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DETTERBECK WEALTH MANAGEMENT

A Division of DWM Financial Group, Inc.

June 30, 2009

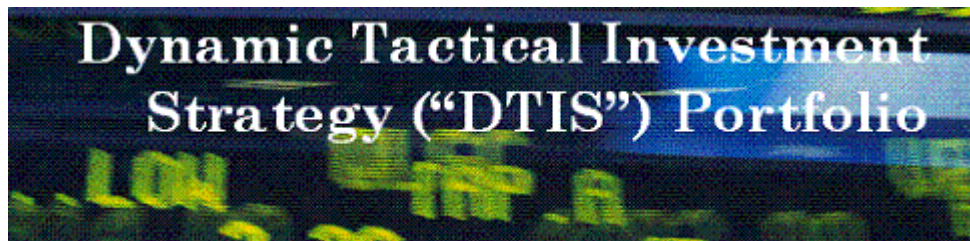
Issue 15

Sherpa Snapshots

*"Preparing you for the
financial road ahead"*

-Ask DWM -

A client from Daniel Island asks: *Please explain how the stop-loss risk control mechanism works on DTIS.*



Thanks for the question.

Our proprietary Dynamic Tactical Investment Strategy ("DTIS") is familiar to clients and associates as well. It is geared to perform in up markets and to protect in down markets. Investments are made either using Rydex Mutual Funds or Exchange Traded Funds ("ETFs"), depending on the size of the account.

We derive our beginning monthly positions in the following manner: First, we look at how every fund in the Rydex or ETF universe performed in the last week, 4 weeks, 13 weeks, and 26 weeks. We look at relative strength indicators and some other proprietary factors when concluding a score for each fund. Basically, the positions that have been the strongest as of late rank the highest, and hence, become one of the original 5 positions within Rydex (or 8 positions in ETFs) model for that month.

Cash is also scored within this paradigm; actually scoring relatively well in

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recent months. Cash was one of our 5 positions for March, April, and May. Then, to protect on the downside throughout the month, we employ our stop-loss risk management control mechanism. If any position falls 6-8% from its high watermark (within the month), we feel the trend has reversed and no longer justifies a holding. In order to protect against losses, we internally recalculate and reset the stop-loss level at least twice a day by comparing the then current value to the high water mark.

If the stop-loss level is met, the position is sold for cash and it stays in cash until the next rebalance which occurs at the beginning of every month. Mutual Funds are traded at the end of the current trading day. ETFs trade "intraday"; which means we can sell out instead of waiting for the closing bell. This is one of the primary advantages of using ETF funds.

In March, two positions (Rydex Inverse S&P 500 Fund and the Rydex Strengthening Dollar Fund) stopped out; hence clients finished the month with virtually 60% cash (the 20% original cash position plus the two stop-outs). In April, one position (Rydex Precious Metals) stopped out and hence clients finished the month roughly 40% cash. In May, one position stopped out (Rydex Energy) so clients finished that month roughly 40% cash. Again, the stop-loss is put in place to protect your downside and is adjusted throughout the month. Without it, a trend could theoretically reverse and cause havoc to the portfolio.

By having a stop-loss in place and constantly monitoring it, we are able to protect DTIS portfolios in the down markets. This is key in a volatile environment like we are witnessing now and the reason why DTIS has been so successful since we started it 3 years ago.

-Consumer Spending-

The Hagle Economy



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Thanks

Some say that negotiating is an art form: a skill that one has or doesn't have. But according to America's Research Group in Charleston, SC, 72% of Americans have negotiated for lower prices recently. While some find negotiating to be a nerve racking process, in this lousy economy, it seems to be working.

Travel prices have long been negotiable with sites like Priceline, for example. Now, almost anything can be negotiated: a couch at a furniture store, jewelry at a department store, remodeling costs for your house, even rent. In Manhattan, where home prices are finally falling, renters are convincing landlords to lower their monthly bills. The IRS may give you a break on back taxes if you can prove that your pockets are empty.



Even in the entertainment arena, lowering prices for consumers is becoming common. The most recent example is concert tickets to AC/DC, which are now on sale for a mere \$29.50 for their July 31st concert in Meadowlands. Numerous music industry agents are seeing a fall in concert sales because consumers have more discretion on where and how they spend their money in the current economy.

