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

Rating Table and Technical Analysis Process Explanation at End of Report

Styles	Large Cap Growth	Large Cap Value	Mid Cap Growth	Mid Cap Value	Small Cap Growth	Small Cap Value
S - T	7/5/13 (80)	6/27/13 (90)	7/30/13 (50)	4/23/13 (90)	7/2/13 (50)	7/5/13 (50)
I - T	3/1/13 (90)	6/28/13 (100)	7/5/13 (75)	7/1/13 (100)	7/1/13 (75)	4/25/13 (80)
Sectors	Banking	Biotech	Energy Oil & Gas	Financial Services	Gold Mining	Healthcare
S - T	5/9/13 (80)	6/26/13 (90)	7/24/13 (40)	6/28/13 (80)	7/31/13 (0)	6/27/13 (90)
I - T	5/3/13 (95)	7/2/13 (100)	7/15/13 (60)	4/24/13 (90)	8/2/13 (20)	7/5/13 (85)
Sectors	Natural Resource Equities	Real Estate	Retail	Technology	Transportation	Utility
S - T	7/30/13 (50)	8/1/13 (40)	7/23/13 (43)	7/2/13 (67)	6/28/13 (75)	6/27/13 (60)
I - T	7/19/13 (70)	8/2/13 (30)	7/8/13 (86)	8/2/13 (63)	11/23/12 (100)	7/11/12 (90)
Foreign	Emerging Markets	China	Europe	Japan	Latin America	S.E Asia
S - T	6/27//13 (70)	6/27/13 (80)	7/10/13 (90)	8/1/13 (80)	7/11/13 (60)	7/2/13 (80)
I - T	7/15/13 (90)	7/24/13 (80)	7/15/13 (95)	6/25/13 (100)	7/20/13 (70)	7/8/13 (100)
Bonds	Foreign Hedged to $	Foreign Non-$hedged	Emerging Markets	Invest. Grade Corporate	High Yield Corporate	Long Term Treasury
I –T	6/27/13 (50)	8/1/13 (50)	7/19/13 (70)	7/11/13 (70)	8/1/13 (40)	7/11/13 (90)
S - T	5/28/13 (38)	5/14/13 (55)	7/22/13 (60)	7/12/13 (70)	7/16/13 (75)	7/29/13 (70)

