

Wall Street's \$5 Trillion Dollar Mistake

**The # 1 reason your broker lost you money in the last 4
years
isn't what you think it is...**

**Here's how to correct his mistakes and trade the
most powerful trends in the market at all times...
for gains of 52%, 39%, 48%, 50%, 64%, 78% and more...**

Dear Friend:

Wall Street has given you very bad advice.

You know this from looking at your brokerage statement. But I'd like to show you the scientific proof that Wall Street's typical advice is disastrous for your wealth.

I'll also show you the one mathematically proven method for building wealth in the stock market - regardless of what the major indexes do.

And it's so simple, you'll wonder why your broker never told you about it...

It all begins on a stage in Stockholm, Sweden back in 1990. Professor Harry Markowitz was receiving the Nobel Prize in Economics (and a check for \$333,000) for the development of Modern Portfolio Theory.

It was the worst thing to happen to investors in the last 50 years.

Please allow me to explain...

How Wall Street Took a Great Discovery and Turned It into a Disaster for Investors

Some times great discoveries have unintended consequences. It happens in physics and genetics all the time. It also happens in the world of finance.

When Professor Harry Markowitz developed Modern Portfolio Theory (MPT) in the 1950s, it was truly a great achievement. Perhaps the greatest advance in investment theory in the past 100 years. But when he won the Nobel Prize for it in 1990, it turned out to be very bad news for investors.

That's because Wall Street immediately jumped on the bandwagon and tried to use MPT to sell their stocks. The result was a widespread distortion of MPT by major brokerage firms - and massive losses for individual investors.

This perversion of MPT is a principal reason 80% of fund managers routinely underperform the

market. It's a major reason the great majority of investors lag the major indexes in bull markets. And it has been a major factor in the loss of trillions in the bear market.

But it didn't have to be that way.

At its core, MPT is not difficult to understand. More importantly, used correctly, it can be a tremendously powerful investment tool.

In the next few pages, I'll reveal the simple yet revolutionary investment principle that is at the heart of Modern Portfolio Theory. And I'll show you how Wall Street has misused this discovery - *often deliberately*.

I'll also introduce you to a man with impeccable scientific *and* financial credentials who has studied MPT intensively for the last 15 years. During that time, he recognized MPT's one major flaw, discovered a way to overcome it, and created an incredibly accurate and profitable investment system in the process.

Had you used his system over the last 18 months, in fact, you could have made the following profits, often in a matter of months or less:

- 64% in the Financial Services sector
- 48% in the Energy sector
- 30% on Basic Materials
- 52% on leading Utility companies
- 51% in Health Care
- 78% in Natural Resources
- 27% in Telecommunications
- 35% on Consumer Cyclicals
- 39% on Large-cap Industrials
- And 50% on Semiconductors

As you'll see, this is just a hint of the kind of success you can expect through the rest of 2003 and 2004. And it doesn't matter if the market keeps rallying or if the bear market resumes with a vengeance.

That's because this system does not depend on the charity of bull markets.

Instead, it's based on a true understanding of MPT, the single most important investment theory of the last 100 years. So let me tell you a little bit about the revolutionary central idea

behind MPT.

At the very least, it could help you put your portfolio back in the black over the next 12 months. But - as I'll explain in a moment - it's more likely you may find yourself making gains of **up to 164%** in sectors of the market you may now be overlooking.

How a Former Nuclear Engineer Fixed Wall Street's 'Assets- Backward' Investment Approach

Modern Portfolio Theory proved asset allocation is - by far - the single most important factor for your success as an investor. Yet the way Wall Street uses MPT, they often steer you into exactly the wrong securities at the wrong time.

Even worse, this isn't always due to ignorance... sometimes it's outright deception. Over ten years ago - long before Enron and

The Revelation That Shocked the 'Experts'

Before 1952, investment research focused mostly on individual securities: how to identify value and find the best stock. But when Markowitz wrote his doctoral dissertation in economics for the University of Chicago that year, everything changed.

Markowitz proved that...

