Portfolio Action Update

Ron Miller, Managing Director, Investments

IPMG
INVESTMENT PLANNING AND MANAGEMENT GROUP OF
RAYMOND JAMES®

Tactical Asset Allocation Style & Sector Signals

Ratings 60 and Above are a Green Light
Ratings 40 and Below are a Red Light
Ratings 41 to 59 are Neutral

Rating Table and Technical Analysis Process Explanation at End of Report

As of 2/12/16

U. S. Styles	Large Cap Blend	Large Cap Growth	Large Cap Value	Mid Cap Blend	Mid Cap Growth	Mid Cap Value	Small Cap Blend	Small Cap Growth	Small Cap Value
	LCB	LGG	LCV	MCB	MCG	MGV	SCB	SCG	SCV
S-T	2/8/15 (40)	12/11/15 (45)	2/5/16 (20)	12/31/15 (20)	1/7/16 (10)	1/6/16 (10)	2/8/16 (30)	12/2/15 (20)	2/3/16 (20)
L-T	11/30/15 (40)	12/10/15 (10)	12/31/15 (15)	12/8/15 (20)	11/13/15 (0)	11/12/15 (10)	11/12/15 (20)	11/12/15 (10)	12/7/15 (01)

Industrial Sectors	Banking	Biotech	Oil & N-Gas Exp. & Pro.	Energy Infrastructure	Energy Services	Financial Services	Gold & PM Mining	Healthcare	Internet
	BNK	BIO	ENG	ENI	ENS	FIN	GLD	HRC	NET
S-T	2/12/16 (40)	1/6/16 (20)	2/3/16 (10)	2/1/16 (0)	12/28/15 (20)	2/8/15 (20)	1/25/16 (100)	2/12/16 (60)	2/5/16 (50)
L-T	12/11/15 (20)	11/2/15 (10)	11/12/15 (0)	5/6/15 (10)	11/12/15 (0)	12/8/15 (0)	1/25/16 (100)	8/14/15 (0)	12/11/15 (10)

Industrial Sectors	Commodity Materials	Nat. Resource Equities	Real Estate	Retailing	Technology	Telecom	Transportation	Utilities
	NRC	NRE	REA	RTL	TEK	TEL	TRN	UTL
S-T	10/14/15 (30)	12/28/15 (30)	12/30/15 (40)	2/8/16 (38)	2/3/16 (10)	2/8/16 (45)	12/3/15 (33)	2/8/16 (20)
L-T	10/27/15 (10)	11/12/15 (20)	12/10/15 (15)	11/9/15 (31)	12/11/15 (0)	11/12/15 (25)	12/3/15 (17)	2/12/16 (35)

Foreign Equity	Foreign Developed	Emerging Markets	China Equity	India Equity	Europe Equity	Russia Equity	Japan Equity	Latin America	S E Asia x Japan
	IEQ	EMM	CHI	IND	EUR	RUS	JPN	LAT	PAC
S-T	2/2/16 (20)	2/1/16 (0)	11/25/15 (20)	2/12/16 (20)	1/4/16 (20)	2/2/16 (13)	2/5/16 (20)	11/24/15 (0)	2/1/16 (20)
L-T	12/8/15 (10)	11/12/15 (30)	11/25/15 (10)	1/5/16 (5)	12/10/15 (10)	2/8/16 (75)	12/14/15 (10)	1/29/16 (50)	12/11/15 (10)

Fixed Income	International $Hedged	International Non-$Hedged	Emerging Market	Inv. Grade Corporate	High Yield Corporate	Intermediate U.S. Gov.	Long Term U.S. Gov.	Long Term Municipal
	FGI	FGN	FEM	FIC	FHY	FIM	FLT	FMU
S-T	12/15/15 (0)	1/11/16 (60)	2/12/16 (30)	2/12/16 (40)	1/7/16 (0)	1/6/16 (65)	1/7/16 (100)	12/22/15 (80)
L-T	12/8/15 (25)	2/5/16 (75)	2/9/16 (20)	11/2/15 (50)	5/4/15 (0)	1/6/16 (75)	1/29/16 (95)	11/23/15 (85)

USDollar Index	Australia Dollar	Emerging Market Currency Basket	Canadian Dollar	Europe Euro	Japanese Yen
2/2/16	2/1/16	2/1/16	1/28/16	2/3/16	2/3/16

Signal Date	Going from Green to Neutral since Signal Date	Signal Date	Going from Red to Neutral since Signal Date

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Ratings 40 and Below are a Red Light
Ratings 41 to 59 are Neutral
Rating Table and Technical Analysis Process Explanation at End of Report
As of 12/24/15

U. S. Styles	Large Cap Blend	Large Cap Growth	Large Cap Value	Mid Cap Blend	Mid Cap Growth	Mid Cap Value	Small Cap Blend	Small Cap Growth	Small Cap Value
	LCB	LGG	LCV	MCB	MCG	MGV	SCB	SCG	SCV
S-T	12/23/15 (60)	12/11/15 (30)	11/18/15 (70)	12/23/15 (60)	12/23/15 (60)	12/23/15 (90)	12/24/15 (60)	12/2/15 (50)	11/11/15 (40)
L-T	11/30/15 (40)	12/10/15 (30)	12/23/15 (50)	12/8/15 (20)	11/13/15 (15)	11/12/15 (30)	11/12/15 (30)	11/12/15 (10)	12/7/15 (20)

Industrial Sectors	Banking	Biotech	Oil & N-Gas Exp. & Pro.	Energy Infrastructure	Energy Services	Financial Services	Gold & PM Mining	Healthcare	Internet
	BNK	BIO	ENG	ENI	ENS	FIN	GLD	HRC	NET
S-T	11/12/15 (30)	12/24/15 (70)	11/11/15 (40)	12/21/15 (90)	12/23/15 (60)	12/8/15 (40)	12/18/15 (50)	11/16/15 (40)	12/9/15 (50)
L-T	12/11/15 (25)	11/2/15 (30)	11/12/15 (50)	5/6/15 (10)	11/12/15 (0)	12/8/15 (45)	12/1/15 (80)	8/14/15 (20)	12/11/15 (20)