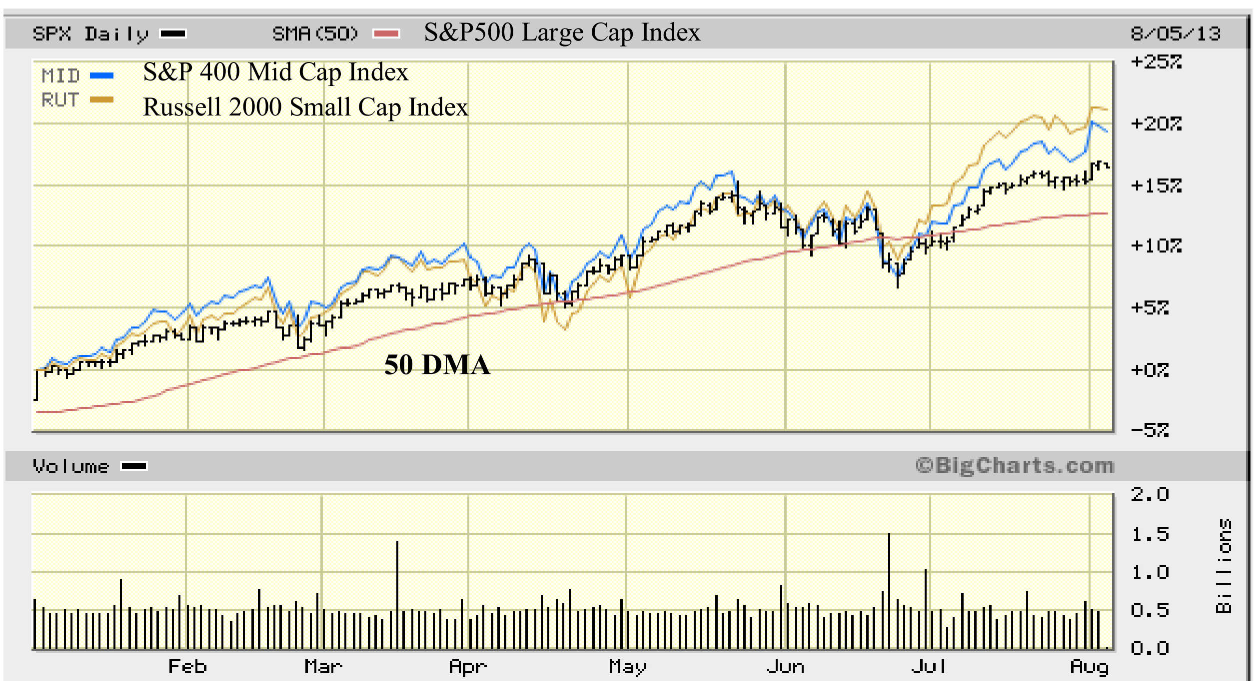
MARKET COMMENTS August 4, 2013

Predominantly Green lights for US Equities, Industrial Sectors, international Markets and US and Foreign Bonds. My update at the end of June was mostly Red after a correction had pushed many equity indices below their respective 50 day moving averages (DMA). However, as I pointed out then, this stock market has not been normal and that technical breakdowns may reverse as a result of aggressive interventions in the financial markets by the Federal Reserve and the US Treasury. A degree of aggressive intervention, in the aftermath of the 2008/2009 financial crisis, that is unprecedented in the 100 year history of the Federal Reserve.

The decline in June had been triggered by Fed Chairman Bernanke's comments about the potential reduction of the $85 Billion per month Quantitative Easing (QE). However, subsequent comments by other Fed Governors suggested that tapering was not imminent helped to reverse the technical breakdown and the stock market began to recover in late June. Our Rating Table began renewing Short Term Green lights in late June and early July. The rally in July has carried many stock market indices to new highs, although on modest market volume.

Seasonally, August is normally not a strong month, especially after a strong July. Some Red lights have already lit up on our rating Table. Consequently, we are biased for some weakness. As in chess, it is the next two or more moves that are under consideration. If there is a dip, is it a buying opportunity or is a subsequent bounce an opportunity to sell some more. Our approach is to not predict (guess) what is going to happen, but try to stay in tune with what is happening. Predicting or staying in tune are both difficult objectives in today's easily influenced market place.

Capitalization Styles



The above chart shows the price trends since the beginning of the year for large, mid and small cap indices. The Mid Cap index (blue) led most of the year up until mid May. Since then, the Russell 2000 Small Cap Index (orange) has moved up to take over the lead. It is worth noting that the perceived more risker small cap Style has taken the lead. This is often a sign of a maturing rally. Also, note that the S&P 500 Large Cap index broke below its 50 DMA in June, hesitated for several days as it bounced back to the 50 DMA before moving higher. Note that the lower bar chart of market volume is a little weaker than during the decline phase in June. All in all, these are subtle signs that the July rally phase seems over extended at this point.

Industrial Sectors

Once again the perceived inflation hedges of energy, precious metals, natural resources and real estate are showing Reddish Lights on the Rating Table. Just to keep things in perspective, the Shadow Government Statics (SGS) service that we subscribe to (www.shadowstats.com) computes an inflation rate based on the methodology used prior to 1980. The SGS June 2013 CPI over June 2012 was 9.38% whereas the Bureau of Labor Statistics (BLS) was 1.75%. My antidotal experience is that if you average the two CPI numbers you are pretty close to a value that probably better represents what you actually experienced. For the current June over June period it was 5.5% ((1.75 + 9.38)/2). Choose whatever number you believe, but I would be surprised if you chose 1.75% or less.

