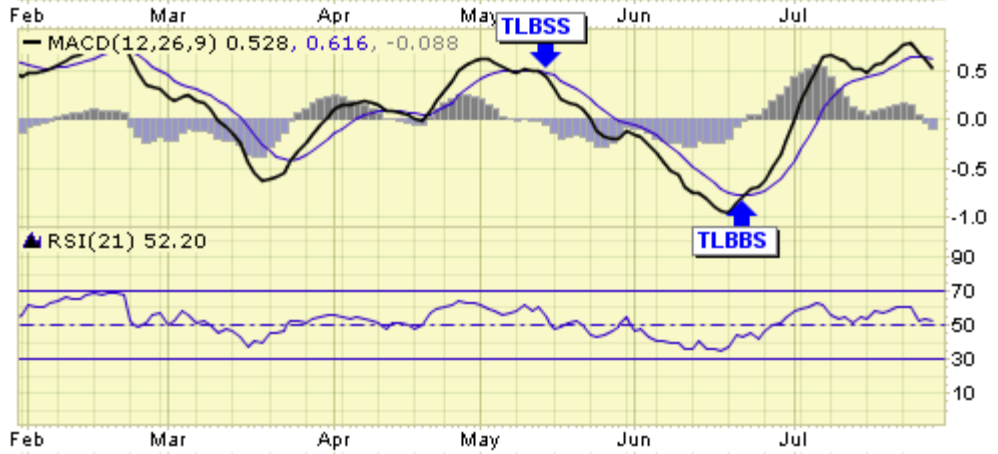
DIA – TLBSS this week.



SPY – TLBBS this week.

QQQ (PowerShares QQQ Trust) Nasdaq GM © StockCharts.com

29-Jul-2011 Op 57.73 Hi 58.61 Lo 57.44 Cl 58.00 Vol 82.8M Chg -0.19 (-0.33%) ▼



QQQ – TLBBS.

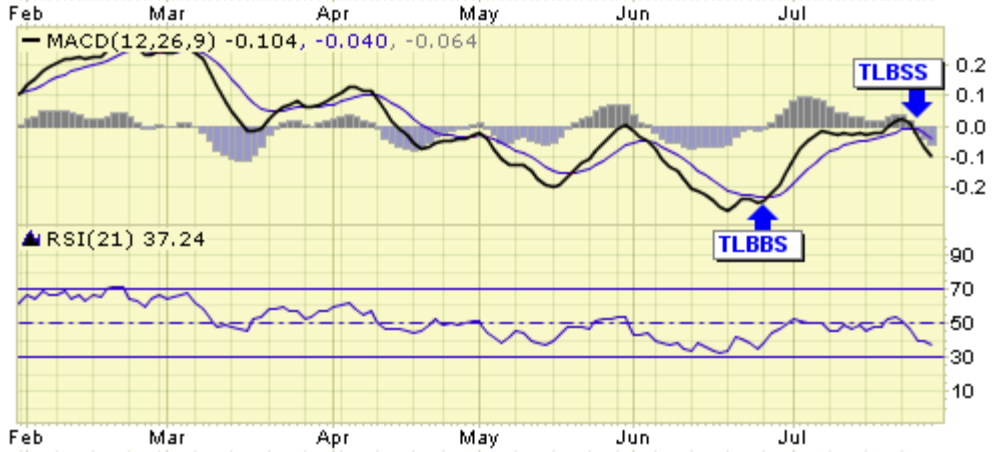
Long from 55.07 with stop at 55.07.



SMH – TLBSS this week.

Chips are under performing the markets and whipsawing both buyers and sellers.

