Portfolio Action Update

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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)
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	6/18/13 (10)	6/20/13 (30)	6/4/13 (20)	4/23/13 (60)	5/31/13 (30)	5/24/13 (0)
I - T	3/1/13 (60)	6/21/13 (40)	6/1213 (10)	4/24/13 (45)	6/3/13 (15)	4/25/13 (60)
Sectors	**Banking**	**Biotech**	**Energy Oil & Gas**	**Financial Services**	**Gold Mining**	**Healthcare**
S - T	5/9/13 (70)	6/3/13 (10)	5/24/13 (10)	6/21/13 (30)	6/10/13 (0)	6/20/13 (30)
I - T	5/3/13(75)	6/19/13 (20)	5/31/13 (10)	4/24/13 (70)	6/20/13 (10)	3/1/13 (60)
Sectors	**Natural Resource Equities**	**Real Estate**	**Retail**	**Technology**	**Transportation**	**Utility**
S - T	5/24/13 (20)	6/7/13 (70)	6/21/13 (29)	6/5/13 (40)	6/20/13 (38)	5/22/13 (40)
I - T	6/3/13 (20)	6/6/13 (0)	6/21/13 (14)	6/7/13 (13)	11/23/12 (75)	5/29/12 (10)
Foreign	**Emerging Markets**	**China**	**Europe**	**Japan**	**Latin America**	**S.E Asia**
S - T	5/23//13 (10)	5/31/13 (50)	6/5/13 (0)	6/21/13 (60)	5/17/13 (20)	5/23/13 (10)
I - T	5/31/13 (0)	5/31/13 (30)	6/21/13 (35)	5/29/13 (30)	5/17/131 (10)	5/28/13 (30)
Bonds	**Foreign Hedged to $**	**Foreign Non-$hedged**	**Emerging Markets**	**Invest. Grade Corporate**	**High Yield Corporate**	**Long Term Treasury**
I –T	5/14/13 (25)	6/19/13 (0)	5/13/13 (30)	5/10/13 (10)	5/17/13 (10)	5/3/13 (50)
S - T	5/28/13 (13)	5/14/13 (30)	5/20/13 (0)	5/23/13 (10)	6/7/13 (25)	5/3/13 (0)

Rating Table and Technical Analysis Process Explanation at End of Report

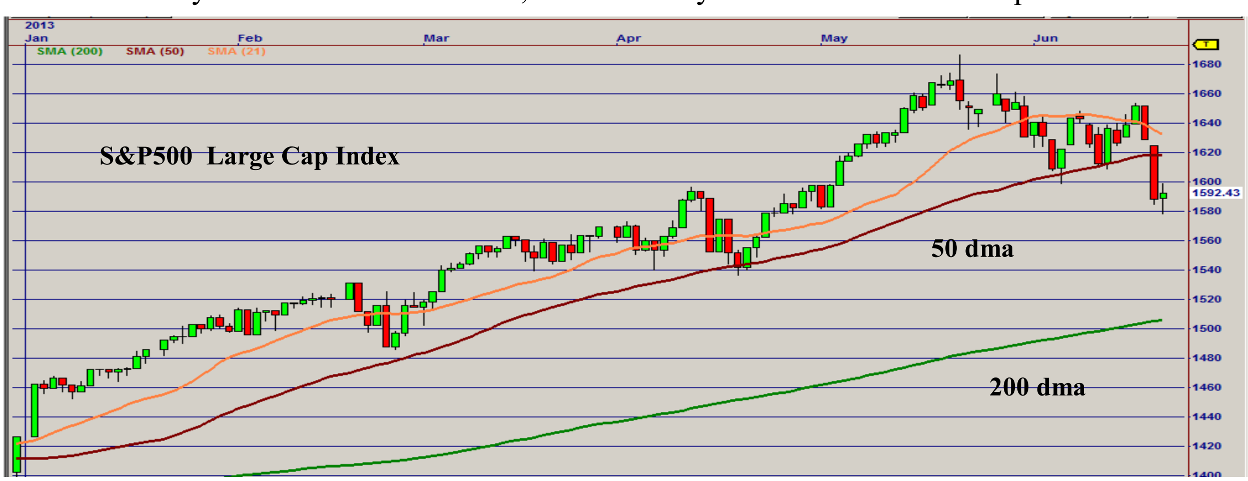
MARKET COMMENTS FOR THE WEEK ENDING 6/23/2013