Of course, there are other forces at play such as supply and demand and production cost, etc. that effect the price of natural resources other than the declining purchasing power of the Dollar. However, over the very long term, I believe that the devaluation of the Dollar is the main culprit in causing increased prices for goods and services.

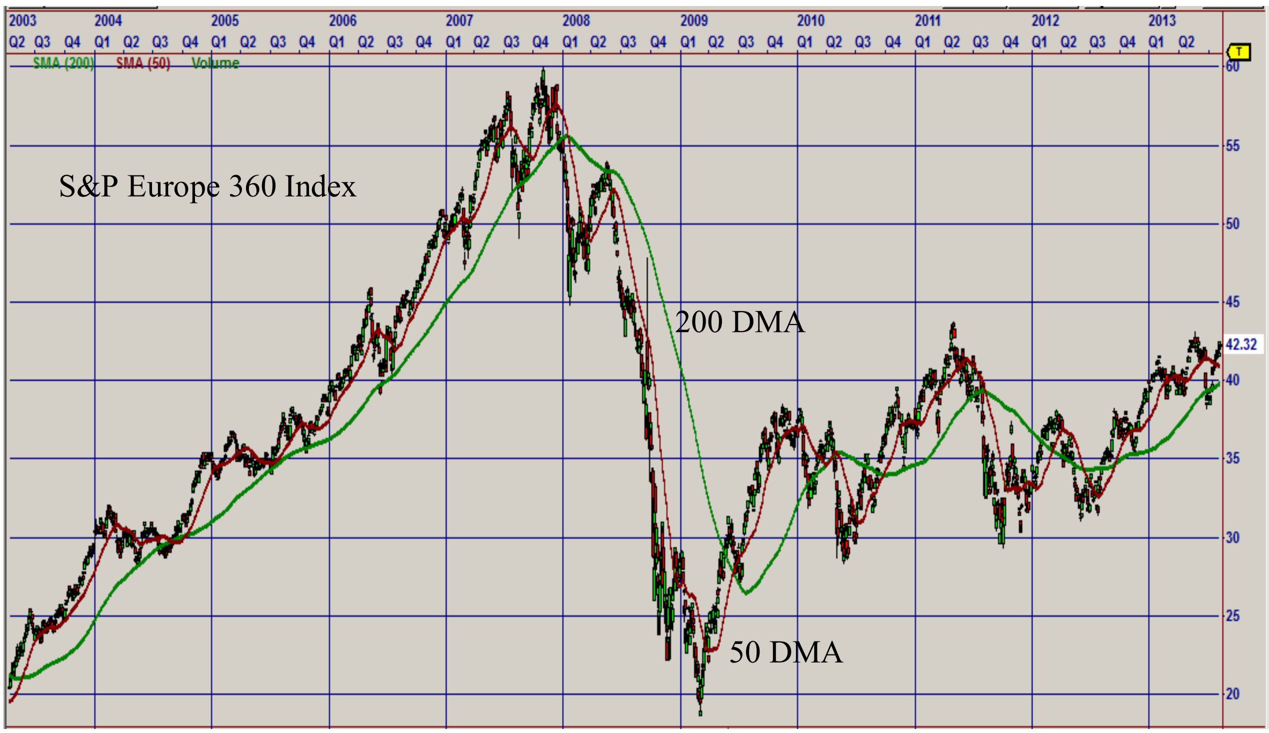
On the bullish side, we still have double Green lights for Banking, Biotech, Financial Services Healthcare, Technology, Transportation and Utilities.. Over the last two months, since the beginning of the latest leg up in the market, the leaders from these seven sectors have been Biotech and Banking with the laggard being Technology.

Incidentally, the Dow Jones Transportation index reached new closing highs for the year on 7/19/13 and 8/1/13 which according to Dow Jones Theory was confirmed by the bullish action of the Dow Jones Industrial Average at new closing highs on 7/23/13 and 8/1/13. Of course, that doesn't mean that the market won't have a correction or continue to zoom upward, but it is a bullish technical signal that helps support the psychology for the eventual continuation of the current bullish trend.

