

August 6, 2007

Timer Digest

ISSUE NO. 461



Gary Harloff, Ph. D.

Harloff's The Intelligent Fund Investor

Featured
Advisor

Harloff's The Intelligent Fund Investor

Dr. Gary J. Harloff is the editor of **Harloff's The Intelligent Fund Investor**. The newsletter employs his universal indicator HVI to rank mutual funds, variable annuity funds, country and region specific funds, and indexes. He has developed original market timing models for the S&P500 and the NDX. The newsletter includes: (a) market timing analysis of the S&P500, NDX, and Generic bond price index, (b) an analysis of the overall market, and (c) a summary of the market by style-box rank, sector rank, and world market index rank. Model portfolios for Fidelity, No-Load funds, and Rydex are included. A detailed comparison of funds is listed. A history of recent model portfolio transactions and performance is also provided.

The letter employs his unique and proprietary indicator Harloff Value Index, HVI. This index is an absolute strength indicator. The indicator is universal and is designed to work for all kinds of funds/indexes in all kinds of market environments for domestic and international markets.

Dr. Harloff started his career as a rocket and jet engine engineer. In 1970, while working at Pratt & Whitney Aircraft in West Palm Beach, FL, a coworker stated that no one could successfully model the stock market. He took this as a personal challenge and began his modeling work after hours. Dr. Harloff received his B.S. in Aerospace Engineering at the University of Texas, Austin, M.S. at the University of Florida, and Ph.D. at the University of Texas, Arlington. He worked in the engineering industry for 27 years including 10 years at NASA Lewis. He has two turbo machinery patents and has presented his engineering research in several U. S. cities, as well as Rome, Italy and Madrid, Spain. He worked in the areas of computational fluid dynamics, propulsion, and aerodynamics research for subsonic, supersonic and hypersonic flight. He also worked in energy research and modeled radium transport, uranium solution mining, uranium enrichment, shale combustion, and underground coal gasification.

In the late 1970's he conducted original stock market research and discovered the variables and equations that accounted for about 90% of the stock market's variation

over the previous 17 years. He said he knows what works on Wall Street. In the early 1980's he developed an original call-put options 2.0 computer model for stocks and futures. The developed algorithm is different from others. This computer program determines optimal option positions. He founded Harloff Inc. in 1981 to develop original technical stock market investing technology. In the mid 1980's he developed a sophisticated numerical method to forecast any index and coded the algorithms into a computer program for an early personal computer. Even though the computer had a math coprocessor, the calculations took over a week and were abandoned because of excessive computational time.

In 1993 he finished 3rd in the year-long U.S. Investment Championships-mutual fund switching division, and in 1992 finished 5th. He registered his company in 1994 as an investment advisor. Dr. Harloff was noted in the *MoniResearch Newsletter* of Jan/Feb 2000, "Harloff Managed Account Service (Harloff Capital Management) has turned in the highest one-year performance figure we have ever recorded—168.56% in 1999 for their Aggressive Growth program" (past performance does not insure future performance).

He invented the dynamic frontier and introduced this concept in "Dynamic Asset Allocation: Beyond Buy and Hold" in January 1998 in *Technical Analysis of Stocks & Commodities* magazine. He has further developed the dynamic asset allocation theory.

Early in 2002 Dr. Harloff developed a new trading strategy to determine the style (large/small/growth/value) for investment. Data employed in the study are from 1927 to 2002. This work is used to screen the equity market for investment.

Current stock market modeling research is in the area of nonlinear mechanics and chaos.

After reviewing the available technical analysis methods in the 1980's and

1990's, he was surprised at their simplicity and lack of physics. He employs four original computer programs for making investment decisions and believes in dynamic asset allocation. These four programs include: (1) a relative strength analysis, (2) an absolute strength analysis, i.e. HVI, (3) dynamic asset allocation, and (4) market timing.

His market outlook in the short and long term is bullish. The markets are currently highly oversold and should represent a buying opportunity. Three forces are at work in the equity and bond markets included:

1. a possible US recession on one hand,
2. stronger global growth on the other hand, and
3. market manipulation buy large investors on the third hand.

The swift, large downward drop in global equities in July is thought to be due to market manipulation by large money centered banks. The volatility in the markets today is different than ten years ago as we now have global players and in global markets. Many individual investors feel empowered due to the personal computer and internet information available. But, hedge fund and large money center bank professionals have moved their technology forward, way beyond the technology available to infomercial watchers. And banks' employ leverage up to 50 to 1. To compete with the sophisticated large bank money center trading computers, his research is advancing in areas of data processing and information analytics.

In addition to editing Harloff's *The Intelligent Fund Investor* he manages money for Harloff Capital Management and for Harloff Capital Partners, a hedge fund.

Timer Digest has been following **The Intelligent Fund Investor** newsletter, since April 1999, and it currently ranks number 4 for the most recent 52-week period (see page 2). For more information, please write or call:

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Published monthly at \$179. per year.