Industrial Sectors	Commodity Materials	Nat. Resource Equities	Real Estate	Retailing	Technology	Telecom	Transportation	Utilities
	NRC	NRE	REA	RTL	TEK	TEL	TRN	UTL
S-T	10/14/15 (30)	12/24/15 (60)	12/15/15 (50)	12/4/15 (13)	12/9/15 (20)	12/15/15 (80)	12/3/15 (33)	12/15/15 (70)
L-T	10/27/15 (10)	11/12/15 (10)	12/10/15 (40)	11/9/15 (31)	12/11/15 (20)	11/12/15 (50)	12/3/15 (33)	11/13/15 (30)

Foreign Equity	Foreign Developed	Emerging Markets	China Equity	India Equity	Europe Equity	Russia Equity	Japan Equity	Latin America	S E Asia x Japan
	IEQ	EMM	CHI	IND	EUR	RUS	JPN	LAT	PAC
S-T	12/23/15 (80)	12/15/15 (60)	11/25/15 (40)	12/15/15 (70)	12/23/15 (60)	12/7/15 (38)	10/29/15 (40)	11/24/15 (0)	12/8/15 (50)
L-T	12/8/15 (30)	11/12/15 (15)	11/25/15 (40)	12/21/15 (50)	12/10/15 (30)	12/11/15 (13)	12/14/15 (30)	12/4/15 (20)	12/11/15 (20)

Fixed Income	International $Hedged	International Non-$Hedged	Emerging Market	Inv. Grade Corporate	High Yield Corporate	Intermediate U.S. Gov.	Long Term U.S. Gov.	Long Term Municipal
	FGI	FGN	FEM	FIC	FHY	FIM	FLT	FMU
S-T	12/15/15 (25)	12/17/15 (40)	12/23/15 (70)	12/10/15 (25)	12/23/15 (60)	10/9/15 (20)	12/14/15 (20)	12/22/15 (60)
L-T	12/8/15 (38)	12/14/15 (40)	12/3/15 (10)	11/2/15 (0)	5/4/15 (10)	12/11/15 (50)	12/23/15 (35)	11/23/15 (90)

US Dollar Index	Australia Dollar	Emerging Market Currency Basket	Canadian Dollar	Europe Euro	Japanese Yen
12/23/15	12/23/15	12/22/15	10/20/15	12/7/15	12/22/15

Signal Date	Going from Green to Neutral since Signal Date	Signal Date	Going from Red to Neutral since Signal Date

PORTFOLIO ACTION COMMENTS AS OF 2/14/16

In my update last October I mentioned that August and September were tough months for the stock market. Well, we can now add November and January (2016, so far) as tough months. I also mentioned then that the **W** bottom formation on August 24 and September 29, was likely the start of a rally phase that could have a tough time working through the resistance levels I showed on the S&P500 index chart then. Reproduced below is the period up until Friday (2/12/2016). That October rally phase was very sharp rising 12.1% from the 9/28/15 S&P500 close of 1882 to the 11/3/15 close of 2,110. A downward sloping Flag formation during November and December (often bullish) developed that started a Santa Claus rally on December 23 as indicated by the renewed Green lights on our Tactical Asset Allocation Style & Sector Signals (TAA) Table shown on page 2.

Consequently, we raised our bullish posture as indicated on the Asset Allocation Summary table on page 9 for 12/23/15. The expectation by many, including me, was that this rally would likely continue at least through the first week of January. However, something happened on the way to the forum. The rally ended abruptly on December 30 and we got renewed Red lights on our TAA Table at the end of the year. We began moving to a defensive posture on 1/4/16, the first trading day of 2016. So far, January has reportedly been the worst start for January in the history of the stock market. The previous low last August has been penetrated with the S&P500 Index now down 8.8% YTD on the 2/12/16 close, after being down 11.4% at the intraday low the previous day. It is unclear how February will end, but it is a very bearish start, so far this year.

The equity markets are oversold on many historical technical metrics. Note in the above chart the Support lines that were expected to provide support for the late December early January decline. During the forth trading day of January, the trading sliced through the support level like a hot knife through butter. Next, the lows in August and September of last year were taken out. However, once that low was taken out the S&P500 reversed course and had a sharp rally on Friday (1/22/16). Normally, a rally from a very oversold condition can bounce back up to the first resistance level, that was the previous support level. However, this rally was short lived and the market headed lower on 2/2/16 with a bounce again on 2/12/16 the Friday before the Presidents' Holiday and three day weekend.

Unfortunately, there is negative news to consider. First, there is the massive topping formation that goes back about a year and a half. As I stated last Fall, this overhanging technical resistance would be tough for the rally that began in October to work through. That turned out to be right. After a near term oversold bounce, the technical weakness may raise its head again. The recent topic of conversation from many market analysts is whether or not this is the beginning of a more substantial Bear market. The concerns extend past the technical stock market action to global economic and geopolitical issues. At the high powered meeting in Davos Switzerland (1/14 to 1/21), a number of well know portfolio managers, Ray Dalio, of Bridgewater Associates, for example, presented a sober/guarded viewpoint moving forward. On the other hand, Banking executives like Jamie Diamond of Chase J.P Morgan, offered a little more positive outlook on the US economy and banking industry as it stands currently. It was reported last week that Diamond invested his 2015 salary (about $27 Million) into his bank's stock.

The 2016 election is developing into a direct battle between socialist and capitalist governing policies, in my opinion. One of the prizes for the winner of the coming 2016 presidential election will be the potential ability to revise the political balance of the Supreme Court for coming decades. Four current Justices are now over the age of 70: Antonin Scalia (78), Anthony Kennedy (78), Ruth Bader Ginsburg (81) and Stephen Breyer (76). I believe the coming election will become a major concern of the financial markets as the year progresses. Late news, Justice Scalia died on Saturday 2/13/16.

The global growth engine that China has headed for about 2 decades is fading somewhat as they are trying to move from an export driven economy to a consumer driven economy. This is a natural process but not one without economic consequences for the rest of the world. Commodity industries, in particular, have felt the pain of this transition. It is likely more of the same as 2016 progresses.

It is noteworthy that the Chinese Yuan was recently added to the basket of currencies that compose the International Monetary Fund (IMF) International Drawing Rights (IDRs). This is the first emerging market currency to be included. In my judgement, this reduces the pressure on the U.S. Dollar to be replaced as the Global Reserve Currency by a group of rising economic powers. China can now convert some of its reserves for International Drawing Rights, the currency of the IMF. They have now joined the small Club of selected Western financial system participants in the IDR. They are no longer outsiders. Actions of the IMF require 85% of the membership vote to become official. The US maintains 16% of the votes, hence it effectively has veto power over IMF actions.