International Markets

Solid Double Green lights on the Rating Table. The international buzz talk is that China's economy is not doing as well as reported by their government, so they are considering increased monetary stimulus. Europe is hopefully on the verge of a strong economic turnaround supported by the talk coming from the European Central Bank of increased QE to whatever it takes to grow the Euro member economies. Japan is going much deeper in debt with twice the QE relative to the US for the size of their economy. Mexico is currently the main driver of Latin America growth with currency and economic turmoil for many of the Latin America countries. Is there a common denominator to the Double Green lights?. In my judgment, it is obviously the idea that QE is the magic elixir that can cure all economic ills. It is gaining popularity on a global scale. I doubt this global monetization will end well in the long term.

On a price basis the MSCI EAFE index of Europe, Australia and the Far East (primarily Japan) is up 9.93% YTD while the MSCI Emerging Market Index is down 9.46% YTD. In general, International Emerging Markets have underperformed the Developed Markets since the Global financial crisis of 2008/2009. However as the move towards Global QE progresses we see more bullish action in regions outside the US starting to emerge. A chart of the S&P 350 European Index is shown below and is similar in concept to the S&P500 for American stocks. Its had a volatile upward drift since the low in 2009 but still has a long ways to go to reach 2007 highs.



Source: Omni Trader Software: Chart depicts Price Trend from 4/11/2003 thru 8/2/2013

Regardless of my reservations on the wisdom of Global QE, and the potential negative Long Term consequences, the International stock markets are generating bullish technical action and looking a little like the American stock market when extended QE appeared on the scene. Consequently, we will look for opportunities to increase our international exposure some more if this recent bullish action builds some momentum. A near term correction in Europe that holds above the recent lows of a month or so ago, and then advances on good volume could be interesting.

Bond Markets

In general, the bond markets began a sharp drop in price at the beginning of May when the Federal Reserve suggested that tapering off of the $85 Billion of monthly QE could start before the end of 2013. That correction lasted into the third week of June. Then there was a bounce that recovered about 1/3 of the price drop. Bond sectors have backed off some since then. However, the Emerging Markets, Investment Grade US Corporate, High Yield Corporate and Long Term Treasury sectors on the Rating Table have remained on double Green lights. The Federal Reserve has stated that they plan to keep the Federal Funds rate close to zero for quite awhile, maybe into 2015 or longer. Consequently, lenders like banks are enjoying a steeper yield curve which also produces more profitable spread margins. That is, their cost of money is staying quite cheap while the lending rate can move higher. A nice circumstance to have working for you if you can get it.

Portfolio Action Update 8/4/2013

Our Rating Table began renewing Short Term Green lights in late June and early July after the sharp decline that began on May 21 bottomed. The rally in July has carried many stock market indices to new highs, although on modest market volume.

Seasonally, August is normally not a strong month, especially after a strong July. Some Red lights have already lit up on our rating Table. Consequently, we are biased for some weakness over the near term. As in chess, it is the next two or more moves that are under consideration. If there is a dip to an oversold technical condition, is it a buying opportunity or is a subsequent bounce an opportunity to sell some more. Our approach is to not predict (guess) what is going to happen, but try to stay in tune with what is happening. Predicting or staying in tune are both difficult objectives in today's easily influenced market place. 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) = 66%
Equity Growth Plus (EGP) = 73%
Focus List Plus (FLP) = 66%
Equity Income Portfolio Plus (EIPP) = 71%
Equity Income Plus - ERISA (EIPE) = 79%
Portfolio Income Plus (PIP) = 71%
Energy/Defense/Resources (EDRP) = 71%
Natural Resource Plus (NRP) = 56%
Precious Metals Plus (PMP) = 56%
International Equity Growth (IEG) = 54%
Global Opportunity Plus (GOP) = 71%
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.**

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