Security selection *accounts for LESS than 7% of your total return. And that over 90% of your success or failure is due to asset allocation!*

In fact, in one part of his famous paper he demonstrated that randomly selected portfolios of 5 or 6 stocks performed significantly better than randomly selected individual stocks.

What did this mean to the individual investor?

It meant Wall Street would shift from the 'hot stock' business to the asset allocation business. Investors were told they should have a certain percentage of their

Worldcom - Larry Grossman saw this first-hand.

In the early '90s, he attended a seminar on 'optimizer programs.' These are popular programs used by brokerage firms to get your business. They ask you a series of questions and then design the 'ideal portfolio' for you, with assets allocated according to your 'risk tolerance.'

Larry immediately spotted the major flaw with these programs: They were backwards-looking. They were designed according to last year's hot sectors - not according to any rational method for choosing the sectors that were likely to perform best in the next few months or years. *It was like trying to drive a car by looking in your rear-view mirror!*

But there was an even bigger problem. Larry soon discovered that many of the optimizers were deliberately altered to produce phony data.

It happened during the

assets in large caps, another percentage in small caps, a certain amount in bonds, and so on.

All reasonable enough - except there was a major flaw with the whole scheme...

MPT was meant to describe how a reasonable investor would act. It was a mathematical expression of the common-sense idea that you shouldn't put all your eggs in one basket.

MPT was not meant as a predictive tool. It proved that allocating your assets correctly was the most important investment decision you could make. But it did not and could not tell you how to allocate your assets!

But Wall Street has conveniently ignored that fact. And in the last few years especially, this has cost investors a fortune...

A Great Discovery Gone Bad

Think back for a moment to 1999 and early 2000. What were the most commonly recommended stocks? They were technology shares, weren't they? In fact, the most popular mutual-fund rating system in the world gave over 80% of technology funds their highest 5-star rating at that time!

Of course, as we now know, those were very bad times to buy shares in the technology sector if you were going to hold them for any length of time. And since the typical Wall Street firm doesn't issue a sell recommendation

seminar. As Larry listened, he made some quick calculations on a notepad. He noticed the numbers the optimizer was generating simply didn't match the inputs. When he pointed out the error, the presenters pulled him into the next room.

They explained they had added certain 'constraints' to the program that skewed the results. Later, Larry learned that adding constraints is a widespread practice.

These constraints force the optimizer to recommend investors buy a higher percentage of the stocks brokers want to sell. For instance, the constraints usually favor U.S. stocks over foreign stocks, and large-caps over small-caps. In 1999 and 2000, they favored tech and growth stocks - precisely the stocks that were hit hardest in the bear market.

Not long after the seminar, Larry left Wall Street to form his own firm. He immediately went to work to design an asset allocation program that

until a share is down 50% or more from its high... millions of trusting investors held these shares until the bitter end.

So why did Wall Street steer so many investors so wrong?

It was because financial advisers and Wall Street brokerage firms were allocating their clients' portfolios according to *yesterday's* top-performing sectors. But investing is a future-looking endeavor. You're trying to buy tomorrow's earnings, tomorrow's share price at a discount today.

But Wall Street was doing the exact opposite. It was selling investors yesterday's rise in share prices to investors today at the highest possible prices!

This is exactly the **wrong way** to allocate your portfolio.

To do it correctly, you need a way to anticipate where the different sectors are going - not just where they've been. In fact, the recent past is often ***the exact opposite*** of what the near future is likely to bring.

You need what MPT has always lacked - a way to predict the best possible allocation of assets *going forward*. This has been the **missing link** of the greatest investment theory of the 20th century.

Until now, that is...

Recently, a scientist-turned-investment-analyst has made a startling discovery. He combined the most

had nothing to do with Wall Street's backwards-looking and biased 'optimizers.'

He spent hundreds of thousands of dollars and over ten years of research scrutinizing every possible market indicator. He ran thousands of computerized test models to see which combination of indicators could most accurately predict strengthening and weakening sectors in the stock market.

The result is ***Power Trend Investor*** - an advisory service that connects the asset allocation insight of MPT with proven trend-predicting indicators in the market's key sectors. A system that could have helped you pocket profits of 52%, 64%, 78% profits and more within the last 18 months - even while the S&P 500 fell.

important principles of MPT with his own sector prediction models.

