

# Portfolio Action Update

Ron Miller, Managing Director, Investments



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 9/30/16

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	MCV	SCB	SCG	SCV
S-T	9/21/16 (60)	9/29/16 (50)	9/21/16 (50)	9/21/16 (80)	9/26/16 (50)	9/21/16 (90)	9/21/16 (60)	9/22/16 (60)	9/21/16 (50)
L-T	9/26/16 (50)	8/15/16 (55)	7/11/16 (25)	7/12/16 (60)	8/15/16 (30)	9/9/16 (55)	9/22/16 (50)	9/9/16 (40)	7/8/16 (80)
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	9/14/16 (30)	9/26/16 (10)	9/28/16 (90)	9/21/16 (90)	9/8/16 (100)	9/27/15 (40)	9/21/16 (70)	9/29/16 (10)	9/27/16 (60)
L-T	9/26/15 (30)	9/14/16 (80)	9/30/16 (90)	9/23/16 (70)	9/28/16 (80)	7/25/16 (50)	8/31/16 (50)	9/19/16 (50)	8/15/16 (50)
Industrial Sectors	Commodity Materials	Nat. Resource Equities	Real Estate	Retailing	Technology	Telecom	Transportation	Utilities	
	NRC	NRE	REA	RTL	TEK	TEL	TRN	UTL	
S-T	8/24/16 (40)	9/21/16 (90)	9/30/16 (40)	9/22/16 (63)	9/15/16 (70)	9/21/16 (45)	9/22/16 (100)	9/29/16 (25)	
L-T	9/2/16 (20)	9/30 (60)	8/24/16 (35)	8/31/16 (25)	7/8/16 (70)	9/29/16 (35)	7/14/16 (83)	9/30/16 (40)	
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	9/29/16 (50)	9/30/16 (40)	6/22/16 (90)	7/18/16 (20)	9/21/16 (80)	9/19/16 (38)	9/26/16 (80)	9/21/16 (80)	9/21/16 (50)
L-T	7/15/16 (90)	9/21/16 (70)	6/28/16 (60)	5/26/16 (55)	9/26/16 (60)	9/6/16 (38)	7/1/16 (80)	9/30/16 (40)	6/28/16 (70)
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	9/22/16 (40)	9/22/16 (50)	9/20/16 (50)	9/22/16 (50)	9/21/16 (90)	9/23/16 (65)	9/23/16 (80)	8/31/16 (0)	
L-T	9/23/16 (80)	2/5/16 (70)	9/21/16 (90)	9/23/16 (60)	9/21/16 (90)	7/25/16 (20)	9/26/16 (85)	8/31/16 (15)	
US Dollar Index	Australia Dollar	Emerging Market Currency Basket	Canadian Dollar	Europe Euro	Japanese Yen				
8/26/16	9/21/16	9/19/16	8/25/16	9/23/16	9/14/16				
Signal Date	Going from Green to Neutral since Signal Date			Signal Date	Going from Red to Neutral since Signal Date				

Management Style and Sector potential price direction signals are based on technical analysis of approximately 600 mutual funds selected by Ron Miller to represent the forty nine styles and sectors shown in the table. These styles and sectors signals are not those of Raymond James Associates, Inc. Signals 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. This table is not intended to be a solicitation to buy or sell of any financial security. Market data used in this analysis is believed to be from reliable sources but its accuracy can not be guaranteed.

Past performance is not indicative of future results.