In mid-December, the Federal Reserve belatedly announced the beginning of a rise in the Federal Reserve Funds rate from a range of Zero to 1/4 % to 1/4 % to 1/2% with the goal of 2 to 4 additional more rises during the year. Although this seems like a small change from a historical perspective, it does mean the beginning of reducing the excess liquidity that has been a mainstay of FED policy since the credit crisis of 2008/2009. However, recent stock market action may cause the Fed to reduce the number of raises planed for this year. I have been in the camp that thought this raise in rates should have been done two to three years ago. Where is the "3 steps and stumble" Fed 'rule' of the past?

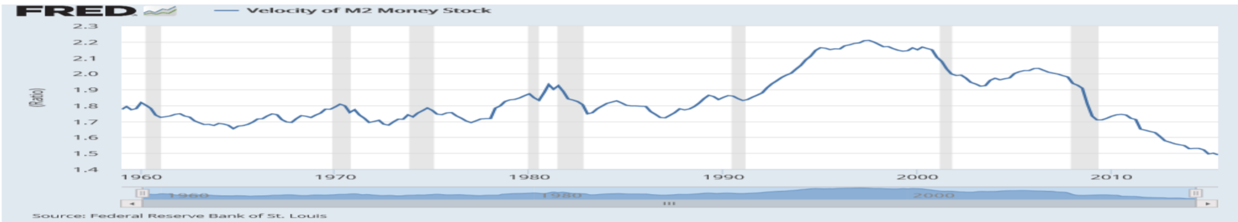
There is a loose economic relationship between the market P/E ratios that can be justified and the level of interest rates. Low interest rates support higher P/E ratios and vise versa. It appears that this recent Fed Funds rise, first in nine years, has been a contributor to the stock market decline in late December and so far this year. That is, a contraction of P/E ratios may have been a factor.

Bottom line, both up and down volatility is back and likely to persist throughout the year. We are moving our emphasis to a greater defensive posture when we have Red lights on our TAA table and shorter expected time horizons during Green light rally opportunities. That is, a Bear market bias until proven otherwise. Financial markets still become oversold and overbought whether the underling trend is up or down.

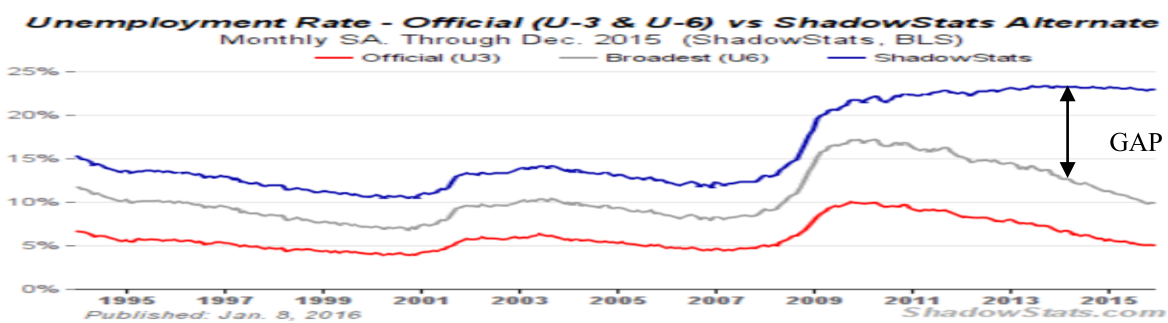
THE M2 VELOCITY OF MONEY

An antidotal measure of the confidence of consumers in the economy is the velocity of M2 money rather than a poll. If consumers are confident in the future of the economy, they are more inclined to spend money more freely. This causes the turnover of the Dollar to be faster; hence the reference to Velocity.

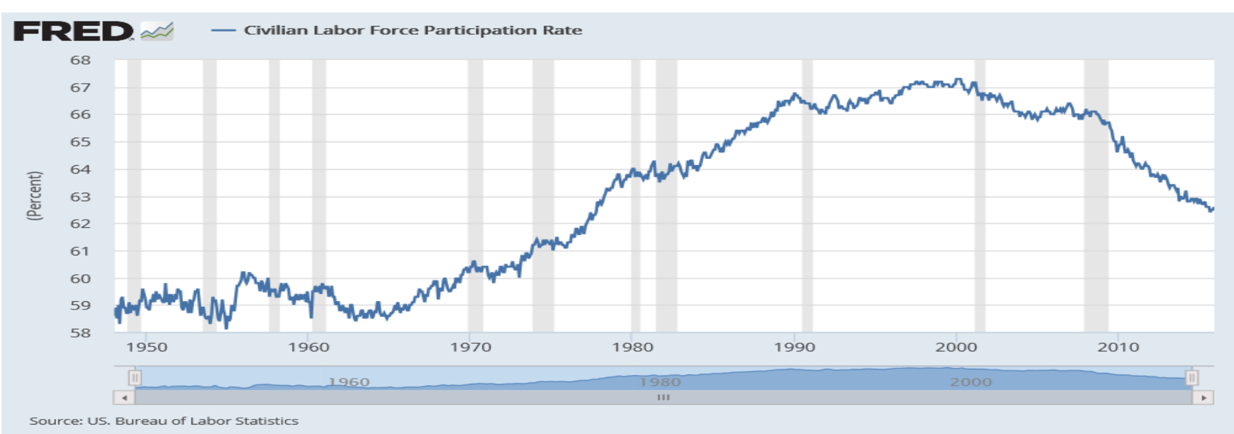
The M2 velocity is now down to only 1.5 turnovers a year compared to the economic growth period of the 1990s that had turnover rates of 2.1 to 2.2 times. What is very surprising/disturbing is that after the Credit Crisis there was a little bump in the Velocity, but for the last four years or so it has been relentlessly declining even though the low inflation numbers and Bureau of Labor Statistics (BLS) official unemployment numbers have improved.



One problem is that the nation's employment rate picture is not as good as the BLS current announced U3 rate, (Red line in chart below) of 4.9% would have you believe. U6 (Grey line), the official underemployment number is double the U3 rate at 10%. More important, in my judgment, is the ShadowStats.com Alternate unemployment rate of over 22% (Blue line) which has refused to improve since 2009. This rate includes those that have given up looking for a job for over a year. It is an estimated value but likely close to reality. Unless this GAP can shrink, it is unlikely M2 velocity will improve.



Meanwhile, the employment participation rate has also refused to improve since the year 2000, Only about 62.5 % of the labor force are currently employed, see chart below.