And he found that - even in the most volatile of market conditions - he could reliably produce returns of up to 48%, 50%, 52%, 64%, 78% and more!

Let me tell you a little bit about this remarkable man right now. Then I'll show you how his system works so you can judge for yourself.

From Nuclear Engineer to Elite Investment Analyst: One Man's Quest for 'the Investor's Holy Grail'

I would call Larry Grossman a genius, but Larry wouldn't allow it. He's brilliant, but he's also very much a 'regular guy' - modest and hard-working. I think that's probably a big reason he's so good at what he does.

You see, Larry didn't begin his career as a typical Wall Street professional - where they typically learn to sell stocks first and ask questions later. Instead, he began as a scientist.

While in the US Navy, Larry was admitted to the elite and highly competitive US Navy Nuclear Power School. After his tour, he was hired as a nuclear licensing engineer by NUS Corp., a subsidiary of defense giant Haliburton. It was there that he learned not to jump to conclusions, but check and double-check the results of each and every experiment.

About 15 years ago, he decided to take the scientific method to the world of finance. But he

wasn't merely content with working for the two biggest brokerage firms in the world. He soon became a Certified Investment Management Analyst, one of about 2,500 people in the US to hold that elite title. (Even in his off hours, he takes the same dedicated approach. For instance, he doesn't just practice karate - he's a 3rd degree black belt!)

Larry's dedication paid off yet again when he began to study Modern Portfolio Theory about 15 years ago.

How to Capture the True Profit Potential of the Most Powerful Investment Discovery of the Last 100 Years

Since starting his own money management firm in the early 1990s, Larry Grossman has worked on connecting the key insight of MPT - that asset allocation is key to your success - to a proven trend-identification system.

The result has been the creation of an extremely profitable investment system. He calls it **Power Trend Investing** - but you may call it the best thing to ever happen to your portfolio.

Let me show you how **Power Trend Investing** works - and how it can help you protect your capital from another crash of the major indexes, and reap extraordinary profits from the best performing sectors of the market over the next 12 months...

27 Indicators, One Result: Explosive Profits

If you want to profit from rising sectors in the market and avoid or sell short falling sectors, you need a way to identify and confirm those trends long before they've run their course. **Power Trend Investing** helps you do just that.

Larry Grossman has identified 27 key market indicators that, combined, form an incredibly powerful 'signaling system' to alert you to fast-moving profit opportunities in every major sector of the stock market.

Following this system over the last 18 months, for instance, you could have traded the

securities below for the following gains:

Symbol Sector Gain

- IGE Natural Resources 78%
- IYG Financial Services 64%
- IDU Utilities 52%
- IYH Health Care 51%
- IGW Semiconductors 50%
- IYE Energy 48%
- IYJ DJ Industrials 39%
- SPY S&P 500 38%

Symbol Sector Gain

- IYC Consumer Cyclicals 35%
- QQQ Nasdaq 31%
- DIA DJIA 31%
- IYW DJ US Technology Sector 30%
- XLF Financial 30%
- IYM Basic Materials 30%
- IYZ Telecommunications 27%
- XLV Health Care Select 13%

By contrast, the S&P 500 - including dividends has produced -5% returns over that time. And the NASDAQ is down 8%.

This system works because it uses proven indicators to put you in the strongest sectors at all times - without trying to make long-term predictions about the market. It identifies powerful trends that are firmly in place now and lets you jump on for quick profits.

And, just as importantly, ***Power Trend Investing*** is designed to help you take advantage of these opportunities in the easiest and most efficient manner possible...

ETF: 3 Little Letters That Can Produce Triple-Digit Profits for Your Portfolio

You may have heard of Exchange Traded Funds, or 'ETF's' for short. These are a relatively new financial innovation - they didn't exist 10 years ago.

ETFs are funds that track different indexes in the US and around the world. Some ETFs track natural resources, others track telecommunications, some track health, others finance, and

others track select foreign markets including Japan, Italy, Ireland, etc.