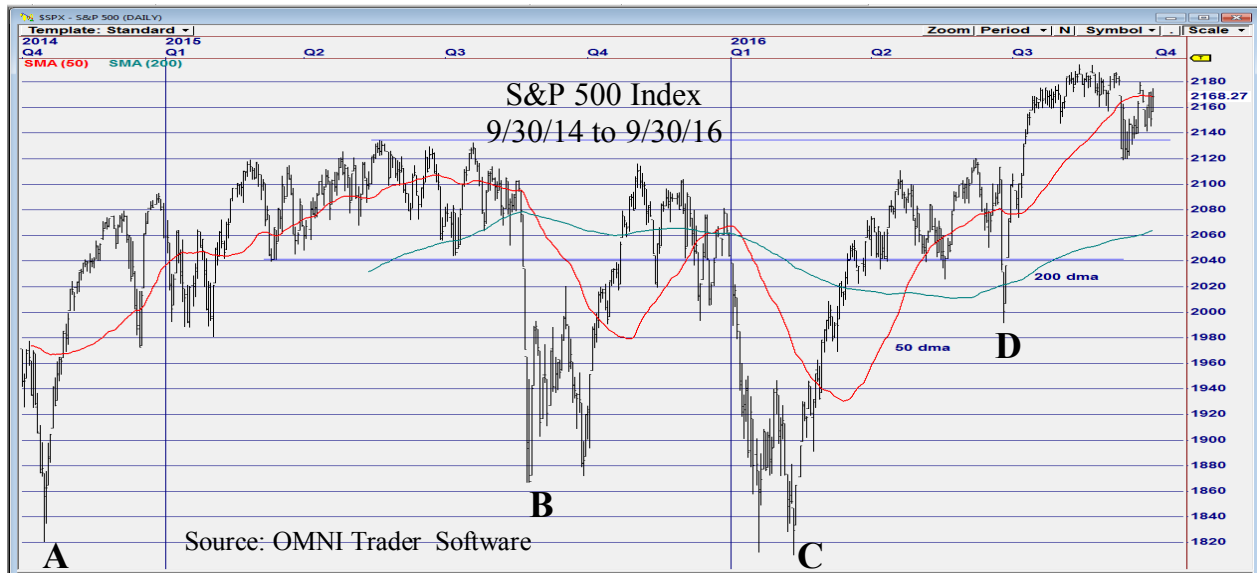
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## PORTFOLIO ACTION COMMENTS AS OF 10/1/16

The current Tactical Asset Allocation Style & Sector Signals table (TAA) is somewhat of a mixed blanket of colors. There are 24 equity Green lights (Short Term and Intermediate Term combined) and 21 Red lights. Plus, there are 15 Neutral lights. The Fixed Income sectors have a more bullish bias with 9 Green lights, 4 Red lights and 3 Neutral lights.

From the end of April to the end of September (May to October) the S&P500 index has had a gain of 5%. The Sell in May and go away concept has not been beneficial, at least so far in 2016. In fact, the price gain YTD for the S&P500 has been 6.08%, so 82% of the years price gain in this index has occurred since the beginning of May.

The S&P 500 index price action for the two year period ending September 30 is shown in the chart below. However, it has not been boring price action in the stock market. In the Fall of 2014, there was a sharp drop noted by the (A). In the Fall of 2015 there was another sharp drop and double bottom, noted by (B). In January/February 2016 there was a sharp down thrust (C) triggered by the December 2015 first rise in the Federal Funds rate in many years. In late June, 2016 there was a sharp drop following the BREXIT vote in the United Kingdom, noted by (D). That was very short lived followed by a quick move to new recovery highs.



There is one characteristic of these declines and rallies. that stands out in my mind. There are very sharp declines over a relative short number of days, follow by a quick recovery of lost ground and even a move to new highs in some cases, as in 2016. Historically, declines have recovered through a base building process over days and weeks. Both B and C had some base building, but A and D had none. Also, minor declines tend to break below classical support levels and then bounce back quickly. That is, rather than holding at support, they break below support which often produces more selling, and then move back up after just a couple days or so. Some of this action has been contributed to algorithms developed by the High Frequency trading industry that are reported to produce 70% or more of the daily trading volume.

**Bottom line.** I believe that the stock market will have a bias towards the upside as the presidential election approaches. At this point, it is not clear, in my mind what the post election will look like. Of course, the third quarter earnings reports that come in over the next few weeks will play a part. We have had periods of double Red lights and double Green lights on our TAA table over the last nine months. However, given the mix technical picture, we currently have 10% to 25% cash in our investment strategies (see page 8) and have initiated a small bearish hedge late last week in some strategies as a preliminary precaution.

### **Comments on the Federal Reserve's Stock Market Participation**

**Federal Reserve (FED) Chairman, Janet Yellen, announced at the FED annual Economic Conference at Jackson Hole, Wyoming in late August that the FED had learned new tools since the Credit crisis (2008/2009) that they now have available to them as needed in the future.** For example, the FED' Balance Sheet has increased from about 800 Billion to over 4 Trillion. It was originally thought that it would be scaled back as the crisis subsided. The feeling now is that this much larger balance sheet provides the FED greater power to implement monetary policy in a crisis. Once you have power, it is hard to give it up, I have observed.

