Portfolio Action Update

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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

Styles	Large Cap Growth	Large Cap Value	Mid Cap Growth	Mid Cap Value	Small Cap Growth	Small Cap Value
S - T	11/19/12 (70)	11/23/12 (50)	11/19/12 (80)	11/23/12 (80)	11/23/12 (90)	11/19/12 (99)
I - T	10/9/12 (20)	10/12/12 (20)	10/9/12 (40)	9/28/12 (25)	10/1/12 (50)	9/28/12 (10)
Sectors	**Banking**	**Biotech**	**Energy Oil & Gas**	**Financial Services**	**Gold Mining**	**Healthcare**
S - T	11/23/12 (60)	11/20/12 (99)	11/23/12 (99)	11/23/12 (80)	11/19/12 (90)	11/20/12 (70)
I - T	10/12/12 (45)	10/19/12 (50)	10/1/12 (20)	11/7/12 (40)	10/12/12 (40)	11/23/12 (80)
Sectors	**Internet**	**Natural Resource Equities**	**Real Estate**	**Technology**	**Transportation**	**Utility**
S - T	10/31/12 (99)	11/23/12 (99)	11/23/12 (80)	11/23/12 (73)	11/23/12 (75)	10/12/12 (50)
I - T	11/26/12 (63)	10/9/12 (15)	9/24/12 (40)	9/25/12 (47)	11/23/12 (75)	10/1/12 (40)
Foreign	**Emerging Markets**	**China**	**Europe**	**Japan**	**Latin America**	**S.E Asia**
S - T	11/23//12 (99)	11/23/12 (80)	11/20/12 (80)	10/17/12 (80)	11/19/12 (90)	11/23/12 (90)
I - T	10/9/12 (50)	11/14/12 (45)	11/23/12 (80)	11/9/12 (35)	9/28/12 (20)	11/26/12 (80)
Bonds	**Foreign Hedged to $**	**Foreign Non-$hedged**	**Emerging Markets**	**Invest. Grade Corporate**	**High Yield Corporate**	**Long Term Treasury**
I –T	11/28/12 (60)	11/26/12 (70)	10/27/12 (90)	11/30/12 (60)	11/23/12 (90)	11/23/12 (40)
S - T	8/23/12 (60)	16/28/12 (60)	11/20/12 (70)	8/23/12 (55)	11/7/12 (55)	11/12/12 (80)

Rating Table and Technical Analysis Process Explanation at End of Report

MARKET COMMENTS FOR THE WEEK ENDING 12/2/12

First, a brief comment on the "Fiscal Cliff" looming on January 1. It is not possible at this point to predict exactly what political negotiations might occur to change what may happen after the end of 2012. Nevertheless, I suspect that serious negotiations on tax and spending policies will not occur until after the "Fiscal Cliff" has occurred and both sides of the congressional isles and the White House are under pressure to get realistic about both near term and long term solutions to the financial and economic problems that the nation faces.

However, it is possible to determine what will happen with various tax changes if current tax law expires and tax policy just reverts back to the pre 2003 levels. According to a Forbes article by Luke Landes on 11/01/12 (www.forbes.com. - 2013 Federal Income Tax Brackets and Marginal Rates), the following top marginal tax rate will be 39.6% for adjustable taxable income greater than $398,350. Note that this top tax rate is for taxable income above $398,350 for a married couple filing a joint return. This is not the $250,000 level that the White House is proposing which would require a change in tax law.

Long Term Capital Gains rates would revert to 20% from the current 15%. However, for taxable incomes greater than $250,000 for married tax payers there is an additional 3.8% tax on certain investment income including long term capital gains and dividends as a result of the 'Patient Protection and the Affordable Care Act' legislation that became law in March, 2010. Obviously, you need to consult with your tax advisor regarding how current and future tax laws may effect your personal circumstances.

Call us if you have special considerations to discuss like loss carry forward from previous years or holdings with large long term capital gains that you may want to consider selling this year. Our normal approach to the portfolio management process is to look at each account and see if the closed transactions for the year show a gain or loss and see if any changes in the current portfolio holdings would benefit net taxable liabilities for the year. Obviously, if there are realized gains and unrealized losses, it normally makes sense to take the losses to help off set the taxable gains.

At the close the stock market on election day (11/06/12), the S&P500 index was at 1428.39. The close on Friday was 1416.18, down 0.85%. However for the first seven days after the election the S&P500 fell 5.25%. I believe the modest rebound for the last half of November has been fueled by expectations of a positive resolution of the "Fiscal Cliff" circumstances by the end of the year. Consequently, we responded to Short Term Green lights by increasing the market exposure in our equity strategies, as shown later in this report, when compared to the allocation when double Red lights were predominant on the report dated 10/28/12.