Because these funds follow indexes, they're 'non-managed.' That means they don't pay a bunch of MBAs, absurd salaries and kickbacks to pick a jumble of stocks that 80% of the time underperform the indexes anyhow. This results in huge savings to you.

Management fees on ETFs range as low as 0.18%. That's about 1/8th the typical management fee of the average domestic managed mutual fund. But that's not the only benefit of ETFs.

ETFs trade on stock exchanges, just like stocks do, so they're extremely easy to buy. You can buy them online with a click of a mouse for as little as \$4 through an internet broker. Compare that with \$100 or so you might pay to buy \$2,000 to \$3,000 worth of a front-load mutual fund. But the benefits don't stop there either...

ETFs act like open-end funds and like closed-end funds. Like open-end funds, ETFs create new shares. They do this for institutional buyers in lots of 50,000 shares or so. And some ETFs do it for other investors in lots of 1,000 to 4,000. They also trade on the exchanges in any quantity (even a single share) for as low as \$4 a trade.

What does this mean to you? Simply that most ETFs are extremely 'liquid.' They trade a lot of shares at all different levels. That means their spreads (the difference between the bid and ask price) are extremely tight, often less than 1/5th of a percent. This, again, saves you money. But even this isn't close to their biggest advantage...

How to Profit from the Most Powerful Trends in the Market Today

What's the single biggest advantage of ETFs?

Well, this has to do with Modern Portfolio Theory again. What's the main message of MPT?

If you've been investing for a

90% of performance is due to asset allocation!
Less than 7% is from stock selection!

This means *ETFs let you focus on what counts* - efficiently allocating your assets so that you benefit from the strongest developing trends in the market at all times.

Let me give you another example of the kind of difference this insight can make to your portfolio...

Get the Sector Right, and the Profits Will Follow

The S&P 500 rallied about 10% in the last year. But you could have made a lot more money by investing in far stronger trends in different sectors at the same time.

For instance, within the last year...

- HHH, a fund that tracks the Internet Sector, is **up 138%**
- BBH, a fund that mimics the Biotech Index, is **up 109%**
- IGN, a Networking Index Fund, **soared 164% in 10 months**
- IWO, a fund that follows the Small Cap Growth Index, **rose 52% in 5 months**

while, you know that nothing in the world of investment can be guaranteed. I can't guarantee certain returns in Power Trend Investing... just as the brokers and investment banks can't do it on Wall Street.

Yet a couple of things have been proven by market history...

The first is that Wall Street's stock-chasing ways have been futile and even disastrous for most investors. For instance, according to a study by four researchers at various California universities, Wall Street's most highly rated stocks produced -negative 44% returns in 2000! And the stocks analysts liked least? They were up 36%!

The second idea that has been proven by market history is that the key to making money in stocks is to be on the right side of a trend early on. The more often you can do that - it only stands to reason - the more money you'll make.

Power Trend Investing is designed to identify the strongest trends in the market at any given time. So you're not just 'waiting' for the next bull market... you always have strong rising and falling

- And FEF, an Internet Business-to-Business Trust, **rocketed 148% in 9 months**

Now, I'm not saying you can always get every single percent out of every major sector move. It's ridiculous, and costly, to expect to pick the exact top and bottom of every move. But the great news is you don't have to. When you have a way to identify the strongest sectors early on, take just 50% to 75% of the major market moves and you can chip off huge profits in a very short time. Imagine, for instance, when the above sectors took off, how nice it would be to pocket profits of 26% to 55% to 69% to 74% to 82% returns in a matter of just months - from just half of these big sector moves. And to make these kinds of profits when most investors are happy to walk away with 10% returns. And then doing it again and again - regardless of what the major indexes do...

With ***Power Trend Investing***, you can just that.

But don't jump on the Internet and start buying these funds right now. That's Wall Street's way. And that's the way that is proven **not** to work.

Call a broker right now, and he'll probably recommend an Internet or Biotech stock. Why? Because that's what did well *last year!* But you need a system that will tell you which trends to invest in ***now***, before they've run their course and the bulk of the profits have already been made. And that's just what ***Power Trend Investor*** is designed to do.

sector trends clearly identified for you so that you can make money now, next month and next year - regardless of what happens in the broad market.