**On September 29, the FED announced that it could get benefits from buying assets other than long-term U. S. debt in future down turns.** In a video conference with a bankers meeting in Kansas City, Yellen said (reported by CNBC.com) “ if we found, I think as other countries did ( *e.g. Japan and China - my addition*) that they could reach the limits in terms of purchasing safe assets like longer-term government bonds (e.g. the *QE program*), It could be useful to be able to intervene directly in assets where the prices have a more direct link to spending decisions.” She added that the FED buying equities and corporate bonds could have cost and benefits. **WOW**, I don't think this rather obscure 'Trial Balloon' got much press!

**To me, this confirms my often mentioned suspicions that the Treasury departments' Exchange Stabilization Fund (ESF) may have used equity derivative type securities to influence stock market action in recent years.** The ESF was established by a provision in the Gold Reserve Act of 1934 to deal in Gold and foreign exchange to stabilize the exchange value of the Dollar. The FED has now announced that their participation in equity markets could be a part of their economic and monetary policy actions going forward. This is a slippery slope, in my judgment, towards the replacement of free market capitalism with an increase in global central banking and economic planning. Brexit was a welcome breath of fresh air, in my judgment.

**Does the FED have to get Congressional approval for this type of increased power?** That wasn't mentioned in the report I read. The ESF, as originally designed, was part of the executive branch not subject to legislative oversight. It is still an operative arm of the Treasury. However, its financial reach is believed to have expanded over the years. Lots of comments about the ESF can be found on the Internet. You have to make your own judgement about what is true and what is false. On the other hand, the FED is actually made up of 12 different Federal Reserve banks around the country that are owned by other major banks, not the US Government. The FED is a private institution that congress has given the task of being the U.S. Central Bank and responsible for U.S. Monetary Policy.

## CAPITALIZATION STYLES

The action in the stock market has been like watching a tennis match between Jimmy Connors and John McEnroe. Baseline to Baseline, a lot of the time, as I remember. The two year trend (9/30/2014 to 9/30/2016) of the three capitalization styles - Large Cap (S&P500), Mid Cap (S&P400), Small Cap (Russell 2000) are shown in the chart below:



Notice how the S&P 500 (Black) moved above the highs in the summer of 2015 in August of this year (A line). Recently the S&P400 Mid Cap index (Yellow) has moved a little above the June 2015 highs, but the Russell 2000 Small Cap index (Blue) has yet to top the June 2014 highs (B line). Often the Small cap stocks tend to do better towards the end of the year and/or during the early part of the new year. We will likely be biased in that direction this year in our growth strategies. As you can see above, the index prices are not much different from the summer of 2015.

## INDUSTRIAL SECTORS

There are 6 sectors with Double Green lights. All three Energy related sectors and Natural Resources, Technology and Transportation sectors. The Energy Infrastructure sector is represent-