Red lights are dominating the Rating Table with only 4 Short Term Green lights and 7 Green lights out of 30 each for Short Term and Intermediate Term. May continued the bullish trends for 2013 with the S&P 500 Large Cap index up 2.03%, the S&P400 Mid Cap index up 2.09%, and the Russell 2000 Small Cap index up 3.87%. However, most indices peaked around May 21, after a sharp rally phase during the first three weeks. May ended off the highs for the month as a correction began. Once again, the 50 day moving average (dma) of key stock indices provided support as it has for 2013 so far. Another rally phase began on June 6 that peaked on June 18, below the peak in May.

The trigger for this current correction appears to be two fold. The comments by the President that the tenure of Fed Chairman, Ben Bernanke, is unlikely to extend past January, 2014. That is, who will be the next Chairman and how hawkish or dovish is that person's policies'. In addition Bernanke announced that a reduction of Fed QE could begin later this year if economic activity remains with positive trends. The bullish argument is that the economy is improving and that corporate earnings are good. The consensus estimate for S&P500 earnings is around $110 for 2013. The bearish argument is that the principle reason for the modest improvement in economic data in recent years is a result of the Fed's stimulus and that if that is reduced, market interest rates will rise and the economy will likely slide back towards recessionary activity. Both sides believe they have reasonable arguments to support their posture. Only time will give us the actual answer. My bias is to the bearish argument, at least over the near term.

On balance, equities have had a June bounce till the negative action last week. There have been other years with even greater rallies in terms of the percentage advance for the first half of the year. However, none have avoided corrections greater than 3 consecutive down days along the way like the 2013 rally, according to Jeff Saut, Raymond James's Chief Equity Strategist. The previous record going back 50 year was 53 days without a correction greater than 3 down days in a row on the Dow Jones Industrial Average. I believe this last week the streak reached 120 days, bur only barely with the small rally on Friday. This has been a consistent advance.

However, Wednesday and Thursday of last week were two consecutive 90% down days, a fairly rare occurrence (i.e., 90% of the volume and 90% of prices were to the downside). In addition, key market averages closed below their respective 50 dma. This is strong negative technical action as indicated by the Rating Table Red lights and the S&P 500 Index chart below. I expect there is potential for another bounce as a result of these sharp declines which generated a short term oversold condition. Nevertheless, unless there is a quick recovery back above the 50 dma for key stock indices next week, we will likely increase our defensive posture.



Source: Omni Trader Software: Chart depict price trend from December 31, 2012 thru June 21, 2013

The bearish breakdown below the 50 dma in most key stock indices would normally be forecasting further weakness over the intermediate term. However, these are not normal times in my opinion with the aggressive intervention in the financial markets by the Federal Reserve and the U.S. Treasury. Over recent years, serious technical breakdowns have been thwarted by the infusion of Quantitative Easing (QE) at critical times. With the Fed now looking for an opportunity to start tapering off QE, there may be less quick support to keep the market from a more normal correction. Actually, I believe that bull markets that take two or three steps forward and one or two steps back as they advance are healthier in the long term and less likely to end abruptly than markets that shoot straight up for an extended period.

Capitalization Styles

The YTD returns for the S&P500 Large Cap stock price index is 11.66% after a decline of 4.60% from the May high. The S&P400 Mid-Cap price index is 11.44% after a decline of 6.40% from its May high. The Russell 2000 Small Cap price index is up 13.47% after a decline of 3.63% from its May high. Interestingly, the Small Cap style has out performed during the rally phase and also during the correction from the May highs. A lot of investment news headlines have focused on the rally of Large Cap multi-national companies that have good dividends, and they have done well. But, the more speculative perceived Small Cap style, which also has a more domestic public image, has actually done somewhat better this year. I am a little surprised that the Mid-Cap style was not leading the pack as it often has historically.

Industrial Sectors

The only remaining double Green light is for the Banking Industry. There are seven double Red lights: Biotech, Energy, Gold Mining, Natural Resources, Retail, Technology and Utilities.

Let's look at the price action comparison between the PHLX/KBW Bank index and the Dow Jones Utilities Index. It is an interesting example of my earlier comment about two or three steps forward and 1 or 2 steps back in a bullish trend is generally more preferable than a straight up bullish advance without normal correction along the way.

