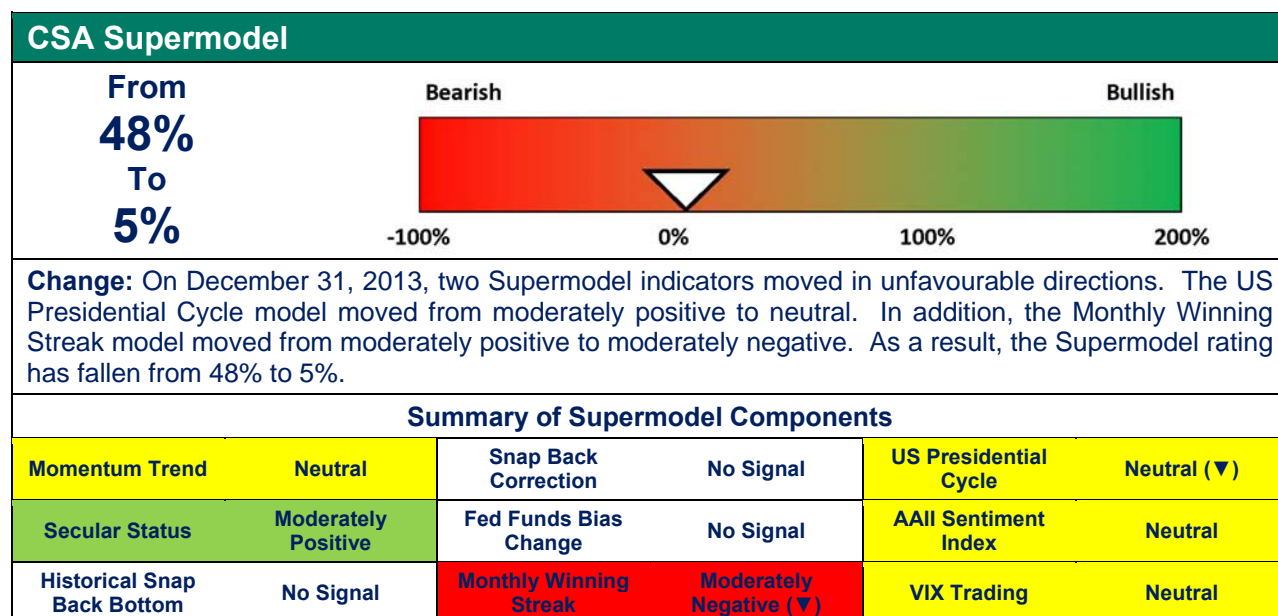


CSA Market Timing

Signal – December 31, 2013



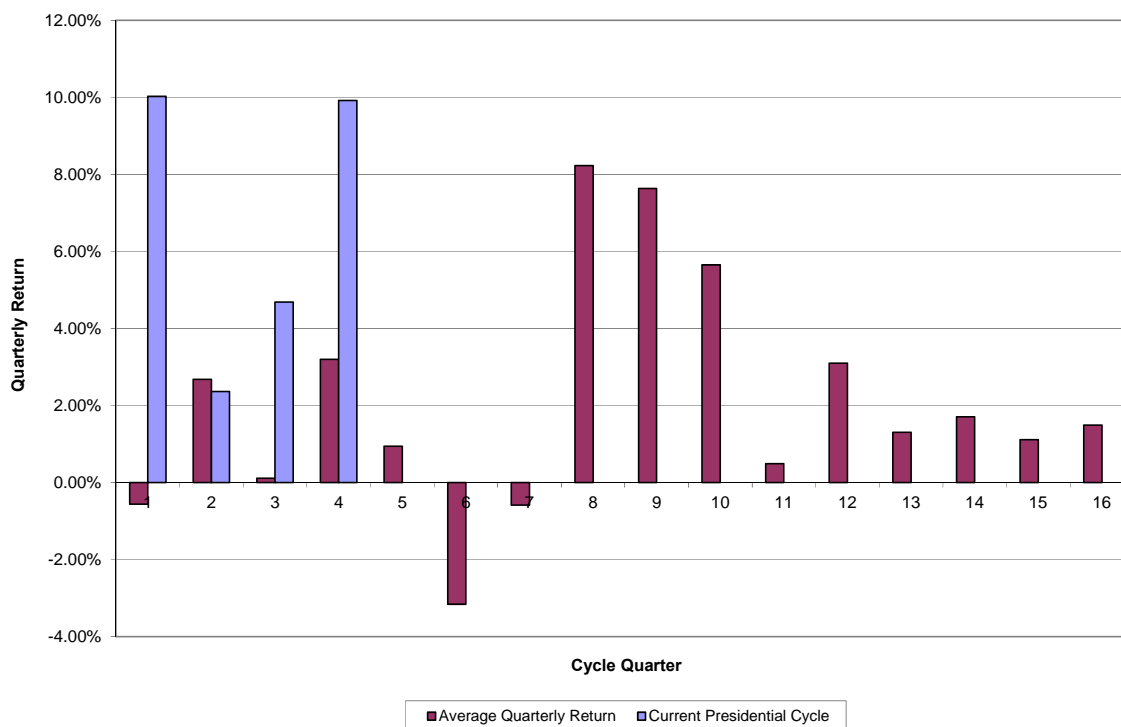
CSA Model Asset Allocation Portfolios (Equity Exposure)			
From 50% To 0%	<p>Change: As a result in the decline in Supermodel, we will be reducing equity exposure in our asset allocation portfolios to 0% (at 5%, Supermodel is close enough to zero for us for simplicity to reduce equity exposure to 0%). We will be selling all our remaining ETFs and holding cash until the next Supermodel signal.</p>		
Portfolio Composition			
Asset Type	Canadian Dollar Portfolio	US Dollar Portfolio	% of Total Portfolio
Double Exposure ETFs	HSU	SSO	0%
Single Exposure ETFs	XSP	SPY	0%
Cash	-	-	100%
Inverse ETFs	HIU	SH	0%
Current \$ Value	\$298,499	\$315,924	
Total Return since Inception	198.5%	215.9%	
Benchmark since Inception	142.2%	142.2%	

Commentary

On December 31, 2013, two Supermodel indicators moved in unfavourable directions.

The US Presidential Cycle model moved from moderately positive to neutral. The historical return in the upcoming 5th quarter of the cycle is traditionally moderate as opposed to the 4th quarter which is normally strong as seen in the chart below. In the last 15 cycles, only six times has the 5th quarter seen an increase in the market against nine declines – not a very good track record.

Quarterly Return in Presidential Cycle



In addition, the Monthly Winning Streak model moved from moderately positive to moderately negative as the average return in the coming three month period is -1.5% during prior signals as shown in the December 26 update.