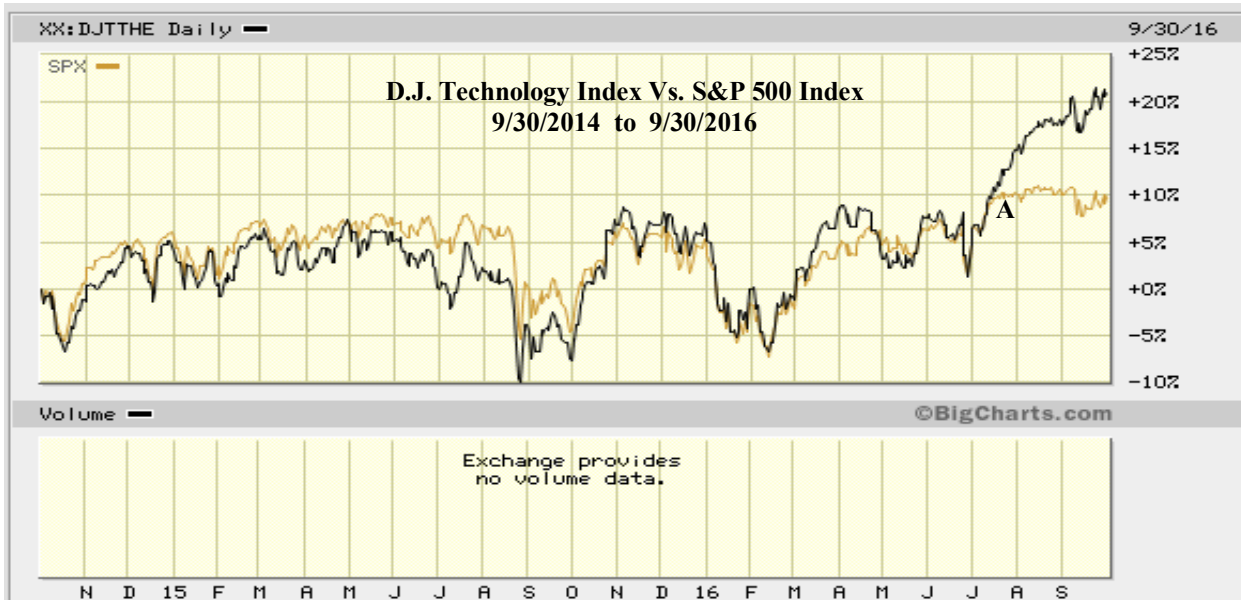
Industrial Sectors	Banking	Biotech	Oil & N-Gas Exp. & Pro.	Energy Infrastructure	Energy Services	Financial Services	Gold & PM Mining	Healthcare	Internet
	BNK	BIO	ENG	ENI	ENS	FIN	GLD	HRC	NET
S-T	9/14/16 (30)	9/26/16 (10)	9/28/16 (90)	9/21/16 (90)	9/8/16 (100)	9/27/15 (40)	9/21/16 (70)	9/29/16 (10)	9/27/16 (60)
L-T	9/26/15 (30)	9/14/16 (80)	9/30/16 (90)	9/23/16 (70)	9/28/16 (80)	7/25/16 (50)	8/31/16 (50)	9/19/16 (50)	8/15/16 (50)
Industrial Sectors	Commodity Materials	Nat. Resource Equities	Real Estate	Retailing	Technology	Telecom	Transportation	Utilities	
	NRC	NRE	REA	RTL	TEK	TEL	TRN	UTL	
S-T	8/24/16 (40)	9/21/16 (90)	9/30/16 (40)	9/22/16 (63)	9/15/16 (70)	9/21/16 (45)	9/22/16 (100)	9/29/16 (25)	
L-T	9/2/16 (20)	9/30 (60)	8/24/16 (35)	8/31/16 (25)	7/8/16 (70)	9/29/16 (35)	7/14/16 (83)	9/30/16 (40)	

ed in our Equity Income Strategies (EIPE, EIPP, PIP, MLPP, see page 8), so it is of particular interest. The chart below shows the 2 year trend of this sector represented by the Alerian MLP index AMZ of the Mid-Stream energy sector (i.e., pipelines).



The AMZ has rallied 55% from its low in February, 2016 (A) and 8.9% since the beginning of 2016. Of course, it had a major decline from 9/30/2014 to the low in February 2016. The current yield on many of the securities in this industry are in the 7% to 10% Range. We think there are good odds that the low has been seen for this industry, barring a serious recession. We decreased our exposure to this sector in the Fall of 2015 which helped to moderate the downward price action but it didn't eliminate it. We increased exposure early in 2016 and have benefited from the rally so far this year. Nevertheless, if we get renewed Red lights for this sector, we plan to renew defensive action again.

The Technology sector currently has double Green lights. The Dow Jones Technology Titans 30 Index is shown in the chart below for the 2 year period from 9/30/14 to 9/30/16.



The chart of The D J Technology index (Black line) and the S&P500 index (Gold Line) show that the D J Technology index was pretty much inline with the S&P500 index until July of 2016 when it started to outperform sharply (A). We generated an Intermediate -Term Green light on 7/8/16. which is still in effect. There have been a couple of Short - Term Red lights, the last of which was on 9/9/16 that returned to Green on 9/15/16, The point is that sector rotation is often an on going process. Not all sectors move in concert all the time. That is why the TAA table can have multi-color lights at the same time. Money is always in motion within Bullish or Bearish market climates.