Source: Omni Trader Software: Chart depict price trend from 12/31/12 thru 6/21/2013

Source: Omni Trader Software: Chart depict price trend from 12/31/12 thru 6/21/2013

The PHLX/KBW Bank index price chart shows three corrections of more than a couple of days as it rose in a labored fashion to a peak on May 20 at 63.60 for a gain of 15.55%. As of June 21 close, the correction has only been minus 1.16% The total price gain YTD has been 14.21%.

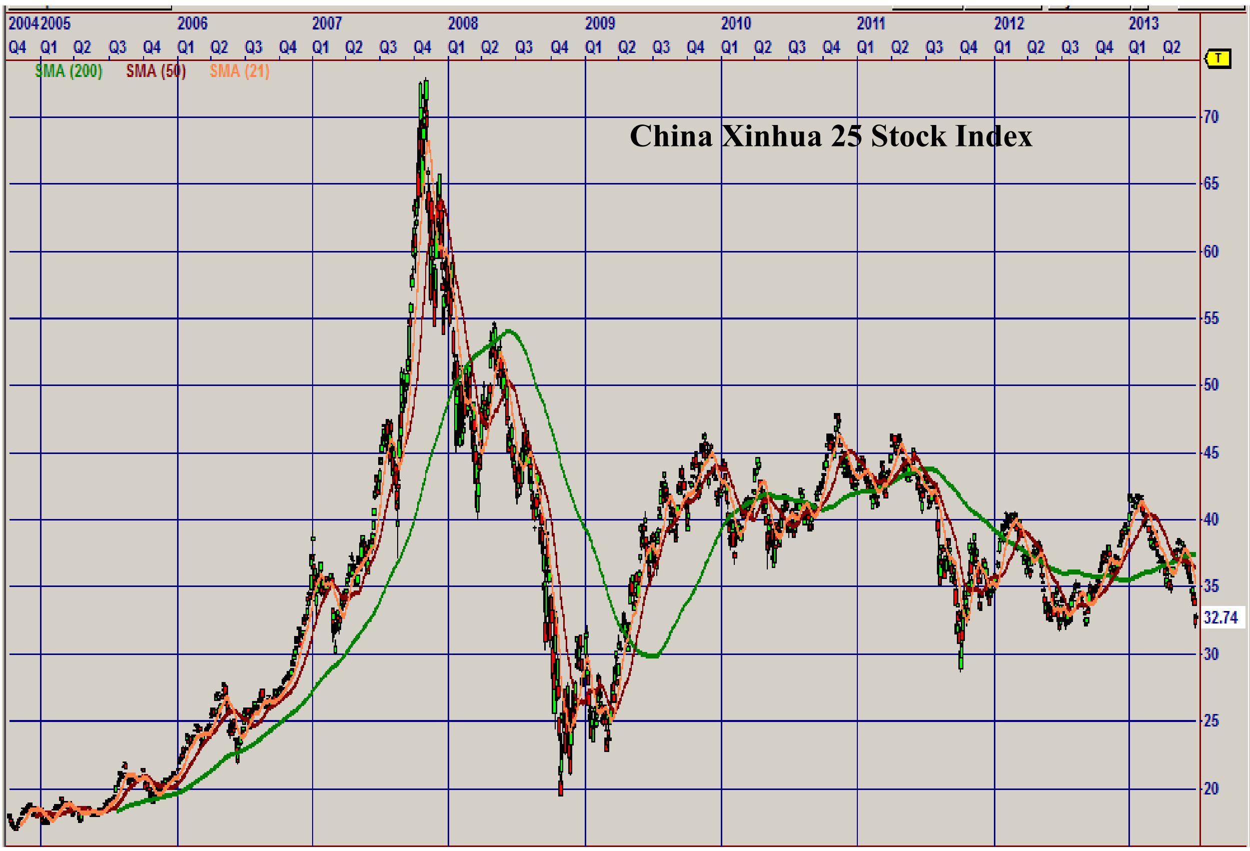
On the other hand, the Dow Jones US Utility price index shown above rose steadily with shallow declines of three days or less to a high on April 30 of 202.80 for a gain of 18.58%. Then a sharp decline began that as of June 21 had dropped 10.35%. The YTD gain is now only 6.32%.

