RAYMOND JAMES | MORGAN KEEGAN

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Portfolio Action Update
October 28, 2012

Styles	Large Cap Growth	Large Cap Value	Mid Cap Growth	Mid Cap Value	Small Cap Growth	Small Cap Value
S - T	10/24/12 (40)	10/1/12 (10)	10/23/12 (40)	9/18/12 (20)	9/21/12 (10)	9/18/12 (20)
I - T	10/9/12 (10)	10/12/12 (25)	10/9/12 (0)	9/28/12 (35)	10/1/12 (30)	9/28/12 (10)
Sectors	**Banking**	**Biotech**	**Energy Oil & Gas**	**Financial Services**	**Gold Mining**	**Healthcare**
S - T	6/6/12 (50)	10/9/12 (0)	9/18/12 (0)	10/19/12 (50)	9/25/12 (20)	10/17/12 (10)
I - T	10/12/12 (40)	10/19/12 (0)	10/1/12 (10)	7/27/12 (60)	10/12/12 (10)	8/10/12 (50)
Sectors	**Internet**	**Natural Resource Equities**	**Real Estate**	**Technology**	**Transportation**	**Utility**
S - T	10/9/12 (38)	9/24/12 (10)	10/23/12 (20)	8/23/12 (13)	10/4/12 (50)	10/12/12 (0)
I - T	10/1/12 (38)	10/9/12 (10)	9/24/12 (40)	9/25/12 (0)	9/14/12 (99)	10/1/12 (35)
Foreign	**Emerging Markets**	**China**	**Europe**	**Japan**	**Latin America**	**S.E Asia**
S - T	9/21//12 (0)	9/20/12 (50)	9/21/12 (30)	10/17/12 (80)	9/21/12 (20)	9/20/12 (50)
I - T	10/9/12 (30)	10/22/12 (70)	9/28/12 (30)	10/9/12 (35)	9/28/12 (10)	10/22/12 (40)
Bonds	**Foreign Hedged to $**	**Foreign Non-$hedged**	**Emerging Markets**	**Invest. Grade Corporate**	**High Yield Corporate**	**Long Term Treasury**
I –T	9/10/12 (80)	10/23/12 (40)	10/25/12 (10)	10/25/12 (40)	10/23/12 (30)	10/5/12 (20)
S - T	8/23/12 (80)	6/15/12 (80)	6/11/12 (80)	8/23/12 (70)	7/2/12 (60)	10/17/12 (30)

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)
Light Green indicates going from Green to Neutral since last Signal Date
Pink indicates going from Red to Neutral since last Signal Date

Ron's technical analysis is based on the study of historical price movements and past trend patterns. There is no assurance that these movements or trends can or will be duplicated in the future, will be profitable or imply a successful investment strategy. IPMG of Atlanta has prepared this information without regard to any particular investor's investment objectives, financial situation and needs. Accordingly , investors should not act on any recommendation (express or implied) or information in this report without obtaining specific advice from their financial advisors and should not rely on information herein as the primary basis for their investment decisions. This is a reduced version of Ron Miller's Tactical Asset Allocation Style & Sector Signals table. Ron's portfolio management process includes the technical analysis of over 600 mutual funds that have been selected to represent fifty four different styles, sectors and currencies that are tracked daily for both Short Term and Intermediate Term price movements and trend patterns. These include the 9 Morningstar portfolio management style boxes plus 16 equity sectors,, 10 international style s/sectors, 9 bond sectors and 12 global currencies. Ratings are based on the percentage of securities followed in each category that are on buy signals, 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 obviously their accuracy is not guaranteed. Individual securities may perform differently from these signals. These direction signals are a useful tool in the portfolio management process but are not the sole determinate of actual portfolio style or sector weightings nor do they represent actual trades. They should not be interpreted as buy or sell recommendation for any specific financial securities and do not reflect positions of Morgan Keegan. Market data used in this analysis is believed to be from reliable sources but its accuracy cannot be guaranteed. Past performance is not indicative of future results.

MARKET COMMENTS FOR THE WEEK ENDING 10/28/12

First, a little historical perspective. On October 9, 2007, the Total Stock Market index (formerly called the Wilshire 5000 at that time) peaked at a value of 15,607. This includes the value of all stocks traded on US Exchanges and the NASDAQ market. It is a fair representation of the total value of equities, if you multiply by $1 Billion. That is, the total value of equities in the U.S. was $15.607 Trillion Dollars. What ensued over the next two years was a historical collapse of the global financial system along with economically important housing and construction industries among others. There were many reasons and causes that I won't go into here, but at the low point on March 9, 2009, the total value of equities had declined to $6.858 Trillion, a decline of 56.1%. On October 9, 2012, the 5th year anniversary of the market top, the total value of equities was back up to $14.987 Trillion, only about 4% shy of the 2007 top. Actually, that is a remarkable feat in my opinion given the depth of the problems and the ensuing slow economic recovery. But it came with unprecedented involvement of government in financial markets and massive expansion of the Federal Reserve's Monetary Base. I believe the FED's Quantitative Easing policies have been the main force behind the resurgence of the stock market. The unintended consequences of these actions in futures years remains to be seen.