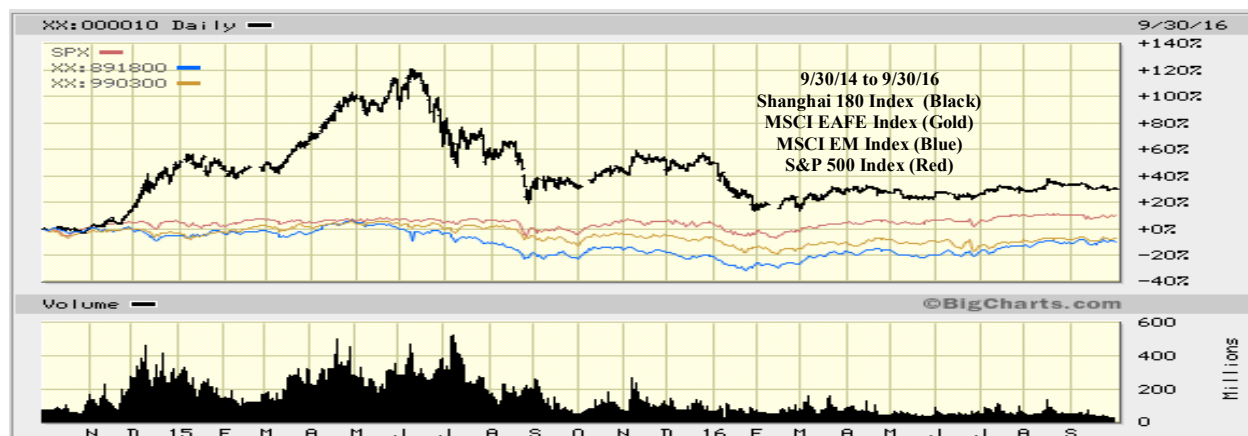
Gold & Precious Metals Miners are currently Short - Term Green but Intermediate - Term Red/Neutral. This sector has been looking sloppy so we have raised some cash and added a small bearish hedge for these type of holdings. For example, the current net exposure for our Precious Metals Portfolio strategy is about 72% as shown in the table on page 8.

I could bore you by going through each sector and style on the TAA table (page 1) on maybe 20 additional pages, but the colors could change the next day, so I won't do that. I just try to comment on a few interesting sectors each Portfolio Action Update to provide some insight into our portfolio management process.. The colors on our TAA table give you a picture of what our analysis is currently indicating. The date in each cell indicates when a Red or Green color change occurred, and the Rating number give an indication of the current strength of the color signal. Changes to or from a Neutral color do not cause a Date change unless the cell regular color changes. It should be noted that we do not have investments in all styles and sectors all the time, even when there is all Green showing.

### INTERNATIONAL MARKETS

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	9/29/16 (50)	9/30/16 (40)	6/22/16 (90)	7/18/16 (20)	9/21/16 (80)	9/19/16 (38)	9/26/16 (80)	9/21/16 (80)	9/21/16 (50)
L-T	7/15/16 (90)	9/21/16 (70)	6/28/16 (60)	5/26/16 (55)	9/26/16 (60)	9/6/16 (38)	7/1/16 (80)	9/30/16 (40)	6/28/16 (70)

Russia is the only double Red light. There has been improvement in International Markets during the 1st and 3rd quarters. The performance of the Emerging Markets has been greater than the developed country markets this year. Our current market exposure in our IEG strategy is about 75% (see page 8). The chart below shows international markets relative to the S&P 500 index. China has the best performance, but it was mostly during the first half of 2015. The Developed Mkt. Index EAFE and Emerging Markets Index have underperformed the S&P 500.



## BOND & CURRENCE MARKETS

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	9/22/16 (40)	9/22/16 (50)	9/20/16 (50)	9/22/16 (50)	9/21/16 (90)	9/23/16 (65)	9/23/16 (80)	8/31/16 (0)
L-T	9/23/16 (80)	2/5/16 (70)	9/21/16 (90)	9/23/16 (60)	9/21/16 (90)	7/25/16 (20)	9/26/16 (85)	8/31/16 (15)
US Dollar Index	Australia Dollar	Emerging Market Currency Basket	Canadian Dollar	Europe Euro	Japanese Yen			
8/26/16	9/21/16	9/19/16	8/25/16	9/23/16	9/14/16			

The bond markets, in general, have performed better this year than I expected. A rise in the FED Funds rate has been endlessly talked about but nothing has been done since last December. The goal is to normalize interest rates back towards historical levels over several years, although acknowledging that the normal historical rates are unlikely to be achieved for a long time. That is, there is an expected reduction in historical interest rate norms in the global economic environment that exist.

The expectation now is that there will be another quarter of a point rise in December. There is a disagreement among some FED Governors about raising or not raising the current FED Funds rate. It seems that those for raising are starting to increase their numbers, but not enough to counter the majority and Janet Yellen's position and supporters.