Equity income sectors in general have underperformed over the last two months as the expectation of a rise in fixed income yields hit the headlines. These sectors have now declined to long term support levels like a rising 200 dma similar to the utility index chart shown above. Consequently, I believe that equity income sectors like energy pipelines, real estate investment trust and utilities sectors have become oversold on an intermediate term basis. Forced unwinding of leveraged 'carry trade' positions by professional traders, as short term borrowing cost rise, has been behind much of this recent weakness, in my judgment.

Another aspect of this example, is the demonstration that the utility sector, often perceived as a lower stock price volatility industry can be quite volatile at tunes. There are a lot of these non-normal examples in these QE influenced financial markets. Obviously, the Gold sector also comes to mind. Large increases in national debt and plenty of monetary liquidity is thought by many to be bullish for the Gold and Natural Resource sectors, but just the opposite has occurred as these sectors have been under pressure since the Fall of 2011. Global deleveraging forces are keeping official CPI inflationary pressures under wraps. Meanwhile, the Fed's goal of re-inflating the economy remains focused primarily on reflating the U.S. equity and housing markets at the expense of conservative savers suffering financially from historically low yields on low risk fixed income securities. It is a topsy-turvy environment.

International Markets

Red lights flashing with the exception of Japan as international Markets in general and Emerging Markets in particular have not followed the rise in the U.S. equity market. For example, the S&P500 index is currently up 11.66 % YTD while the MSCI Emerging Market Index is down 15.65%. One of the drivers of Emerging Markets over the past decade has been the growth of the Chinese economy and their demand for natural resources. However, Bert Dohmen's Wellington Letter, that we subscribe to, has been bearish on the Chinese economy for several years



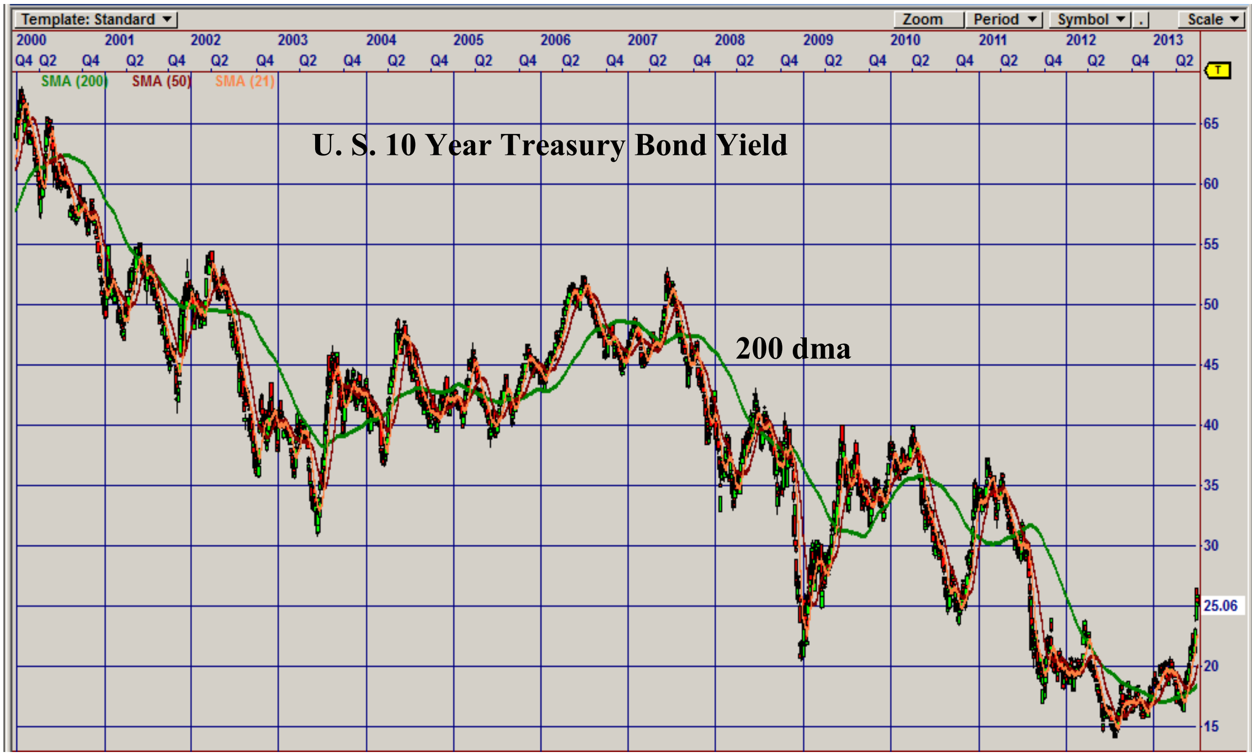
Source: Omni Trader Software: Chart depicts Price Trend from 10/8/2004 thru 6/21/2013