These combined signals caused Supermodel to drop to a mere 5%. We decided for simplicity to reduce portfolio exposure to 0%. For the next six months, you will probably see portfolio exposures fluctuating between mildly negative and mildly positive (I would expect the majority of readings to be between -10% and +50%). This is in sharp contrast to the indicator exposure for all of the last five years (portfolio exposures have not dipped below 28% since March 2009). Our indicators are telling us to be leery of the market's current levels.

ETF Symbols Mentioned

Canadian Dollar

HSU: Horizons BetaPro S&P 500 Bull Plus ETF
XSP: S&P 500 Index Fund (CAD-Hedged)
HIU: Horizons BetaPro S&P 500 Inverse ETF

US Dollar

SSO: ProShares Ultra S&P500
SPY: SPDR S&P 500
SH: Short S&P500

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The charts, commentary and model portfolio changes represent what Paul thinks about the market and what he is doing or thinking of doing for his own account at the time of writing. Cormier Strategy Advisors Inc., its management and their families may have positions or may make trades in securities mentioned in these commentaries. There is no guarantee that you will profit from trading as discussed herein. Although the CSA Market Timing Indicator has a history of superior performance, it is important to understand that past performance is no guarantee of future returns and that even within a successful system, not all investment decisions are successful. You may lose money and Cormier Strategy Advisors Inc. assumes no responsibility for what you do or do not do with this information.