Whether haggling is here to stay or not, consumers are quickly learning that anything is negotiable. More often than not, simply asking if a sales clerk is willing to take less for an item is all you need to do to open the door to the world of bargaining. Also, offering cash, in large denominations, instead of credit can go farther than you think. So, whether it's a car part or a doctor's fee, you may be surprised at how easily sellers will cave.

For additional information in Forbes' June 8th article [click here](#)

-Bailout-

Orwell's "Big Brother" Coming to Lancaster, PA?

The historic town of Lancaster, PA may soon be known for more than Hershey's chocolate. The city of 55,000 will have 165 closed-circuit cameras providing live, around-the-clock scrutiny of almost every street, park and public space. The main question is whether the benefits for law enforcement outweigh the loss of privacy.

Hundreds of municipalities, including L.A. and at least 36 other California cities, have built camera networks since the attacks on September 11th. The most ambitious project is in New York City. Police announced plans several years ago to link 3,000 public and private security cameras across Lower Manhattan designed to help deter and detect terrorist activity.



A few communities have said no to these camera networks, but Lancaster is different.

Poverty is double the state's average and crime has risen in recent years. Without the ability to expand the police force, security cameras seem to be the next best solution. In 2001, a local crime commission concluded that cameras might make the city safer. The cameras, installed in 2004, have helped police capture and convict a murderer, and solve several other violent crimes. No state or federal law governs use of cameras, so there are no ethical guidelines for the coalition's 10 staffers and dozen volunteers, and training has been informal until now.

Of course, the tough financial situation in Lancaster, PA is being seen across the country. Here are some examples: Illinois announced that it would have to stop paying for about 10,000 funerals for the poor. In Idaho, lawmakers reduced aid to public schools, forcing pay cuts for teachers. In California, Governor Schwarzenegger has proposed releasing thousands of prisoners early and closing more than 200 state parks, and New Hampshire wants to *sell* 27 state parks.

For Additional information in The LA Times' June 21st article [click here](#)

-World-

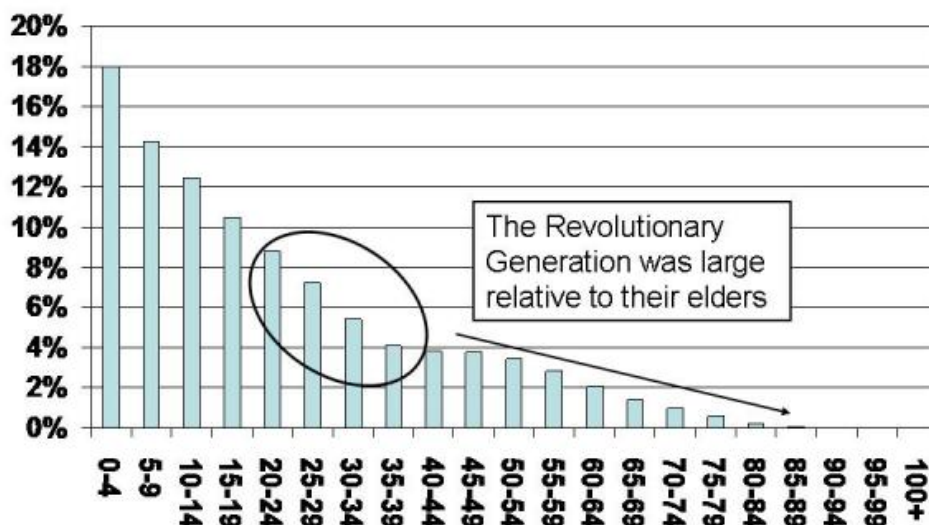
The Iran Protests and Demographics

We've all seen the protests taking place in Iran. The country is experiencing unrest not seen since the 1979 Islamic revolution that deposed the Shah and brought the current regime to power. The "spark" that ignited this current rebellion was the disputed presidential election, of course. But the "tinder" that caused the fire to spread are Iran's demographics. As you can see from the charts below, Iran is demographically primed for revolution.

Flashback to the 1979 revolution, the one in which Islamic militants shocked the world by holding 52 American diplomats hostage for over a year. This is the event that most historians mark as the beginning of the global Islamist movement.

The reasons for the revolution are certainly much more complex than mere demographics, but the chart below shows how the size of the revolutionary generation back then dwarfed the elders.

