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VectorVest Canada Bulletin


MARCH | 2014

Tips and ideas for making money with VectorVest

Dear Fellow Subscribers,

I had a lot of fun putting together the “Did You Know?” article for this month’s edition. There are so many really cool and helpful features in VectorVest, but sometimes they get overlooked. If you haven’t already been using some of the tools set out in the article, I’ll bet you’ll want to try them out!

The VectorVest Composite and the TSX Composite Indexes are up about 5% YTD to March 20, 2014. VectorVest subscribers have been able to do much better than that. In these pages you will enjoy a fantastic guest article from Don Fanstone of the Kitchener-Waterloo User Group. Don explains how he uses VectorVest searches to find quality stocks and then the Options Analyzer to set up highly profitable option trades. Look for improvements to the Retirees Income Model Portfolio and Sure-Fire Success Strategies both in Canada and

the U.S. We have the opportunity in Canada to create our own SFS Strategy and win \$1,000 if VectorVest adds it to the SFS lineup. Please see the Dec 20 Strategy of the Week for all the details.

If you are an income investor, there’s a quick update inside on the Retirees Income Model Portfolio. It’s up about 9% at the time of writing. The portfolio invests in reasonably safe stocks that are steadily growing their dividends. Dividend growth investing is not a get rich quick scheme, but it’s been my observation investors whose core holdings include quality dividend growth stocks almost always do better over the long term. VectorVest gives us some powerful tools for aggressive, short-term trading, but those trades should be outside of your retirement accounts and your education savings for the kids. Read our Special Report at www.vectorvest.com/dividendgrowth and see for yourself if



this investing style suits your personality and your financial goals. If you enjoy this newsletter, or if there’s a topic you would like to see covered, please drop me a note at stan.heller@vectorvest.ca.

Yours for Good Investing.

Stan Heller
VectorVest Canada Consultant

UPCOMING EVENTS—click on the links below to sign up today!

Regina, SK Workshops

[Intermediate Options Course](#) Apr 25

This course will build on your basic option knowledge, and teach you strategies that are safer, easier to manage, less expensive and more powerful!

[Two Day Investment Seminar](#) Apr 26-27

This two day event will show you step-by-step how to implement the hottest new strategies that are taking investors by storm! Includes a Cocktail Reception and a special presentation on a new product!





A Simple Way to Invest in Countries with a Rising Market

THERE'S ALWAYS A BULL MARKET SOMEWHERE.

So the saying goes, and for the most part it's true. For example, each of the ETFs that represent the major U.S. indices increased significantly over the past year, presenting Canadian investors an advantageous opportunity to boost their portfolio growth substantially. In comparison to the TSX composite's 2013 growth of 8.62%, the Russell 2000 (N: IWM) gained 32.90%; the PowerShares Nasdaq 100 Trust (N: QQQ) gained 30.89% and the ever-popular S&P 500 (SPY) gained 26.45%. The U.S. is certainly not the only international market of interest, there's China, India, Hong Kong, Australia, Switzerland, Great Britain and many more.

If you aren't already familiar with ETFs, they are exchange-traded funds. They trade almost identically to stocks, but offer more diversification (in a single transaction). This diversification comes from each ETF holding a basket of assets such as stocks, commodities, or bonds. These underlying holdings are professionally managed to mimic the daily price

Figure 1

ETFs Measuring Performance of Global Equity Markets - 2013					
SYMB	MARKET	G/L%	SYMB	MARKET	G/L%
IWM	Russell 2000	32.90	EWH	Hong Kong	3.67
QQQ	NASDAQ 100	30.89	EWC	Canada	1.00
SPY	S&P 500	26.45	EPOL	Poland	-0.40
EWP	Spain	26.50	EWY	South Korea	-0.46
DIA	DOW Industrials	23.70	MCHI	China	-3.50
EWJ	Japan	21.51	EWA	Australia	-4.39
EWL	Switzerland	21.15	EWS	Singapore	-5.18
IEV	Europe 350	19.01	EWV	Mexico	-5.37
EWU	UK	14.66	EPHE	Philippines	-9.97
EWI	Italy	14.30	EZA	South Africa	-10.07
EIS	Israel	12.55	BKF	BRIC	-10.28
ENZL	New Zealand	6.51	EWZ	Brasil	-21.56
EWT	Taiwan	4.34	ECH	Chile	-25.87
EWM	Malaysia	3.87	EPU	Peru	-28.00

* Before Dividends and Distributions

movement (sometimes 2 or 3 times the price movement) of an industry group or index over the course of the trading day. Currently, there are more than 1300 ETFs listed on the New York, American and Nasdaq exchanges, dozens of which are specifically focused on foreign markets. So how does one go about the business of finding the right global ETFs to buy?