A look at our Rating Table shows that many styles and sectors turned on Short Term Green lights around the 11/19 to 11/23 period. However, as of Friday's close, most of the Intermediate Term equity lights are still Red. I interpret this as an indication that the rally over the last couple of weeks has been relative weak. In addition, the McClellan Oscillator has risen to 154.30 level, a moderate over bought reading. Consequently, we are prepared to move to a more defensive posture over the near term if the market begins to falter.

Capitalization Styles

Note that the Large Cap Styles appear to be weakening with a Short Term Red light for Growth and a Neutral for Value relative to Short Term Green lights for both Mid Cap and Small Cap Styles. Since November 6, the S&P 500 Large Cp Growth is up 0.11%, the S&P 500 Large

Cap Value is down 1.28%. The S&P 400 Mid Cap Growth is up 0.31%, the S&P400 Mid Cap Value is down 0.59%. The Russell 2000 Small Cap Growth is up 0.06%, the Russell Small Cap Value is down 0.77%. The point is that Small and Mid Cap Styles could be less impacted by a rise in the taxation on Dividends since they generally produce less dividends for investors than Large Cap stocks. The difference is s subtle one now but worth paying attention to going forward.

Industrial Sectors

The Utilities sector is the only non Green Short Term signal. Healthcare, Internet and Transportation have double Green signals. Speaking of the Transportation index. Classical Dow Theory looks for confirmation of market trends between the Dow Jones Industrial Average and the Dow Jones Transportation index. Using these two indices (DJIA and DJT, respectively) is a convenient way to see what the Dow Theory is indicating now.

Let's use weekly data to get a bigger picture of the year so far. From the beginning of the year to the last week in April the DJIA generally moved higher. The DJT peak during the 3rd week of January and trended lower while the DJIA moved higher and poked above the earlier highs in March. The DJT did not go above its March high or even its January high which was a non-confirmation of the bullish trend. After the DJIA peak in late April it declined sharply into early June. The next intermediate term bullish move began in early June and carried the DJIA up to a new high for the year in September. Again, the DJT trended lower and did not confirm the DJIA bullish trend. The DJIA again declined into mid November while the DJT touched a new low for the year. Now the DJIA has begun another bullish move and has recovered about 1/2 of the drop from the September high to the November low. What has the DJT done? It rallied initially, like early January and early June. But neither the DJIA or the DJT are above their September highs. On a shorter time frame, the DJT did poke above its October high, but the DJIA did not. Another minor non-confirmation since DOW Theory considers the divergence moves in either index as a non-confirmations. Bottom line, DOW Theory has produced a series of non -confirmations this year which have been followed by corrections. From this perspective, the technical support for the current rally seems weak.

International Markets

We see Short Term Green lights for all International Markets on the Rating Table. Europe and S.E. Asia have Double Green lights. In light of economic and financial turmoil in most areas of the world this year, the Green lights are a welcome sight. Is there technical evidence that these trends have some strength to them. Let's look a little deeper using MSCI Equity Indices for each of the six international regions shown on the Rating Table.

MSCI Emerging Markets index rallied up to the end of February, and then declined to the end of May and was negative on the year. Since then it has had a labored but upward trend that has recovered about 1/2 of the March to June decline and is up about 10.1% YTD. It has been challenging resistance at the 50% recovery level since mid September and is currently above the 50 and 200 dma. A move above the mid September high would be a bullish breakout. However, slipping below the mid-November low, about 5% lower, would negate the bullish outlook.

In the last Portfolio Action Update, I mentioned that the China Xinhua index technical outlook was improving. However, at the beginning of November, the Xinhua index backed off to a rising 50 dma which was just crossing the 200 dma for a bullish technical signal. The rally picked up again during the last two weeks of November, but the index has not moved above the early November high, yet. The technical odds point to continued bullish action in my judgment, at least for now.

The Europe 350 index comprised of quality European equities continues the upward trend that began after a June/July basing action. There was a mid September to mid November correction but the last two weeks of November has moved this index close to its high for the year that was made back in mid March. This is definitely an example of an equity market climbing a "wall of worry". The economic and financial conditions of southern European countries, in particular, still seem to be in turmoil, but hope springs eternal, a phrase attributed to Alexander Pope, the 18th century English poet still seems to be alive in the human sprit.

The MSCI Japan index has been in a secular bear market since the late 1980s with some spectacular cyclical rallies lasting many years at times. There was a positive cyclical trend from March of 2009 to February of 2011, but since then, the cyclical trend has been bearish. A rally from the beginning of 2012 to late March was followed by a sharp decline to the beginning of June. Since then the Japan index has formed a sideways trading pattern with swings of about plus and minus 3% from a center line. We have not had any exposure to the Japan market for a long time.