XIU.TO (iShares CDN S&P/TSX 60 Index Fund) TSE © StockCharts.com  
29-Jul-2011 Op 18.52 Hi 18.52 Lo 18.30 Cl 18.41 Vol 7.4M Chg -0.15 (-0.81%)

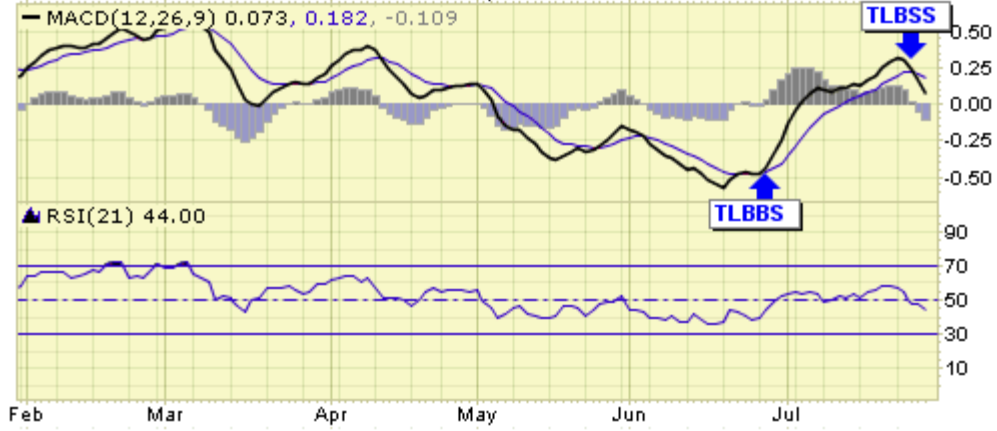


XIU.TO – TLBBS this week.



EWC (Canada iShares) NYSE © StockCharts.com

29-Jul-2011 Op 31.00 Hi 31.10 Lo 30.70 Cl 30.94 Vol 3.7M Chg -0.42 (-1.34%) ▼



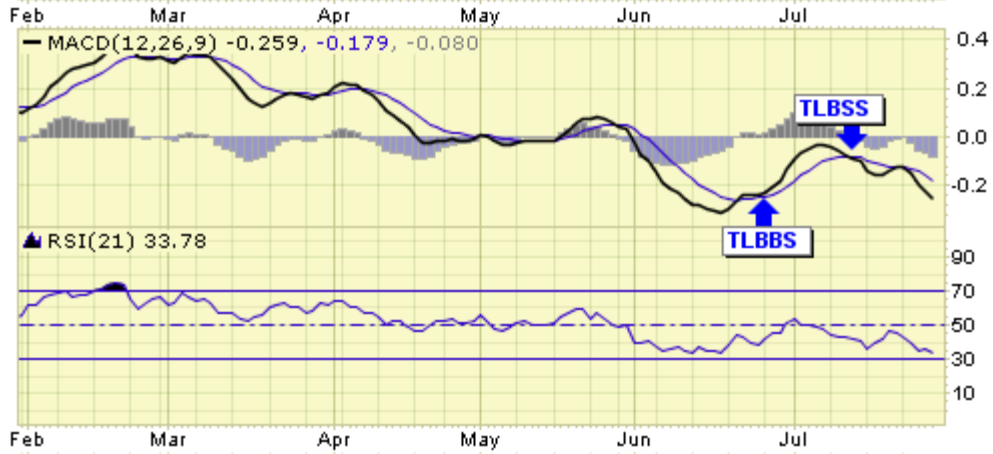
EWC - TLBBS this week.



XLF – TLBSS this week.