CAPITALIZATION STYLES

There are double Red lights across the Large Cap, Mid Cap and Small Cap Style spectrum. Let's look a little deeper and see the details. The Wall Street Journal Dow Jones Market Data Center Shows the Year-to-Date (YTD) changes through 2/12/16 as follows:

Large Cap Growth (- 11.4%)	Mid Cap Growth (- 13.9%)	Small Cap Growth (- 15.5%)
Large Cap Value (- 7.3%)	Mid Cap Value (- 8.4%)	Small Cap Value (- 10.6%).

Value sectors are considered to be less volatile than Growth sectors, in general. In a bearish environment, almost every sector goes down, as there is a rush to raise cash anyway that you can. In the distant past, prior to the internet, the stock market in total was bigger than the active money component. That is still true today, but the active money is now a larger percentage of the total than it used to be, in my judgment. That is, there is more active trading by institutional investors of all sizes with at least a portion of their assets under management as technical analysis of market trends has gained creditability.

The total value of the American stock market (all exchanges and over the counter) is currently about $20 Trillion, based on the Dow Jones Total Stock Market Index. If just 5% is active trading any given day, that could be $1 Trillion that is looking to buy or sell at any point in time, depending on the perceived direction of the market or individual security trend. There is not enough liquidity at a constant price to handle this action in response to various stimuluses.

Consequently, prices of securities can very substantially in a matter of seconds. For every seller there has to be a buyer and vice versa. You can't buy or sell from or to nothing. I believe the move to decimal bid/ask pricing, the elimination of the 'uptick rule' to sell and the advent of High Frequency Trading systems (transactions literally measured in milliseconds) have contributed to the increased volatility.

The chart below shows the action from 12/31/14 thru 2/12/16 for the S&P500 Large Cap Index (Black), The S&P400 Mid Cap Index (Gold) and the Russell 2000 Small Cap Index (Blue).

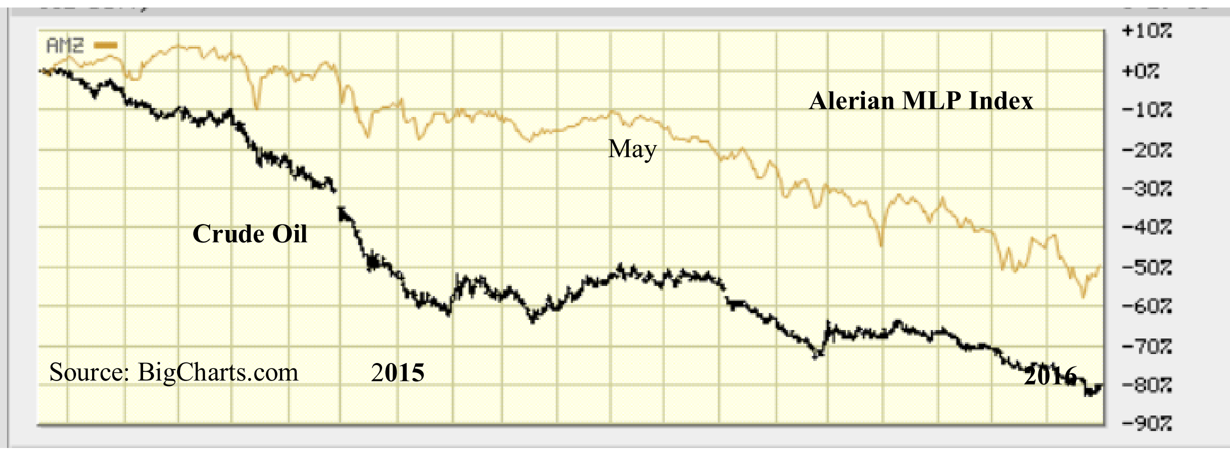
INDUSTRIAL SECTORS

The 17 Industrial Sectors we follow and their Direction Signals (2/12/16) are shown in the Table below: The only new Greens are the Gold Mining sector and the Short-Term Healthcare Sector. Note that the

Industrial Sectors	Banking	Biotech	Oil & N-Gas Exp. & Pro.	Energy Infrastructure	Energy Services	Financial Services	Gold & PM Mining	Healthcare	Internet
	BNK	BIO	ENG	ENI	ENS	FIN	GLD	HRC	NET
S-T	2/12/16 (40)	1/6/16 (20)	2/3/16 (10)	2/1/16 (0)	12/28/15 (20)	2/8/15 (20)	1/25/16 (100)	2/12/16 (60)	2/5/16 (50)
L-T	12/11/15 (20)	11/2/15 (10)	11/12/15 (0)	5/6/15 (10)	11/12/15 (0)	12/8/15 (0)	1/25/16 (100)	8/14/15 (0)	12/11/15 (10)

Industrial Sectors	Commodity Materials	Nat. Resource Equities	Real Estate	Retailing	Technology	Telecom	Transportation	Utilities
	NRC	NRE	REA	RTL	TEK	TEL	TRN	UTL
S-T	10/14/15 (30)	12/24815 (30)	12/30/15 (40)	2/8/16 (38)	2/3/16 (10)	2/8/16 (45)	12/3/15 (33)	2/8/16 (20)
L-T	10/27/15 (10)	11/12/15 (20)	12/10/15 (15)	11/9/15 (31)	12/11/15 (0)	11/12/15 (25)	12/3/15 (17)	2/12/16 (35)

Energy Infrastructure sector, aka Mid-Stream Energy sector which is primarily the pipeline systems that transport natural gas and petroleum products from production fields to refiners and refined products to end users. This is a sector that has been in a Bear market since mid-June, 2014 when Crude Oil peaked . The Alerian MLP index (Gold) and Crude Oil (Black) is shown below:



Since a Crude Oil peak in Mid-June of 2014, the Mid-Stream MLP index declined has been approximately 50% and the Crude Oil declined about 80%. What has been surprising is that the slope of Alerian MLP Index since May of 2015 has been similar to the crude oil decline. Historically, it has been thought that pipeline MLP revenues were somewhat immune to changes in the price of the crude oil since they earn a fee based on the volume of energy through their pipeline systems, not the price of the energy. Obviously, something has changed this relationship.

We have been investing successfully in this industry since 1986. We think there are two basic considerations that have played a part in this Bear Market. The leverage factor for many Mid-Stream MLP has typically been between 3 and 4 times equity. Some even higher. Most free cash flow has been paid out to investors, while the MLPs relied on the issuance of new shares and the issuance of debt to fund the building of new pipeline systems. This has been accomplished during the 30 year Bull market in bonds (i.e., decline in interest rates). The action in the MLPs could be the harbinger of a business model change requiring more of future pipeline construction being funded from generated free cash flow rather than low interest debt.