As we noted in our September 30 Portfolio Update, key stock market indices peaked around the middle of September. Since then and for much of October, the equity markets have experienced a modest consolidation with two rally attempts in late September and mid October, that failed to close above the September peak. Using the S&P500 index as a surrogate for the general market, we note that it closed just below its 50 daily moving average (dma) on Monday of last week and moved lower for the rest of the week, closing at a value of 1411.94 on Friday. This was a decline of 3.74 % from its September 14 closing high of 1466.77. Over the same time period, the S&P400 Mid Cap Index is down 5.07% and the Russell 2000 Small Cap index is down 5.95%.

Our Technical Analysis Rating Table shows fourteen Double Red lights out of eighteen domestic Styles and Industry sectors and three double Red lights out of six International markets. Whenever I see a lot of double Red lights, my first inclination is to see if the market is in an oversold condition. The McClellan technical indicator of oversold or overbought market conditions closed Friday at a level of minus 113. That is a level that indicates a modest oversold condition, but not a level like minus 300 or more that is normally associated with an Intermediate term bottom. In addition, closing below the 50 dma for the entire week is a negative sign. The path of least resistance over the near term seems down. The next support level would be at the rising 200 dma which is only about 2.5% lower for the S&P500 index. However, results of the approaching presidential election next week could provide an overriding influence on the direction of the market through the end of the year, and of course the new year.

The 3rd Quarter earning reports for many American companies have been somewhat disappointing and for companies that fell short of expectations, the drop in share prices have been sharp. My general opinion is that the equity markets are treading water somewhat waiting for the election results. Although most current poles indicate that the Romney's campaign appears to have gained some positive momentum in recent weeks, the election still looks too close to call at this point. The Congressional election results are also very important with regard to how economic policy formulation will be implemented in the next administration.

It seems that the stock market is currently more concerned with a weak economic outlook and deflationary pressures in spite of the Federal Reserves' recent open ended QE3 stimulus program. Consequently, we have increased our defensive posture some more over the last couple of weeks as indicated later in this report. Nevertheless, if the stock market responds positively to the election results next week, we will likewise take a more bullish exposure going into the end of the year.

Capitalization Styles

The equity markets have had a decent year if you focus on the key averages and have remained fully invested regardless of global geopolitical risk factors. Although that is not our style of portfolio risk management, let's look at what growth and value styles have done YTD using the Total Stock Market indices listed in The Wall Street Journal. Large Cap Growth is up 13.6% while Large Cap Value is up 11.0%. Mid Cap Growth is 9.9% while Mid Cap Value is up 11.3%. Small Cap Growth is up 10.4% while Small Cap Value is up 12.2%. The better performance of the Large Cap style confirms the flight-to-safety motivation is still in force. The better performance of Value over Growth for the Mid cap and Small Cap styles may be reflective of the sharp recovery in housing and banking type securities so far this year.

Industrial Sectors

Eight our of twelve Industrial sectors on the Rating Table are on Double Red lights. There are three Short Term Neutral but no Short Term Green lights. One of the top performing sectors on our Rating Table has been the Biotech sector with the NASDAQ Biotech index still up 29.8% YTD even after a 8.3% drop from its October 5 high. The weaker performing sectors YTD have been the DJ Utility index (+2.3%), S&P Energy index (+1.7%) and PHLX Gold and Silver Mining index (+1.1%). The NASDAQ Telecommunications index is actually down 5.9%.

The S&P Technology index has been under pressure since the third week in September with a decline of 8.3%, but is still up 13.9% YTD. It closed Friday a little under its 200 dma. Some well known big names in the Technology universe have had sharp recent declines. This sector appears short term oversold. How it responds during the next rally phase will likely be a good indication of the intermediate term direction of the stock market. That is, a modest rally from here and then falling below the 200 dma again could be a 'tell' on the beginning of a major correction.

International Market

Europe, Latin America and Emerging Markets are on Double Red lights. As we know, many foreign markets have suffered from a variety of negative financial and economic pressures over the past five years. Interestingly, China currently has an Intermediate Term Green light and a Neutral for the Short Term. The Xinhua China index also peaked in October 2007 at a value of 70.4. The low was in October 2008 at a value of 23.2 for a decline of 67%. It recovered about 1/2 of that Bear market decline during most of 2009 but since then has traded mostly sideways with downdrafts from time to time. More recently it has rallied above a bottoming formation from June to October of this year. The value of the Xinhua China index is now above the 50 dma which is rising and approaching the 200 dma which has a very slight up slope. Bottom line, the China economy and stock market, which still suffers from a negative perception on many fronts, is slowly showing some initial bullish technical action. Although it is too early to declare an all clear signal, it is looking promising. A successful pull back to test of the 200 dma and a subsequent move above recent highs would be bullish action in my judgment.

Bond Markets

We see Short Term Red lights for all but the Foreign bonds hedged to the U.S. Dollar. Consequently, we are on alert to reduce bond holdings in our various investment strategies. So far, there has not been much drop in prices for the US Corporate Investment Grade or High Yield bonds. International bonds not hedged to the US Dollar have had a small drop of about 1.3% last week. They are on the bubble of being terminated as they say about players in football training camps.