To identify these trends, Larry's research team tracks 27 market indicators on hundreds of sectors and sub-sectors in the US and abroad every day. In all, they run thousands of data points through a sophisticated, proprietary algorithm program to identify ***where in the cycle*** each sector is at any given moment. Some of the most powerful of these indicators include:

- Accumulation or Distribution for the Day: This shows you whether sellers or buyers are in control of a particular sector.
- Today's Money Movement: Money movement tells you if a sector is attracting new attention.
- Today's Volume: Large volume days reveal the strength of a price move.
- Today's Volume vs. Average Volume: This helps eliminate 'noise' so that a few large trades don't skew the trend.
- Daily, Week-to-Date, and 1-

The Next Bull Market May Last 82 Days - So Act Now!

Since I've witnessed the amazing profits you can make with Larry Grossman's ***Power Trend Investing System***, I now think of 'the market' as a bunch of little markets - different sectors heading in different directions at different times.

Some of the strongest, most profitable trends, last just a few months. But that's all you need to make extraordinary profits. The Philadelphia F5ecec and Gold Index, for instance, recently shot **up 46% in just four months**. And TBF, an emerging markets index fund, **shot up 79% in just 82 days!**

In other words - whether it's gold, tech stocks, natural resources, small caps or another sector - there are always a good number of 'mini bull markets' and 'mini bear markets.' And they can each represent *major* opportunities for profit if you're on the right side of the trend and have a way to get in and out in timely fashion. And that is precisely what ***Power Trend Investor*** allows you to do.

Right now, the charts indicate two sectors have the potential to rise 55% to 75% in the next three months - and three sectors that could fall by 50% or more. You could profit from each of these with ***Power Trend Investor***. Then repeat the process week after week and month after month, as Larry's indicators point to new trends underway.

Month Price Changes: These moving in sync confirm the development of a new trend.

- 3-Month Percentage Price Change: When supported by volume indicators, indicates the sustainability of a trend.
- Number of Days of Net Accumulation or Distribution: Number of sells versus buys can confirm or deny a trend.
- Number of Stocks within a Sector Making New Highs or New Lows Today: This signal prevents a skewed reading of the trend due to the sharp rise or fall of a single company.
- The Underlying Futures vs. the Cash Markets for the Day for the Dow Jones, the S&P 500 and the NASDAQ: This is an important timing signal, futures usually will move before the cash market.
- The Percentage Increase in the 50-day Exponential Moving Average (EMA): This gives greater weight to the most recent price changes so it is an even more accurate indicator of trend than a simple moving average.
- The Year-to-Date Percentage Price Change: Helps to filter out seasonal influences on price changes.
- The 52-Week Percentage Price

With **Power Trend Investor**, the trading signals can come fast and furious... so that you could find yourself doubling your money in a matter of months even if the broad market stalls or falls - just as happened in the last 18 months, with sectors soaring 164% in networking... 79% in emerging markets... 138% and 148% in different sub-sectors of the Internet... 52% in small cap growth... 109% in biotech... and more...

So if you're content to wait a long time to rebuild your wealth, this is definitely not the service for you. Because with **Power Trend Investing**, you may find yourself making a year's worth of bull-market gains in months or even weeks.

But if you're ready to put the most important principal of investment success to work **for you** (instead of *against you*, as Wall Street has done), then **Power Trend Investor** is just what you've been looking for...

Change: When contrasted with shorter-term price trends, this longer-term indicator can signal if a trend is fading or gaining new strength.

- **Relative Strength Rating:** This reveals the strength of a sector relative to the overall market.

- **Magnitudes of Gains vs.**

Magnitudes of Losses: Over 14-day and 50-day time frames, this is an important indicator of the strength of a trend.

In combination, these and 13 other indicators have produced the astounding results you'll read about in this report - and all in the midst of an ugly bear market.

Imagine what they can do for you in 2003 and 2004. They could help you make triple-digit profits even if the major indexes collapse again.