The other rationalization for the major decline of the Mid-stream pipeline industry is that the decline in oil prices may result in the bankruptcy of many smaller Up-stream producers of petroleum based energy and maybe even some larger established companies. Especially, if these low oil prices persist for several years. Since the Up-stream producer earnings may decline and the flow of energy decline, especially if there is a global recession/depression that reduces demand for energy. Consequently, Mid-stream pipeline companies could experience a decline in their earnings, resulting in reductions in the cash flow they can pay out to investors. However, bankruptcy of Up-Stream oil and Nat-gas producers generally causes ownership changes, but not necessarily the shut down of existing production flows to pipelines.

Bottom line, regarding the Mid-Stream transportation infrastructure sector of the hydrocarbon energy industry. This is either an exceptional opportunity to invest in this sector and/or continue to hold investments, or it is not. We believe this is a long term opportunity. The need for the transportation of petroleum energy is not going to disappear. Nevertheless, we expect that the stock price actions will remain volatile and some over leveraged companies may disappear. We had reduced our exposure to the production and transportation of petroleum products in our investment strategies, over the last 12 to 18 months, just not far enough in hindsight. The price of oil is not likely going back up to the peak of prices seen just a few years ago, but it is not going to stay below $40 for very long, in our judgment. The global annual demand for oil continues to increase but has moderated some according to the January 2016 IEA Oil Market Report to a projected 1.2 million barrels of oil a day growth, down from closer to 2 million in recent years.

My judgment is that the current petroleum industry Bear market is an over reaction to the possibility of the issues described above becoming persistent for years to come. The decline in the price of oil is a result of the current oversupply of oil. Contributing factors are the competition between Saudi Arabia (Sunni) and Iran/Iraq (Shi'ite) for market share of oil production and America's big increase in oil production over the last four to eight years (close to double) as a result of technology drilling improvements and the discovery of the massive shale oil deposits in America. America was on a path to becoming self-sufficient in energy needs at the expense of foreign suppliers, which are fighting back. However, at current lower prices, both the domestic producers as well as international oil producing countries are hurting.

For the most part, the international petroleum industry is a loose oligopoly. Given the will, they have the ability to manage the flow of oil which currently has a very small imbalance between supply and demand, something on the order of 1.5 million barrels a day out of global production of about 95 million barrels a day. At some point, they are going to come to the conclusion that they are shooting themselves in the foot and like oligopoly power in general, they can decide their overproduction is counter productive. The price of oil is very inelastic, a small change in the supply and demand balance has a major impact on the price. Wisdom will eventually prevail and a price in the $45 to $65 a barrel range will keep everyone happier, even America's consumer rather than destroying a vital industry to America's security.

In the past, I have always advocated that America keep most of its oil in the ground for future generations and buy foreign oil with our paper dollars until no one will take them anymore. Now that America has substantial means of production, we have the power to keep this cost for international oil reasonable because of our potential domestic production strength is a counter balance to foreign oil pricing excesses.

America needs to be smarter about how it uses this natural resource. Long ago, it was decided that electrical and natural gas utilities that provide energy to consumers, often with monopoly power, should be regulated by public commissions. That has worked reasonably well for many decades. I suggest that the petroleum producing industry may better serve America's energy needs over the long term if regulated by public commissions, in a similar fashion. It would not be easy to accomplish, but it is worth thinking about. I believe the repeated boom and bust of this industry is counter productive in the long term. Especially since it appears that natural gas and oil reserves have been discovered that may last for centuries.

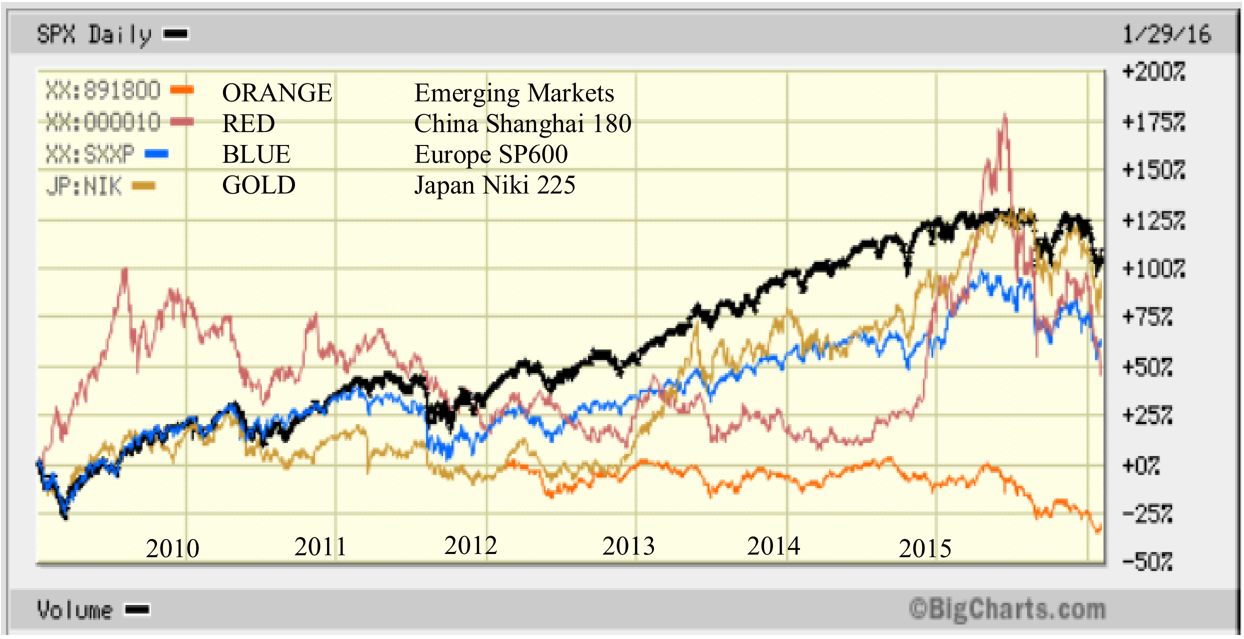
Of note on the Industrial Sectors table on page 7, are the double Green lights for the Gold Mining Sector generated on 1/25/16. Below is a chart for Philadelphia Gold & Silver Mining Index (XAU) as of 2/5/15. It has just poked above the declining 50 Weekly Moving Average. There has been a round trip from the beginning of a eleven year bull market beginning at the end of 2000, that ended at the peak in the Fall of 2011. I also find it interesting that the recent low was slightly lower than the low at the end of 2000. That means that stop losses at that level were taken out before this rally phase started. That often leads to a more robust rally. Maybe, 11 years up??