Iran Population By Age 1979 Islamic Revolution

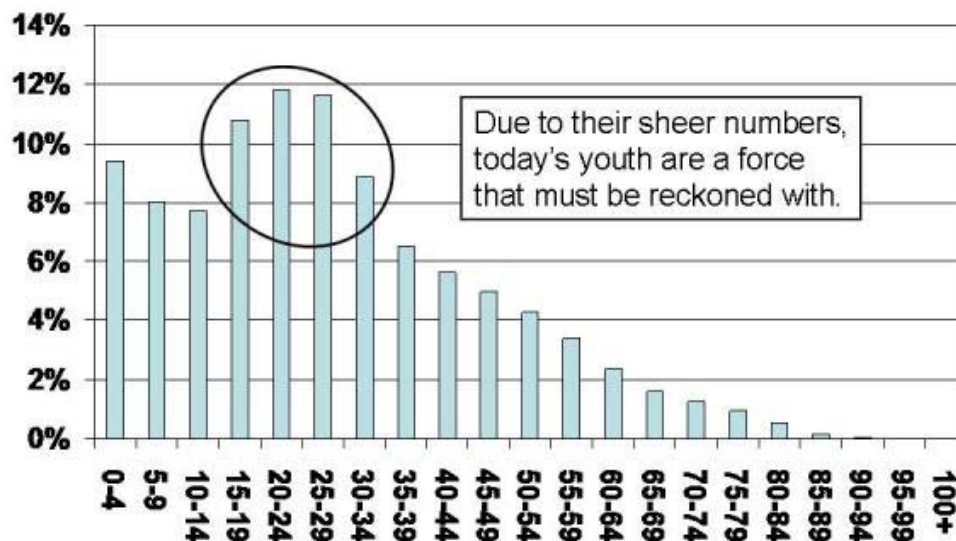


Source: United Nations (1980 Estimate), HS Dent

American Baby Boomer student revolutionaries in the 1960s used to say "Never trust anyone over 30," and there is reason for this. A young person has nothing to lose and has the youthful audacity to believe in change (for better or worse). But by the time a person reaches their 30s, they have a career, a spouse, a family, and a stake in the status quo. As we age, we get more resistant to change because, at the end of the day, we have more to lose. Why risk your livelihood for abstract ideals like "democracy" or "freedom"?

So, how do Iran's demographics look today? In a word, "revolutionary."

Iran Population By Age Today



Source: United Nations (2010 Estimate), HS Dent

Iran's population is absolutely dominated by the 15-34 age group. This group includes everything from rebellious teenagers to idealistic college students to frustrated and unemployed 20 and 30-somethings- exactly the kind of people with the reckless abandon needed to launch a revolution.

No one knows what the future holds in Iran. We have no real way to handicap the likelihood of success for Iran's young revolutionaries today. But, given the sheer numbers today, the young Iranians have a fighting chance to un-do the Islamic revolution of their parents' generation and replace it with a more liberal revolution of their own.

For additional information from Harry Dent's June 22nd article [click here](#)

-Market Update-

What's Hot - and Not How different investments did last week.

■ STOCKS
 ■ BONDS
 ■ CURRENCIES/COMMODITIES

INVESTMENT	PERFORMANCE	
	Last week	52-week
U.S. investment-grade bonds	■ 1.4%	2.5%
Emerging-markets bonds	■ 1.0	2.0
Nasdaq Composite Index	■ 0.6	-20.6
Gold	■ 0.5	1.2
Global stocks	■ 0.2	-30.5
U.S. dollar, trade weighted	■ 0.1	9.7
Russell 2000 (small stocks)	■ 0.1	-26.5
Emerging-markets stocks*	-0.03%	-30.8
U.S. corporate junk bonds	■ -0.1	-4.1
S&P 500-stock index	■ -0.3	-28.1
REIT stocks	■ -0.4	-43.4
Commodity futures	■ -0.7	-47.1
Dow Jones Industrial Average	■ -1.2	-25.6
Crude oil	■ -1.2	-50.7
European stocks	■ -1.8	-28.8

Notes on data: European stocks: Dow Jones Stoxx Index; emerging-markets-stocks: MSCI price index for free markets; corporate-bond prices: Merrill Lynch Global Bond Indexes; U.S. dollar and U.S. Treasuries: J.P. Morgan; REIT stocks: Dow Jones Equity REIT Total Return Index; emerging-markets bonds: J.P. Morgan EMBI-plus price index, in U.S.-dollar terms; commodity futures: Dow Jones-UBS Commodity Index; global stocks: Dow Jones World Stock Index *Data as of June 25, 2009

Sources: WSJ Market Data Group; Dow Jones Indexes; Reuters; Merrill Lynch

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