

PLEASE NOTE

At close of the market Wednesday, November 21, 2007, a rare Dow Jones Theory sell signal occurred. This particular signal is probably not followed as closely as it once was; however, note the following table which records its buy and sell signals for the period 9/1/30 through 12/1/97. The important numbers are the geometric means of 5.48% and 9.87%. Based on \$1 only 5.48% grows to \$36.13, and 9.87% grows to \$478.36. So much for buy and hold, as well as modern portfolio theory and efficient markets. Market timing works, but as we have said so many times, there are only 30% or so money managers that are so capable, and much less so for individual investors.

Interestingly enough, it was a 1930's study that indicated market timing didn't work. Most everybody bought into that study, and have yet to change. Go figure.

Whole Period

	Arithmetic Mean	Geometric Mean	Annual standard deviation
DJIA	7.07	5.48	18.30
HamNext	9.97	9.87	11.90
Hamilton2nd	5.91	5.52	12.10

Sub-Periods

DJIA	Cap App	HamNext	Ham2nd
1930-39	1.477	11.10	2.43
1940-49	3.213	6.04	5.66
1950-59	9.641	9.91	5.27
1960-69	7.712	9.68	6.53
1970-79	0.409	6.74	4.30
1980-89	12.626	11.29	7.01
1990-97	15.442	16.24	10.72