A chart of the Gold London Fix is shown below. The recent rally has moved Gold Bullion sharply above the Green 200 DMA. It is too soon to declare that the long Bear market in gold is over, but the early signs are encouraging. A move above the $1,300 per ounce level could mean that the Gold rush is on.

I look at Gold as an insurance policy against global turmoil and a collapse of paper dollars. It may never happen, but it is worth 5% to 10% of ones investment capital, in my judgment. Five percent in good times, and up to ten percent or more in troubled times. A mixture of bullion and mining companies with Bullion as a long term hold, and mining stocks more actively traded. Obviously a judgment call for individuals to make based on their own circumstances. I don't compare Gold to stock market investments, they are two different things. I have insurance on my healthcare, home, autos, and life, for example. I hope I never use them, although life insurance does have benefits for the future needs of heirs. I would be perfectly happy to pass my Gold Bullion to heirs, and never having to use a single ounce in turmoil or survival mode.

INTERNATIONAL MARKETS

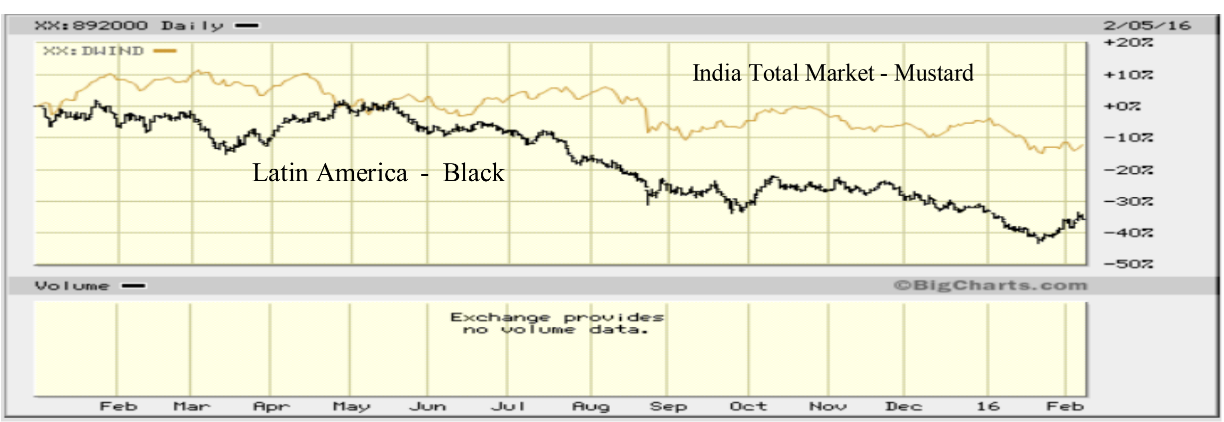
International stock markets have been on the defensive similar to the U.S since May of 2015. The chart below shows the price action for key international indices compared with the S&P500 index since 12/31/08.



The mainland China stock market, represented by the Shanghai 180 Index, had a brief spurt up last Spring as a result of the China government policies, but gave back most of the gain by the end of the year. It still was up about 50% from the beginning of 2009. The MSCI Emerging Market index has struggled during most of this period and lost about 35% over this seven year period.

The International Market regions shown on our TAA table are Short - Term Red. The Intermediate - Term lights are Red except for Russia and Latin America. A modest rally phase in International Markets that began at the beginning of last October ran out of steam at the beginning of November. Since then the basic trend has been bearish.

Bottom-line, our International Growth portfolio has net exposure of approximately 26% with a Cash allocation of about 55% and Bearish hedges for both Developed and Emerging Markets. Broad international deflation forces have impacted these equity markets, in general. Commodity deflation forces, in particular, have impacted the Emerging Markets' bearish trends. MSCI India Total Market Index and the MSCI Latin America Index are shown in the chart below. These markets may be trying to build a technical basing pattern, but the jury is still out as indicated by our TAA table Red lights.



BOND MARKETS

Japan's government bond rate was set at a minus rate recently. A number of European countries already have negative government bond interest rates. That means that if you buy that bond you will owe money to the government when it matures. That seems to make a secondary market for those bonds pretty thin. I will buy your bond so I can pay the government more money! Give me a break! Of course, it is a policy to get people to spend their money to buy things, rather than pay the government to hold their money. It is global deflation forces that are the main problem that the world is facing. It is also the concept behind the ZIRP policy of the Federal Reserve for so many years. In the U.S., it resulted in spurge of the stock market to create a better "wealth effect", which did help recapitalize the banking industry and the value of savings in IRAs, 401Ks, endowments, etc. That was good. But, it did not do much to pump up the basic growth rate of the economy since the credit crisis of 2008/2009.

There is even some talk that the U.S. Federal reserve may result to negative Federal Funds interest rate to try and get inflation rates up to their desired annual 2% target. I think it is fair to say that essentially all bond markets are overvalued from a historical perspective with interest rates very low on a relative basis. This argument is based on the viewpoint that the current historically low interest rates and resulting high price on bonds does not properly reflect the potential risk in bonds, in general. The Risk is both the credit quality risk if the economy weakens and there is an increased risk of bond defaults, or if interest rates rise (bond prices fall) when higher inflation returns.

Our TAA table for the Fixed Income sectors and global currencies we follow is shown below for 2/12/16: The U.S. Dollar Vs. a basket of Foreign currencies has been on Red since early February.

Fixed Income	International $Hedged	International Non-$Hedged	Emerging Market	Inv. Grade Corporate	High Yield Corporate	Intermediate U.S. Gov.	Long Term U.S. Gov.	Long Term Municipal
	FGI	FGN	FEM	FIC	FHY	FIM	FLT	FMU
S-T	12/15/15 (0)	1/11/16 (60)	2/12/16 (30)	2/12/16 (40)	1/7/16 (0)	1/6/16 (65)	1/7/16 (100)	12/22/15 (80)
L-T	12/8/15 (25)	2/5/16 (75)	2/9/16 (20)	11/2/15 (50)	5/4/15 (0)	1/6/16 (75)	1/29/16 (95)	11/23/15 (85)

US Dollar Index	Australia Dollar	Emerging Market Currency Basket	Canadian Dollar	Europe Euro	Japanese Yen
2/2/16	2/1/16	2/1/16	1/28/16	2/3/16	2/3/16

U.S. Treasuries and Private Municipal Bonds are on double Green lights. These sectors are currently perceived as a place of safety for both domestic and foreign investors. We currently hold some intermediate term Treasuries and domestic Municipal securities in some of our investment strategies. The chart below shows the U.S. 10 year Treasury Note price trend. Lower rates means higher bond prices.