CREATE YOUR OWN WATCHLIST. VectorVest makes it easy to track the performance of these global equity markets. Just put the ETF symbols shown in Figure 1 into a WatchList. I call my WatchList, "GLOBAL MARKETS ETF TRACKER". I have it in a group I named, "ETFs AND SECTOR/GLOBAL MARKET ROTATIONS". (I confess to taking it one step further by creating a WatchList of all the assets, in this case stocks, held by each ETF - but I'm a fanatic for lists.) The information and ranking your ETF WatchList provides will be invaluable for answering the question...

WHERE IS TODAY'S BULL MARKET?

There are a few ways to use your WatchList to answer this question. Once you have your list created, click on the column heading 'RT' (Relative Timing). This will rank the ETFs in order of short-term momentum. Values above 1.00 are favorable. Among the countries with the most favorable RT ratings as of 3/24/14 are IWM, SPY and DIA.

Clicking on 'CI' towards the end of the column headings, will rank the ETFs by Comfort Index to show you which securities have had the most persistent price growth over the last year or so; this indicator also shows the major U.S. indices as the top ranked, but Italy and Spain make respectable showings as well.

Since both these indicators are valuable when evaluating your list, you may want to use them in combination. The sort window at the top of the WatchList can be used to select 'RT*CI' as a sort, which will give you the best of both worlds—

continued on next page...



A Simple Way to Invest in Countries with a Rising Market

continued...

short-term price momentum and longer-term price growth. The top 10 'RT*CI' ETFs are IWM, QQQ, SPY, DIA, EWI, IEV, EIS, EWP, EWL and EWU.

Finally, my last, and possibly most important, tip for discovering today's bull market is to use VectorVest's QuickTest tool. By selecting 'QuickTest All' along the top toolbar you can set the dates in the QuickTest window to calculate the price performance over any date range. Clicking on the '% Change' will rank your QuickTest results from the top performers to the worst. I selected the beginning of the year, 1/2/14 through 3/24/14 for my QuickTest, which showed that New Zealand (ENZL), Italy (EWI) and Israel (EIS), with YTD gains of 12.95%, 10.24% and 7.14% respectively, may be worth keeping an eye on, along with the Philippines (EPHE), with a gain of 8.12%, as a possible bottom fishing opportunity.

To wrap up, I want to share with you how I dig a little deeper to create my lists of underlying stocks that comprise a specific ETF. A listing of each funds' current holdings can be found on the managing firm's website. So let's use the ETF for Canada (EWC) as an example.

First, I right click on the ETF in my WatchList and select 'View Full Stock Analysis.' The business description at the top of the report gives me the managing firm, in this case iShares.

Next, I type the firm's name into Google (or whatever search engine you prefer) and the iShares website appears right at the top of my search results (www.ishares.com). Clicking on the site takes me to their homepage. From here, it can take a few clicks to navigate to the information I want, but it's usually not too difficult and it will vary by site. iShares has a handy search box right on their homepage though, so I simply type in 'EWC' and voila! A summary the EWC ETF is displayed—top holdings, percentages, sector breakdown, returns, etc. As my last step, I click the 'Holdings' tab on the web page to see each stock representing the Canadian market's performance (look for the 'export' link at the top if you're a fan of spreadsheets).

iShares shows that as of 3/21/14, there are 98 companies in the EWC ETF with the heaviest weightings given to Financials (36.77%) and Energy (25.87%). I found this a very interesting exercise to see which companies iShares chooses to represent our equity market with what they consider the leading stocks in each sector. I urge you try it for yourself.

