



KKM International Rotation powered by Nasdaq Dorsey Wright

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POWERED BY:
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WRIGHT**

Model Objective

The purpose of the International Rotation Model is to identify major themes in the market, have exposure to those funds controlled by demand and eliminate exposure to those funds controlled by supply. The Model is designed to hone in on the strongest ETFs from the inventory listed above and will attempt to capture the strongest trends and avoid the weakest trends. The International Rotation Model inventory of funds provides a diversity of investments that is generally advantageous to trend-based tactical rotation strategies.

Relative Strength Methodology

The most adaptive tool we have found to identify the strongest trends from the weakest within an investable universe is Point & Figure Relative Strength. Our Relative Strength calculation is designed to target long term themes of outperformance, while also remaining responsive enough to allow for rotation when market trends necessitate. In short, Relative Strength attempts to minimize exposure to underperforming positions, while letting profitable positions run. Most importantly, this systematic and rules-based approach eliminates the subjective or "emotional" trades, as the calculation is derived from price data alone.

Systematic Portfolio Rules

- Over 30 international ETFs are considered, including the Dow Jones U.S. ETF (IYY) as the US representative.
- The Portfolio stays 100% invested at all times in five positions.
- International ETFs are compared to each other to determine inclusion. The concept is based on a relative strength matrix of the Model universe.
- Once a member of the Portfolio, to be replaced, the ETF must fall significantly out of favor versus the field.
- When a position is sold, the proceeds move into the strongest relative strength ETF not currently in the Portfolio using a replacement methodology.
- When a position within the Model either falls below 13% of the Portfolio or rises above 27% of the Portfolio, the Model will re-balance and all of the holdings will then be equally weighted.

Model Inventory

SYMBOL	ETF NAME	SYMBOL	ETF NAME
AAXJ	MSCI All Country Asia ex Japan ETF	EWQ	MSCI France ETF
EEM	MSCI Emerging Markets ETF	EWU	MSCI United Kingdom ETF
EIS	MSCI Israel Capped ETF	EWZ	MSCI Brazil Capped ETF
EPP	MSCI Pacific ex Japan ETF	ILF	Latin America 40 ETF
EWA	MSCI Australia ETF	IYY	Dow Jones U.S. ETF
EWG	MSCI Germany ETF	EEMS	MSCI Emerging Markets Small-Cap ETF
EWJ	MSCI Japan ETF	ENZL	MSCI New Zealand Capped ETF
EWM	MSCI Malaysia ETF	ECH	MSCI Chile Capped ETF
EWP	MSCI Spain Capped ETF	EIDO	MSCI Indonesia ETF
EWT	MSCI Taiwan ETF	EPOL	MSCI Poland Capped ETF
EWY	MSCI South Korea Capped ETF	ERUS	MSCI Russia Capped ETF
EZU	MSCI Eurozone ETF	EWD	MSCI Sweden ETF
IEV	Europe ETF	EWI	MSCI Italy Capped ETF
JPXN	JPX-Nikkei 400 ETF	EWL	MSCI Switzerland Capped ETF
TUR	MSCI Turkey ETF	EWO	MSCI Austria Capped ETF
BKF	MSCI BRIC ETF	EWS	MSCI Singapore ETF
EFA	MSCI EAFE ETF	EWW	MSCI Mexico Capped ETF
EPHE	MSCI Philippines ETF	EZA	MSCI South Africa ETF
EPU	MSCI All Peru Capped ETF	FXI	China Large-Cap ETF
EWG	MSCI Canada ETF	INDY	India 50 ETF
EWH	MSCI Hong Kong ETF	THD	MSCI Thailand Capped ETF
EWK	MSCI Belgium Capped ETF		
EWN	MSCI Netherlands ETF		

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