SUMMARY AS OF 2/14/16

The financial markets have been volatile with the worst January since 2009. This January ended with a sharp rally on Friday, the last day, likely triggered by commentary from the Russian Oil Minister, after meetings with the Saudi Oil Minister that it may be time for a coordinated reduction in production by the OPEC and Non-OPEC producers like Russia. Also, Japan moving its government bond interest rate to a minus return had an impact. This end-of-the month rally was sufficient to improve the equity related Short - Term lights on our TAA table for 1/29/16 which started to look encouraging. However, the market resumed the decline in early February resulting in renewed Red lights. An excerpt from the TAA table shown on page 1 (below) remains bearish except for Precious Metals, Healthcare, U.S Treasuries and Foreign Sovern debt not hedged to the U.S. Dollar.

U. S. Styles	Large Cap Blend	Large Cap Growth	Large Cap Value	Mid Cap Blend	Mid Cap Growth	Mid Cap Value	Small Cap Blend	Small Cap Growth	Small Cap Value
	LCB	LGG	LCV	MCB	MCG	MGV	SCB	SCG	SCV
S-T	2/8/15 (40)	12/11/15 (45)	2/5/16 (20)	12/31/15 (20)	1/7/16 (10)	1/6/16 (10)	2/8/16 (30)	12/2/15 (20)	2/3/16 (20)
L-T	11/30/15 (40)	12/10/15 (10)	12/31/15 (15)	12/8/15 (20)	11/13/15 (0)	11/12/15 (10)	11/12/15 (20)	11/12/15 (10)	12/7/15 (01)

Industrial Sectors	Banking	Biotech	Oil & N-Gas Exp. & Pro.	Energy Infrastructure	Energy Services	Financial Services	Gold & PM Mining	Healthcare	Internet
	BNK	BIO	ENG	ENI	ENS	FIN	GLD	HRC	NET
S-T	2/12/16 (40)	1/6/16 (20)	2/3/16 (10)	2/1/16 (0)	12/28/15 (20)	2/8/15 (20)	1/25/16 (100)	2/12/16 (60)	2/5/16 (50)
L-T	12/11/15 (20)	11/2/15 (10)	11/12/15 (0)	5/6/15 (10)	11/12/15 (0)	12/8/15 (0)	1/25/16 (100)	8/14/15 (0)	12/11/15 (10)

Industrial Sectors	Commodity Materials	Nat. Resource Equities	Real Estate	Retailing	Technology	Telecom	Transportation	Utilities
	NRC	NRE	REA	RTL	TEK	TEL	TRN	UTL
S-T	10/14/15 (30)	12/24815 (30)	12/30/15 (40)	2/8/16 (38)	2/3/16 (10)	2/8/16 (45)	12/3/15 (33)	2/8/16 (20)
L-T	10/27/15 (10)	11/12/15 (20)	12/10/15 (15)	11/9/15 (31)	12/11/15 (0)	11/12/15 (25)	12/3/15 (17)	2/12/16 (35)

Foreign Equity	Foreign Developed	Emerging Markets	China Equity	India Equity	Europe Equity	Russia Equity	Japan Equity	Latin America	S E Asia x Japan
	IEQ	EMM	CHI	IND	EUR	RUS	JPN	LAT	PAC
S-T	2/2/16 (20)	2/1/16 (0)	11/25/15 (20)	2/12/16 (20)	1/4/16 (20)	2/2/16 (13)	2/5/16 (20)	11/24/15 (0)	2/1/16 (20)
L-T	12/8/15 (10)	11/12/15 (30)	11/25/15 (10)	1/5/16 (5)	12/10/15 (10)	2/8/16 (75)	12/14/15 (10)	1/29/16 (50)	12/11/15 (10)

Fixed Income	International $Hedged	International Non-$Hedged	Emerging Market	Inv. Grade Corporate	High Yield Corporate	Intermediate U.S. Gov.	Long Term U.S. Gov.	Long Term Municipal
	FGI	FGN	FEM	FIC	FHY	FIM	FLT	FMU
S-T	12/15/15 (0)	1/11/16 (60)	2/12/16 (30)	2/12/16 (40)	1/7/16 (0)	1/6/16 (65)	1/7/16 (100)	12/22/15 (80)
L-T	12/8/15 (25)	2/5/16 (75)	2/9/16 (20)	11/2/15 (50)	5/4/15 (0)	1/6/16 (75)	1/29/16 (95)	11/23/15 (85)

I have mixed internal technical metrics with some showing non-confirmation of the current February decline, and others indicating that the market is not yet oversold enough for an intermediate term rally. Let's see what the week brings.

The current approximate net market exposure for our investment strategies, at progressive dates, are shown in the table below:

DATE	12/23	1/7	1/15	1/31	2/12
	%	%	%	%	%
Growth Portfolio Plus (GPP)	87	46	30	44	38
Focus List Plus (FLP)	98	71	66	69	58
Global Opportunity Plus (GOP)	93	74	72	79	59
Equity Income Portfolio Plus (EIPP)	97	78	62	64	55
Equity Income Plus - ERISA (EIPE)	88	72	56	61	47
Portfolio Income Plus (PIP)	91	77	68	54	47
MLP Energy Infrastructure Plus (MLPP)	87	62	59	60	56
Energy/Defense/Resources (EDRP)	81	96	87	78	85
Precious Metals Plus (PMP)	71	79	77	72	84
International Equity Growth (IEG)	41	70	46	41	28
Global InDe-flation Plus (GIP)	97	74	78	78	78
Diversified Income Taxable Plus (DITP)	55	75	70	65	55

Note: The net market exposure values indicated are approximate since individual account exposure can very somewhat from these values. Note that these reported allocations are a snapshot at the dates indicated and do not necessarily represent the average allocation during the reporting period. This net exposure is computed by subtracting the total Bear Hedges (if any) from the long positions held in the strategy. Keep in mind that any Bear hedges can be in styles and sectors that may not exactly match the long positions held in the strategy. Consequently, the hedging process is not a perfect defense, but can be an effective risk management tool.