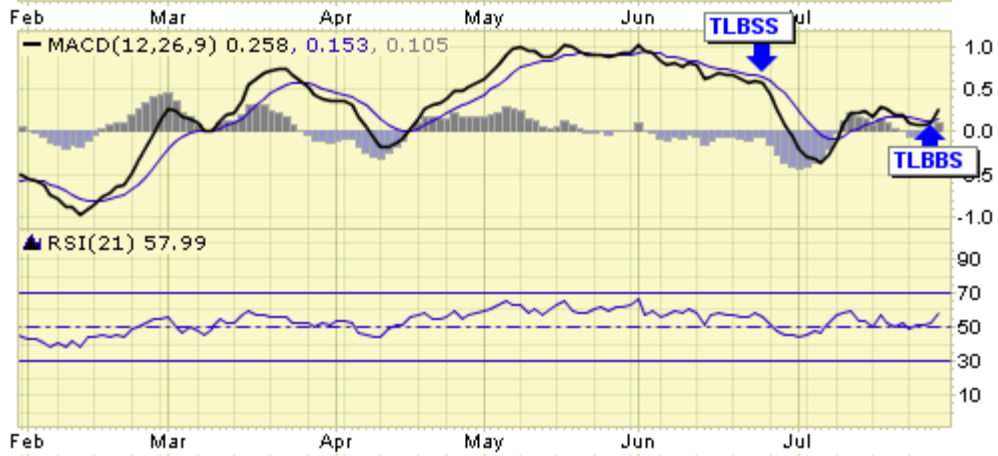
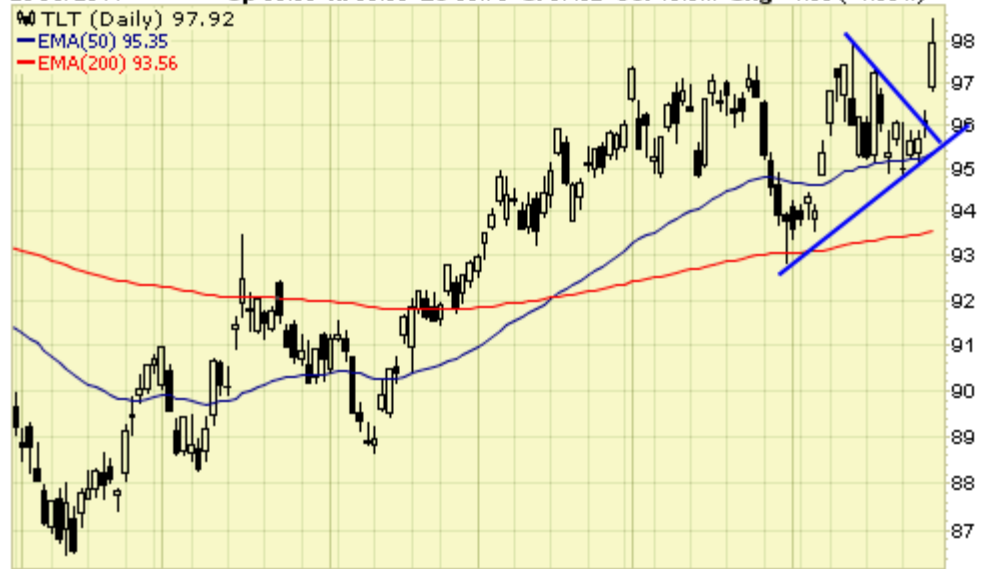
Config is bearish, therefore, ETFs with bullish configs are preferred.

XFN.TO (iShares CDN S&P/TSX Capped Financials Index Fund) TSE © StockCharts.com  
29-Jul-2011 Op 22.58 Hi 22.58 Lo 22.40 Cl 22.48 Vol 459.9K Chg -0.22 (-0.97%) ▼



XFN.TO – TLBSS.

TLT (iShares Barclays 20+ Year Treasury Bond Fund (Leh) iShares) NYSE © StockCharts.com  
29-Jul-2011 Op 96.89 Hi 98.53 Lo 96.78 Cl 97.92 Vol 19.6M Chg +1.90 (+1.98%) ▲



TLT – TLBBS this week.

# Analysis



VIX has spiked up this week indicating that the markets are unstable once again, and we should be cautious and conservative in allocations.

Risk management has reduced our invested positions from 100% to 40% this week.



What difference a week makes. We had a weekly outside reversal last week which could send prices to test resistance, but there was zero follow thru this week. Worse yet, by failing to overcome resistance, an ominous looking “head & shoulder” topping pattern is now in progress.

## Summary

A very disappointing week for investors as the bullish price action the week before had no follow thru at all. Growth sector cycle also turned down sharply confirming price action. Volatility has spiked up indicating unstable market condition has returned and risk management now has priority. I will exit my QQQ position upon a TLBSS or if we get a bounce early next week, whichever comes first.

End of update