and predicts that they have a credit bubble that is becoming a big problem and that their actual economic growth is not what it is advertised to be. A look at the China Xinhua 25 Stock index shown above reflects this bearish outlook.

After the initial bounce from the global credit crisis of 2008/2009, the China Xinhua 25 index has drifted lower in a volatile fashion since late 2009. The current value is only 64% above the 2008 low and still 55 % below the 2007 high whereas the S&P 500 Large Cap index is currently about 4% above its 2007 high.. The other BRICs (Brazil, Russia and India) have very similar price charts to China's as well as Western Europe and Japan. It is only the US of major countries that has recovered above the 2007 highs. Of 75 countries and regions I track, only Switzerland and Mexico (Yes, Mexico) have chart patterns similar to the US.

A technical analysis contrarian view of the International stock markets is that they have upside potential from depressed levels. That is, on a short to intermediate term time frame, rallies can occur from time to time, but the potential for a long term bullish outlook awaits credible positive resolutions of serious social and economic problems.

Bond Markets



Source: Omni Trader Software Chart from 12/31/1999 thru12/31/12 thru 6/21/13

A chart of the 10 year US Treasury bond is shown above. The Rating Table has pretty much double Red lights for the bond sectors. The Long Term Treasury sector has improved from Red to Neutral as the sharp rise in yields since the beginning of May has tapered off some. Technically, the bond sectors have reached short term oversold conditions, so a counter trend rally in bond prices can be expected over the near term. However, the bottom established over the last two years looks pretty solid to me. The caveat to this viewpoint would be if the US economy slides back into a deep recession or a depression. Then all bets are off on how low Treasury yields might go.

The secular decline in yields from double digit levels began in 1982, but the decline at the beginning of 2000 from a level of approximately 6.7% is depicted on the chart. There was a 5 year labored rally phase that began in June of 2003 from the 3.1% level that carried yields back up to around the 5.1% range, before rolling over and dropping to the historical low of 1.67% on July 25, 2012. Previous lows on the chart were spike like in appearance, but the rather complex bottoming formation that has occurred over the past 2 years gives some credence to a real bottom having occurred. The big question in my mind is how rapidly yields will move back up to more normal levels relative to inflation.

Portfolio Action Update For June 21, 2013

We are cautious over the near term as the correction that began on May 21, declined sharply last Wednesday and Thursday (June 19 & 20) to push key stock indices below their respective 50 dma. That is negative technical action. On the plus side is the fact that short term over sold condition were created that could generate a bounce. Consequently as we inter the last week of June and the 2nd Quarter of 2013, the market action will be important. Bullish action would be for the market to quickly rally back above the 50 dma. Bearish action would be for the market to have a bounce but fail to move above the 50 dma and begin to decline again and move below Thursday's low.

We have a moderate defensive posture for our various investments strategies. Note the net market exposure shown in the table below:

Growth Portfolio Plus (GPP) = 75%
Equity Growth Plus (EGP) = 92%
Focus List Plus (FLP) = 93%
Equity Income Portfolio Plus (EIPP) = 73%
Equity Income Plus - ERISA (EIPE) = 73%
Portfolio Income Plus (PIP) = 71%
Energy/Defense/Resources (EDRP) = 65%
Natural Resource Plus (NRP) = 54%
Precious Metals Plus (PMP) = 49%
International Equity Growth (IEG) = 60%
Global Opportunity Plus (GOP) = 87%
Global InDe-flation Plus (GIP) = 87%
Diversified Income Taxable Plus (DITP) = 45% Intermediate Duration Multi-Sector, 20% Low Duration, 12% 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*.**

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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