A very key consideration is that the distress among basic financial sectors like insurance companies, endowments, pensions, etc. is growing not to mention the hardship on retirees. These types of companies and institutions have historically relied on much higher fixed income investments than currently available to provide a stable income to meet their long term cash distributions liabilities. Having to rely on riskier asset classes is problematical.

The 10 year trend for the 10 year Treasury Note is shown in the chart below:



The 10 Year Treasury Note may have completed a long term double bottom by successfully testing the July 2012 bottom (A) in early July 2016 (B). What is necessary is to move above the recent 1.74% level and more importantly above the downtrend line drawn on the chart at 2.0%.

## SUMMARY AS OF 10/1/16

I think the stock market will likely have a bias towards the upside as the presidential election approaches. However, At this point, it is not clear, in my mind what the post election will look like. Of course, the third quarter earnings reports that come in over the next few weeks will play apart in the valuation process. We have had periods of double Red lights and double Green lights on our TAA table over the last nine months. However, given the mix technical picture, we currently have 10% to 25% cash in our investment strategies (see table below) and have initiated a small bearish hedge late last week in some strategies as a preliminary precaution.

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
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S-T	9/21/16 (60)	9/29/16 (50)	9/21/16 (50)	9/21/16 (80)	9/26/16 (50)	9/21/16 (90)	9/21/16 (60)	9/22/16 (60)	9/21/16 (50)
L-T	9/26/16 (50)	8/15/16 (55)	7/11/16 (25)	7/12/16 (60)	8/15/16 (30)	9/9/16 (55)	9/22/16 (50)	9/9/16 (40)	7/8/16 (80)

Foreign Equity	Foreign Developed	Emerging Markets	China Equity	India Equity	Europe Equity	Russia Equity	Japan Equity	Latin America	S E Asia x Japan
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L-T	7/15/16 (90)	9/21/16 (70)	6/28/16 (60)	5/26/16 (55)	9/26/16 (60)	9/6/16 (38)	7/1/16 (80)	9/30/16 (40)	6/28/16 (70)

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
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L-T	9/23/16 (80)	2/5/16 (70)	9/21/16 (90)	9/23/16 (60)	9/21/16 (90)	7/25/16 (20)	9/26/16 (85)	8/31/16 (15)

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

	DATE	6/30	7/15	7/29	8/26	9/9	9/30
		%	%	%	%	%	%
Growth Portfolio Plus (GPP)		63	92	83	68	46	84
Focus List Plus (FLP)		72	92	87	82	76	86
Asset Allocation Portfolio Plus (AAPP)		86	92	88	88	83	94
Global Opportunity Plus (GOP)		81	89	86	84	81	92
Equity Income Portfolio Plus (EIPP)		79	81	77	76	77	77
Equity Income Plus - ERISA (EIPE)		80	83	79	78	81	81
Portfolio Income Plus (PIP)		78	90	87	86	83	81
MLP Energy Infrastructure Plus (MLPP)		83	81	79	83	78	86
Energy/Defense/Resources (EDRP)		90	91	79	88	86	90
Natural Resource Plus		93	92	86	79	81	79
Precious Metals Plus (PMP)		94	95	70	70	75	72
International Equity Growth (IEG)		36	52	62	62	51	79
Global InDe-flation Plus (GIP)		86	89	87	87	85	89
Diversified Income Taxable Plus (DITP)		80	74	74	74	69	79

**Note:** The net market exposure values indicated are approximate since individual account exposure can vary 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.

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



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### **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. U.S. Treasury securities are guaranteed by the U.S. government and, if held to, offer maturity, offer a fixed rate of return and guaranteed principal value.*

#### **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. For Example, there are 10 Biotech funds, 10 Banking funds, 10 Energy funds, and so on. Altogether, 54 styles and sectors are analyzed (only 49 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 shows a Green light. If 40% or less of the arrows are Green, then the Table shows a Red light. The date on which the signal direction changed is noted in each cell of the Table along*

## **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:**

*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.*

*Dow Jones Technology Titans 30 Index - Represents leading companies in the global Technology sector. The index includes 30 stocks selected based on rankings by float-adjusted market capitalization, revenue and net profit.*

*AMZ - Alerian MLP Index - is an index that is a composite of 50 energy infrastructure MLP constituents that represent approximately 75T of total market capitalization.*

#### **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 sub indices: 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.*

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