A Risk-free Opportunity to Become a Power Trend Investor And Profit from the Most Powerful Trends in the Market Today

Larry's top clients pay him tens of thousands of dollars a year for his advice and expert money management skills. And given the kinds of extraordinary profits he's able to produce - even in a bear market - he's worth every penny.

With Larry's new service, **Power Trend Investor**, you can now profit alongside his wealthiest clients for a small fraction of that amount.

For just \$249, you'll receive real-time trading bulletins from Larry - via email - for the next 13 weeks. Thereafter, your card will be billed just \$249 per quarter as long as you wish to remain a **PTI** subscriber. Or you can opt to receive a full year of **Power Trend Investor** for just \$895. Either way, your satisfaction is always guaranteed, and the profits from a single recommended **PTI** trade could more than pay for your subscription ten times over.

Plus, you're guaranteed to receive at least one trend-profiting alert each week, though some times you may receive two or even three - as new sectors present new profit opportunities.

Each bulletin will identify the most prominent sector trends and key trend changes. And when **PTI** indicators issue a signal, you'll get the exact name of the ETF, symbol and price point. It's so easy to follow, you can give the trades to your broker to execute or simply place your trades online in less than a minute.

What's more, you'll also receive two FREE special reports that in themselves will make you a far more knowledgeable, far more successful investor. The first is called 'Path-breaking Profits: How a Scientific Principle Can Boost Your Gains by 1200%.'

This report shows you why you may have struggled over the last four years if you've been focusing on trying to find the 'next hot stock.' For every big winner, you may have had to suffer more than a few big losers.

But this report shows you how MPT's key revelation - that 90% of investment success is due to asset allocation - can free you from the tyranny of bear markets forever.

You'll learn how to:

- 'Surf' one sector bull market after another for a year's worth of bull market gains in a matter of months or even weeks.
- How to profit from sharp downward moves in former highflying sectors.
- What 'leading indicators' really mean - and how to use them to your advantage.
- The key sectors to watch, which ones often move in tandem and which move in

opposite directions - and how to make profits of up to 164% in the process.

Plus much more...

But that's not all. With your paid subscription to ***Power Trend Investor***, you'll also receive a FREE copy of 'Market Goldmines: The Secret of Exchange-Traded Funds.' In this information-packed special report, you'll learn...

- How this relatively new financial innovation can change the way you invest forever, slashing costs, boosting your success rate, and catapulting your returns.
- How to incorporate ETFs into your IRA or 401(k) for a secure, worry-free retirement.
- How to trade ETFs for rapid-fire gains with super low costs.
- A complete list of more than 400 ETFs, with name, symbol, asset size and more.
- How to buy and sell ETFs efficiently, including programs that allow unlimited trades for a single, low fee.
- 16 key ETFs to put on your 'watch list' so that you always have the most accurate possible reading of what's really happening in the markets, and so much more.

Both of these reports are yours FREE when you try a no-risk subscription to ***Power Trend Investor***.

There's no risk because you're always covered by the ***PTI*** guarantee. If you're not completely thrilled with the profits you're making as a Power Trend Investor... if your bear-market worries don't completely disappear and your profits mount regardless of what the major indexes do... simply cancel and you'll receive a full refund for the unused portion of your subscription. And the two special reports are yours to keep - our thanks for giving ***Power Trend Investor*** a try.

But I doubt you'll ever want to cancel your subscription. Once you experience the profits that come from investing in the market's strongest sectors... and the freedom that comes from never being hostage to a bear market again... I believe you'll find ***Power Trend Investor*** to be the most profitable investment decision you've ever made.

Sincerely,



Erika Nolan,

Executive Director,
The Sovereign Society

P.S. If you respond to this offer within the next seven days, I'll also send you another special report, absolutely FREE. It's called 'Turn Your PC into a Profit Center.' This just-released report spells out in plain, everyday language how to set up your homepage and online investment account so that you're instantly notified of key developments in important market sectors instantaneously. You'll amaze friends and family with your growing insight into what's really going on in the markets, and you'll never be more than a click away from the surest profit opportunities in the market.



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