The MSCI Latin America index shows similar action as the Emerging Market index, but less positive slope during the June to November rally phase. The action during November has turned the index more negative with both the 50 day and 200 dma having negative slopes.

The S.E. Asia trends have been similar trend patterns as Emerging Markets and China this year with the exception that the rally since June has been stronger than the others. In general, some Asia countries have faired better than many other parts of the world this year.

Bond Markets

Double Green lights for foreign bonds both hedged to the US Dollar and non-hedged. Both Investment Grade and High Yield US Corporate bonds have Short Term Green lights. The Long Term Treasury is currently on a Short Term Red light. The 10 Year Treasury yield is 1.606% and the 30 Year Treasury yield is 2.794%. The Treasury yields bottomed during the 3rd week of July and rose modestly to around where they are today since mid-August.

On the other hand, US Investment Grade Corporate bonds have been rising in price (lower yield) with few interruptions since their bottom in October of 2008, with current yields in the 4% range. The US High Yield sector bottomed in December of 2008 and rose sharply in price until the end of 2009. Since then, for the most part, they have traded sideways with a short term downdraft in prices in the July to October, 2011 period. Yields in the High Yield sector are currently in the 6.5% to 7.5% range, which is close to where they were three years ago. Although these yields are appealing when compared to Treasury yields, they are all near historical low levels for their respective risk class.

We also follow the muni bond market, not shown on the Rating Table. This sector has Double Green lights and has been especially strong since the beginning of 2011 as the talk of higher personal income tax rates moved to the forefront. We like this sector and it is represented in our bond strategy (DITP). However, any serious talk that muni bond tax free interest would have additional restrictions for high income tax payers would likely not be received well in the muni market place. Consequently, we track the muni bond market for technical guidance of when the current bullish trends show weakness.

U.S. Dollar Index & Foreign Exchange Trends

	US $ Index	Australia Dollar	Brazil Real	Em. Mkt. Basket	Canadian Dollar	Europe Euro	Japan Yen
I - T	11/20/12	11/20/12	11/9/12	11/19//12	11/20/12	11/16/12	11/15/12

The U.S. Dollar generated a Red light on 11/20/12 against a basket of foreign currencies, the U.S. Dollar is only up 0.13% as of Fridays close. Around the same time, shown above, the Australia Dollar, Emerging Market basket of currencies and Canadian Dollar generated Green lights. Interesting the Euro turned Green again on 11/16,12. The Euro has been all over the map this year but now it is actually slightly above where it started the year. It dropped about 9% in value Vs. the U.S. Dollar from the 1st of May to July 24, but has now recovered all but 2% of that decline.

Portfolio Action Update For the Market Week Ending November 30, 2012

After a 5.25% decline in the 7 days after the Presidential election, the market, based on the S&P500 index, has recovered all but 1% of that drop. However, my technical analysis has indicated that this bounce has been relative weak so far. The main driver in my opinion has been the expectation that congressional negotiations with the White House can result in avoiding the "Fiscal Cliff". That still remains to be seen as of Friday's close. Nevertheless, Short Term Green lights were generated that suggested that we increase our equity exposure which is what we have done. We remain skeptical that major agreements on fiscal policy can be achieved in the short term and that a recession in 2013 can be avoided. Since we don't try to predict the future, although many in this industry claim to be very good at it, we will just try to stay in tune with what the markets are telling us through technical analysis. For now, we are mildly Bullish but are sensitive to renewed Short Term Red lights should they occur, especially with our Swing allocation.

Since the stock market is good at fooling investors, the biggest surprise for me would be for the economy to be very robust in 2013 with GDP growth in the 3% to 4% range with continued low interest rates and a roaring stock market. That is why I try to avoid dogmatic viewpoints about what the financial markets should do, rather than respond to what they are actually doing. It is not always an easy task.

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

Growth Portfolio Plus - GPP = 82%

Equity Growth Plus - EGP = 83%

Focus List Plus - FLP = 96%

Equity Income Portfolio Plus - EIPP = 85%

Equity Income Plus ERISA - EIPE = 82%

Portfolio Income Plus - PIP = 84%

Energy/Defense/Resources - EDRP = 79%

Natural Resource Plus - NRP = 64%

Precious Metals Plus - PMP = 78%

International Equity Growth - IEG = 60%

Global Opportunity Plus - GOP = 96%

Global InDe-flation Plus - GIP = 98%

Currency Trading Portfolio - CTP = 7% US / 49% Foreign / 9% Gold.

Diversified Income Taxable Plus - DITP = 73% 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.

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 form 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.

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 the technology industry are subject to fierce completion and their products and services may be subject to rapid obsolescence. High-yield bonds are not suitable for all investors.

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 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 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 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 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.**

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