UPCOMING WEBCASTS

Webinars are completely free and a great opportunity for you to interact and have your questions answered directly by Stan. Can't make it to the live webcast? Simply register and you will be e-mailed a link to watch the recorded presentation at your convenience! Check the VIEWS for dates and times.

- Every Monday – “**Canadian Strategy of the Week Q+A**” – 12:00 A.M. ET
Stan will review the current market condition and answer questions from the previous week's SOTW

DISCLAIMER

The information contained herein is not to be considered in any way as financial advice. There is financial risk in investing. Every investor must do your own stock analysis and make buy and sell decisions based on your personal financial goals, risk tolerance, time horizon, investment style, time available for investing and learning about investing, as well as other factors. **Past performance does not guarantee similar future performance.**

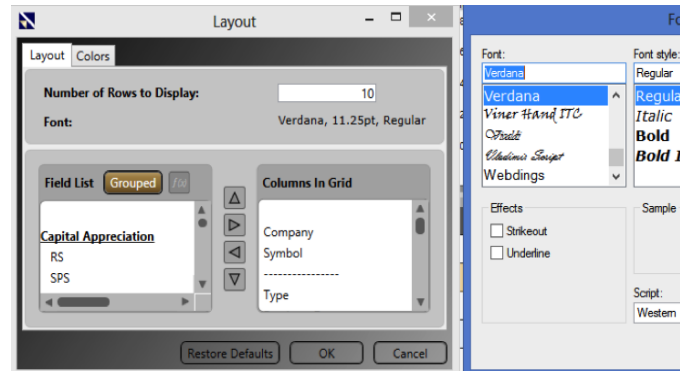


DID YOU KNOW?

Great Features in VectorVest You May Not Be Using

DID YOU EVER wish the print in your VectorVest layout was a tad bigger? You can adjust your computer's screen resolution, but that will affect all your programs. There's a better way. All you need to do is adjust the font size for the information shown in the 'Viewers.'

1. Right click on any stock in any viewer e.g., Stock Viewer, WatchList Viewer, the UniSearch results viewer, etc.
2. Select 'Layout' from the options menu.
3. In the Layout Menu, left-click on the current font shown at the top of the menu to choose your display preferences for the font and font size. For me, 11 pt. seems just about right, but it will be a personal choice.



DID YOU KNOW you can change UniSearch results to return Stocks, Industries, Sectors or something called "Options Rate of Return?" Options Rate of Return gives you some great tools to find stocks for option trades, including the ability to sort by DELTA and Annual Rate of Return.

DID YOU KNOW you can install VectorVest on more than one computer? You can! However, you can only be logged in to one computer at a time.

DID YOU KNOW you can change VectorVest's color scheme from black to white? To change the color scheme, click the 'Tools' button in the upper right of the program. Left click on 'Application Settings.' On the 'General' tab, you will be able to change the program colors by using the THEMES/SKIN settings. Click the drop down arrow and choose 'Classic' if you would like switch from a black background to a white background (this will save tremendously on ink if you are printing graphs!).

DO YOU KNOW what the (G) stands for when a color guard tile is green? How about the (Y) in any tile that is yellow? Or (R) for any tile that is red? Okay, trick question. But do you know why VectorVest adds the letters to the color tiles? Yep, it's to assist color blind subscribers.

While we're on the subject of the Color Guard, **DID YOU KNOW** that when you click on any date in the left column of the Color Guard, it will open the Views for the same date? Useful if you are looking at a certain date in the Color Guard and want more details about what was happening in the market that day.

DO YOU KNOW why the Color Guard displays six days of data when you use the SMALL setting? VectorVest believes the one week movement of the VectorVest Composite Index price is a key indicator to signal a trend. With six tiles, or six days of data on the color guard home page, the last tile shows the price from one week ago.

DID YOU KNOW you can find several useful reports by clicking on the Views tab and then Special Reports? For example, you can learn all about the Color Guard indicators and what action to take in the "Color Guard" special report. Other helpful reports include Bottom Fishing and Options to Supercharge Profits.