Since the modern era, the all time low interest rate for a 30 year Treasury bond was 2.467% on July, 25, 2012 (remember that date), since then the interest rate has risen to 2.918 as of Friday's close. That corresponds to a decline in the 30 year Treasury bond price of about 8.9%. Just to put in perspective the risk in long term Treasury bonds over say a year of rising interest rates, the price of a $1000 bond with a coupon of 3.0% with interest rates rising from 3.0% to 5.0% would have a price decline of about 30% at the end of one year. Of course, if you hold it to maturity for the next 29 years, you would get your $1000 back, but what it would buy in 29 years may not be very much.

	US $ Index	Australia Dollar	Brazil Real	Em. Mkt. Basket	Canadian Dollar	Europe Euro	Japan Yen
I - T	10/23/12	10/16/12	10/17/12	10/23//12	10/19/12	10/25/12	10/3/12

U.S. Dollar Index & Foreign Exchange Trends

The U.S. Dollar has been up and down a lot this year but as of Friday's close, the U.S. Dollar index against a basket of foreign currencies is down 0.22%. The ETF representing various foreign currencies Vs. the US Dollar have the following changes: the Australian Dollar is up 1.22%; the Brazilian Real is down 2.57%; the Emerging Market Basket of currencies is up 5.23%; the Canadian Dollar is up 2.09%; the Euro is down 0.35%; and the Japanese Yen is down 3.65%. With all of the hoopla regarding the Euro this year, it is surprising that in spite of the volatility this year, the net change so far has only been 0.35%.

Portfolio Action Update For the Market Week Ending October 26, 2012

Whenever I see a lot of double Red lights on our Rating Table, my first inclination is to see if the market is in an oversold condition. The McClellan technical indicator of oversold or overbought market conditions closed Friday at a level of minus 113. That is about the level that the two minor rallies that began in late September mid October subsequently failed. It normally requires an oversold condition with a McClellan reading of minus 300 or more to get a more substantial Intermediate term bottom. In addition, the S&P500 closed below its 50 dma for the entire week which is a negative sign. The path of least resistance over the near term seems down. The next support level would be at the rising 200 dma which is only about 2.5% lower for the S&P500 index. However, results of the approaching presidential election next week could provide an overriding influence on the direction of the market through the end of the year, and of course the new year. We remain alert to renew bullish action in our investment strategies when warranted.

The current approximate net market exposure is shown below for each strategy:

Growth Portfolio Plus - GPP = 0%

Equity Growth Plus - EGP = 48%

Focus List Plus - FLP = 51%

Equity Income Portfolio Plus - EIPP = 72%

Equity Income Plus ERISA - EIPE = 61%

Portfolio Income Plus - PIP = 64%

Energy/Defense/Resources - EDRP = 67%

Natural Resource Plus - NRP = 57%

Precious Metals Plus - PMP = 72%

International Equity Growth - IEG = 43%

Global Opportunity Plus - GOP = 70%

Currency Trading Portfolio - CTP = 7% US / 49% Foreign / 10% Gold.

Diversified Income Taxable Plus - DITP = 68% Long Multi-Sector / 8% Short Treasury.

Note: The net exposure values indicated are approximate since individual account exposure can very somewhat from these values. 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 the 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. The residual cash position is held in a money market.

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 approximately 600 mutual funds daily. The mutual funds are organized into specific styles and sectors typically with 10 funds representing each style and sector. For Example, there are 10 Biotech funds, 10 Banking funds, 10 Energy funds, and so on. Altogether, 54 styles and sectors are analyzed (only 30 are shown on the webs site table.). If the technical analysis indicates that a fund is in an up trending mode, it is given a green arrow pointing up and if the analysis indicates a down trending mode, it is given a Red arrow pointing down. If the analysis is indeterminate, that is noted as a Neutral rating split between a Green and Red arrow. If 60% or more of the arrows are green for a style or sector, then the Table cell show a Green light. If 40% or less of the arrows are Green, then the Table shows a Red light. The date on which the direction signal occurs is noted in each cell of the Table along with it current Rating % of Green arrows. This majority rule of the style or sector fund arrows is an essential part of determining the cell color. Please note that these signals do not represent actual trading.*

Web Site Update Explanation: *This is a periodic (usually weekly) update of my technical analysis viewpoint of the financial market environment and the current portfolio management posture for our key portfolio strategies. I try to confine my comments to a discussion of what recent action has occurred in these portfolios and my current technical analysis posture. 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. Although I usually have an opinion of the future direction of the market, I don't rely heavily on my opinion in the portfolio management process. 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 the portfolio management process. However, neither opinions, technical analysis or fundamental security analysis produce perfect results. There is always a degree of risk present.*

These comments will usually be written on the weekend. However, a few days may transpire from when they 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 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 Morgan Keegan & Co., Inc.

***Past performance is not a guarantee of future results*.**

NOT FDIC INSURED ~ NOT BANK GUARANTEED ~ MAY LOSE VALUE

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