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Past performance is not a guarantee of future results.

NOT FDIC INSURED ~ NOT BANK GUARANTEED ~ MAY LOSE VALUE

DISCLOSURES

There is no assurance that these movements or trends will be profitable or imply a successful investment strategy. The information has been prepared without regard to any particular investor's investment objectives or financial situation. Investors should not act on the information in this report without obtaining specific advice from their financial advisors.

Short Term (S-T) signals are based on daily price data and may be different and change more frequently than the intermediate Term (I-T) signals that are based on price action for a trailing 5 day period. These ratings are subject to change at any time and their accuracy is not guaranteed. Individual securities may perform differently from these signals. These directional signals are a useful tool in the portfolio management process but are not the sole determinate of actual portfolio style or sector weightings. Market data used in this analysis is believed to be from reliable sources but it is not guaranteed. No investment strategy can guarantee success.

Asset allocation does not guarantee a profit nor protect against loss. Investing involves risk including the possible loss of capital . The performance noted does not include fees and charges which would reduce an investor's returns. The indexes mentioned are unmanaged and cannot be invested in directly. Mid-cap and small cap securities generally involve greater risks. International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risk are greater in emerging markets. The companies engaged in any specific sector are subject to fierce competition and their products and services may be subject to rapid obsolescence. High -yield bonds are not suitable for all investors. Dollar cost averaging does not assure a profit and does not protect against loss. It involves continuous investment regardless of fluctuating price levels of such securities. Investors should consider their financial ability to continue purchases through periods of low price levels.

Technical Analysis Process Explanation

Ron's Technical Analysis process utilizes the OMNI Trader software program developed by Nirvana Systems in Austin, Texas. This program is essentially a tool box that contains many technical systems, such as moving averages, trend lines, overbought/oversold oscillators, classical price patterns, etc. to determine the strength and direction of the current price direction of the security under review based on an analysis of historical price data. This process analyzes the price action of approximately 600 mutual funds daily. The mutual funds are organized into specific styles and sectors typically with 10 funds representing each style and sector.

Web Site Commentary

My Portfolio Action Update commentary is a periodic update of my technical analysis viewpoint of the financial market environment and the current portfolio management posture for our key portfolio strategies. In general, my portfolio management approach is to determine current market conditions through technical analysis and to position the various portfolio strategies to participate in the current environment. My belief is that the market price is the final arbiter of all available information as digested by all market participants regarding security values. Therefore, carefully analyzing price action over time is the key element in our portfolio management process. However, neither opinions, technical analysis or fundamental security analysis produce perfect results. There is always a degree of risk present.

A few days may transpire from when these comments are written and when they are posted on the web site. Obviously, the technical analysis data and portfolio positions could have changed in that timeframe. Therefore, these comments should be read in the context of what we have been doing, not necessarily what we may be doing when you actually read them. This information is not intended to be a solicitation of a buy or sell of any financial security. The opinions expressed herein are my own and do not reflect the position of **RAYMOND JAMES.**

Index Definitions

U.S. Market Index Information: ***U.S. Treasury securities are guaranteed by the U.S. government and, if held to maturity, offer a fixed rate of return and guaranteed principal value.***
The Dow Jones Industrial Average is an unmanaged index of 30 widely held securities.
The Dow Jones Transportation Average is the most widely recognized gauge of the American transportation sector.
The Dow Jones Utility Average keeps track of the performance of 15 prominent utility companies.
The S&P500 is an unmanaged index of 500 widely held stocks.
The S&P Mid Cap 400 index is a capitalization-weighted index that measures the performance of the mid-range sector of the U.S stock market.
The S&P Small Cap 600 Index is an unmanaged index of 600 small-cap stocks.
The NASDAQ Composite Index is an unmanaged index of all stocks traded on the NASDAQ over-the-counter market.
The Russell 2000 index is an unmanaged index of small cap securities which generally involve greater risk.
The BW Bank Sector (BKX) is a capitalization weighted index composed of 24 geographically diverse stocks representing national money center banks and leading regional institutions.
The NYSE Arca Biotechnology index (BTK) is an equal dollar weighted index designed to measure the performance of a cross section of companies in the biotechnology industry that are primarily involved in the use of biological processes to develop products or provide services.
The NYSE Arca Oil index (XOP) is a price-weighted index of the leading companies involved in the exploration, production, and development of petroleum.
The PHLX Semiconductor Sector Index (SOXX) measures the performance of U.S. traded securities of companies engaged in the semiconductor business, which includes companies engaged in the design, distribution, manufacture, and sales of semiconductors.
The Philadelphia Gold and Silver index (XAU) is an index of 16 precious metal mining companies that are traded on the Philadelphia stock Exchange.
The Value Line Geometric index is a broad based index of equally weighted approximately 1675 stocks selected by the Value Line company from the NYSE, American Stock Exchange and the NASDAQ Over-the-counter stock market.

Foreign Markets Index Information

The MSCI EAFE Index is recognized as the pre-eminent benchmark in the United States to measure international equity performance. It comprises the MSCI country indexes that represent developed markets outside of North America: Europe, Australasia and the Far East.

The MSCI Emerging Market Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of over 800 securities in 23 markets representing approximately 13% of world market cap; Brazil, Russia, India, China, Colombia, Mexico, Peru, Czech Republic, Greece, Egypt, Hungary, Poland, Qatar, South Africa, Turkey, United Arab Emirates, Indonesia, Korea, Malaysia, Philippines, Taiwan, and Thailand.

The Hang Seng is a free-float capitalization-weighted index of a selection of companies from the Stock Exchange of Hong Kong. The components of the index are divided into four subindices: Commerce and Industry, Finance, Utilities, and Properties. The index was developed with a base level of 100 as July 31, 1964.

The Shanghai Stock Exchange 180 A-Share Index is a free float-weighted index. The index tracks the daily price performance of the 180 most representative A-Share stocks listed on the Shanghai Stock Exchange.

RON MILLER
MANAGING DIRECTOR, INVESTMENTS

JOSH NEWMAN
FINANCIAL ADVISOR

MARTIN TRUAX
MANAGING DIRECTOR, INVESTMENTS

500 Northpark Town Center, Suite 1850 // 1100 Abernathy Road NE // Atlanta, Georgia 30328 // T: 770.673.2177 // T: 866.813.9911 // F: 770.673.2150