DID YOU KNOW you can search for articles of special interest in Dr. DiLiddo's Friday essays? You can! Just click on the VIEWS tab. At the left you will see the Views Manager menu. (Just click on it if it's minimized.) Now you can type in any keyword or words in the 'Text to Search for.' box. To search only for Dr. DiLiddo's essays, click on 'Selected Sections' and then click the box next to 'Overview.' You can also narrow the date range of your search if you wish.

For more information or help with any of these special features, please contact SUPPORT at 1-888-658-7638. Hours are 7:00 a.m. to 1:00 a.m. ET M-F, and 9:00 a.m. to 5:00 p.m. Saturday.

Retirees Portfolio Begins to Climb

Simply ask Stan for a copy of the Retirees Portfolio Trading Plan.

After a bumpy start in January, the Retirees Income Model Portfolio took flight in early February. It's been a reasonably steady climb since then. The Portfolio invests in stocks that have grown their dividends sharply each of the last two years. They must have a Dividend Growth Rate (DG) greater than 6%, indicating that further dividend increases, and even special dividends, may be forthcoming. They must also have a high Comfort Index (CI) and Value, Safety and Timing (VST).

The stocks are cherry-picked based on fundamentals, industry performance and diversification. Technical indicators are used for a good entry point and the news is checked on each stock for both negatives and positives.

TRADING PLAN: If you would like a copy of the Retirees Income Model Portfolio Trading Plan, just send me a quick email with "TRADING PLAN" in the subject line. The plan should be considered as a template to develop a personal plan that meets your specific financial

goals, time horizon, risk tolerance and investment style.

Finally, to receive a Special Report all about Dividend Growth Investing, click on the following link or pay a visit to: www.vectorvest.com/dividendgrowth.





HOW TO FOLLOW THE RETIREES PORTFOLIO

The Retirees Income Model Portfolio can be found under the Portfolios tab in the VectorVest program. If you're not seeing it, make sure you have a check mark in the box at the top left of the portfolio menu titled, "VV Portfolios." Click on the 'Retirees Income Portfolio-2014' to highlight it. Now you can click on 'Reports' just above the 'MiniGraph' to open a new menu. Select 'View the Transaction Log' for a detailed report on all buy and

sell transactions as well as any dividends that have been added. For performance updates, choose 'View Summary Report' or 'View Trade History.' Generally, trades will only be made after the first 15 minutes of trading, usually within the first hour or the last hour of any trading day.

FOLLOW US ON FACEBOOK AND TWITTER

It's all about sharing ideas for making money with VectorVest. Stock ideas. Charts. Market analysis. Tips on using VV. News about upcoming events and much more. 

 Search "VectorVest Canada" or go to --> [The VectorVest Facebook Page](#)

 Type "VectorVest CDN" in the search bar and click "Follow" to receive regular "tweets" about market news, stock analysis and more.

USER GROUP WISDOM

Using Call Options to Leverage Income

Guest Article - By Don Fanstone, VectorVest Investor, Member and Presenter, Kitchener-Waterloo User Group

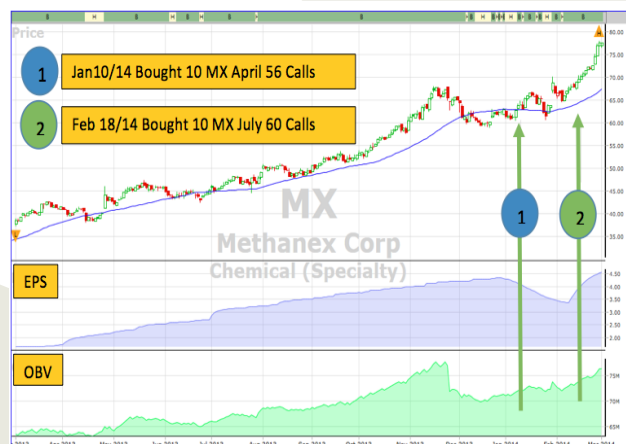
March 3—I follow the searches: High VST + YSG Stocks, Jake’s Patent Winners, and Petra’s Flyers. Choosing the common picks from these searches almost follows VectorVest’s Retirees Income Model Portfolio to a tee. What I do different, is that I buy Optionable stocks through DITM (Deep InThe Money) calls. This way, I can control more shares on stocks that are moving up while using smaller sums of money. Of course, I do not enjoy the dividends that are only paid to stock owners.

For example, I own Call Options on about 12 different stocks, Methanex (MX) being one of them. In the Retirees portfolio, the MX holding is 152 shares bought Jan 15/14 at \$65.79 for a cost of about \$10,000. At time of writing, Feb 28, the shares are up about 17.96%. By contrast, on Jan 10/14 I bought 10 MX April 56 Call options at \$9.40 (10 Call contracts controls 1,000 shares of MX). The options were sold Feb 12 for \$12.40, a 31.9% gain (\$3,000) in 1 month. Annualized, it’s a staggering 383%. Of course, not all of my trades are this successful.

In essence, I am investing approximately the same amount of money in options as the Retirees Portfolio invests in shares but am realizing a much larger gain. In this example, I was able to control about six times the number of shares for the same dollar amount invested in buying the stock. That’s the power of leverage with options.

It’s important to know that you can close the options trade whenever you wish. You might do this to take an early profit or to limit a loss if the trade goes against you. You can always buy back in if the stock and the market continues to rise. For example, on Feb 18, I repurchased 10 MX Call Options, this time buying the July expiration and 60 strike, for \$11.95 per share. The Calls were sold on Feb 28 @ \$17.70, a 48% gain (\$5,750) in just 10 days.

I attended VectorVest’s Options Course and use the Options Analyzer plug-in to follow the VV guideline to buy Options having a Delta of .85 or greater. I have been asked, “Is the VectorVest option course expensive?” If you only consider the cost, you may think so. If you consider the returns that are possible, it’s negligible! This course has paid for itself many times over.



It’s wonderful to have the insights in the adjacent article by Don Fanstone, a successful, long term subscriber to VectorVest who often gives presentations to the Kitchener-Waterloo User Group. We have several User Groups across Canada. Each group brings investors together with one common purpose: to help each other make money and achieve their investment and trading goals.

Within each group, members have particular areas of interest and expertise. Members will show how they use VectorVest to analyze stocks and uncover stock trading ideas. Some groups manage a “paper” portfolio. Others have stock contests where members are invited to present their best stock trading ideas for the month ahead. Usually there will be a feature presentation where a VectorVest member will present information about how they are using VectorVest.

WHERE ARE THE USER GROUPS?

To find a group near you, check the VIEWS tab every Friday and scroll down the User Group section. All Canada groups display their next meeting date, agenda and location. Not a group in your community? For information about how to set up a User Group, email stan.heller@vectorvest.ca or usergroups@vectorvest.com.

USER GROUPS

Participating and being a part of the VectorVest user group community offers fellowship and makes us all better and more knowledgeable investors.

Meeting Info: All the information on Seminars and User Groups meetings in your area can be found in the VIEWS tab every Friday.

Our **Special Thanks** to all the volunteer User Group Leaders and their helpers for their time and dedication.

REFERRAL PROGRAM

Invite a Friend to join VectorVest today!

For \$9.95 USD they can try the complete program for 5 weeks, and you receive **one month free** added to your subscription. The more friends we have investing with VectorVest, the more fellowship and the more we learn together.

Not A Subscriber Yet?

A 5-week trial is just \$9.95 USD. Call today at 1-888-658-7638.

STRATEGY OF THE WEEK

To learn about some great strategies and trading plans, be sure to watch the Friday Strategy of the Week (SOTW) video.

Then join me every Monday at 11:00 a.m. Eastern Time for a [free webcast](#) titled, "Strategy of the Week Q&A." We'll do a current market recap with the benefit of RealTime and then answer your questions about the SOTW. To register for the webinar, just go to the FRIDAY views tab and click on the link.

CONTACT STAN

Questions? Tips? Information you'd like highlighted in the next newsletter?

Contact Stan at stan.heller@vectorvest.ca. I try to respond within one week depending on the volume of e-mails I receive.

Thank you for reading. I hope you found this material interesting and beneficial to your investing with VectorVest!