

Strategy Recommendations

Model / Changes / Holdings	As of 7/11/14	
ETF Dividend & Income Most recent recommendation on 6/23/14. <i>Current Holdings:</i> AMJ, BSJF, BSJG, BSJH, BSJI, DEM, HDV, PCEF, PID, RWO, SPLV, TDIV, VIG, Cash	-0.4% wk	+6.9% ytd
ETF Strategic Allocation Most recent recommendation on 12/9/13. <i>Current Holdings:</i> BND, BWX, EMB, IEMG, IXUS, RWO, SJNK, TIP, USCI, VB, VQT, VTI, Cash	-0.9% wk	+5.8% ytd
ETF Tactical Growth Most recent recommendation on 6/23/14. <i>Current Holdings:</i> FJP, HDV, IVE, IWS, MDIV, SPHB, Cash	-0.8% wk	+0.5% ytd
ETF Sector Rotation Most recent recommendation on 6/30/14. <i>Current Holdings:</i> IBB, REZ, SMH, XOP, Cash	-1.9% wk	+2.3% ytd

Note: Our performance reflects new recommendations executed at the closing price on the day the recommendation is made. **You may place trades as soon as you receive this update.**

Commentary

Assessing The Damage

Stocks declined last week, but you might be pleasantly surprised to learn the losses were not as large as some financial media outlets want you to believe. Whether it was fear-mongering or just plain-old headline marketing, casually tuning in the financial news last week might have led you to believe a devastating bear market was commencing. The drama was much grander than the actual 0.7% decline for the Dow Jones Industrial Average and the 0.9% downward adjustment for the S&P 500.

Granted, there were segments that didn't perform as well as the big averages. Today, we'll identify the major winners and losers in our weekly performance monitor along with some of the more extreme subcategories.

First thing to note is there were many winners. Among stock groups, Latin America gained 1.7%, REITS moved ahead 1.2%, Utilities tacked on 0.6%, and Consumer Staples edged ahead by 0.3%. Gold, emerging market debt, and domestic investment grade bonds also moved higher. Stocks of gold and silver miners were big winners, with Market Vector Junior Gold Miners (GDXJ) jumping 6.1% and Global X Gold Explorers (GLDX) surging 7.0%. On the international front, Indonesian stocks soared more than 6% and Middle East benchmarks rose more than 2%.

Our weekly performance chart quickly shows where most of the damage occurred – Europe and domestic small cap stocks. The near-failure of Portugal's largest bank gets most of the blame for the selling in Europe. Portugal, as you probably recall, is the "P" in PIIGS – Portugal, Italy, Ireland, Greece, and Spain. These were the most vulnerable countries during the euro debt crisis of 2011 and last week came back into the spotlight. By week's end, the fear in Portugal had subsided but not before losses piled up for Global X FTSE Portugal 20 ETF (PGAL) -9.0%, Global X FTSE Greece (GREK) -7.5%, iShares MSCI Italy Capped (EWI) -5.2%, and iShares MSCI Spain Capped (EWP)

-4.7%. As bad as these were, they looked good next to the 11% and 12% plunges for Indian small cap ETFs.

Domestically, iShares Micro-Cap (IWC) dropped 4.9% to be one of the worst performing style ETFs. As usual, the narrower focus of sector and industry funds produced larger setbacks, especially those with a small cap tilt. Notable losers included Market Vectors Solar Energy (KWT) -6.3%, SPDR S&P Biotech (XBI) -6.3%, PowerShares S&P SmallCap Energy (PSCE) -5.5%, Global X Social Media (SOCL) -5.1%, and SPDR S&P Homebuilders (XHB) -4.9%.

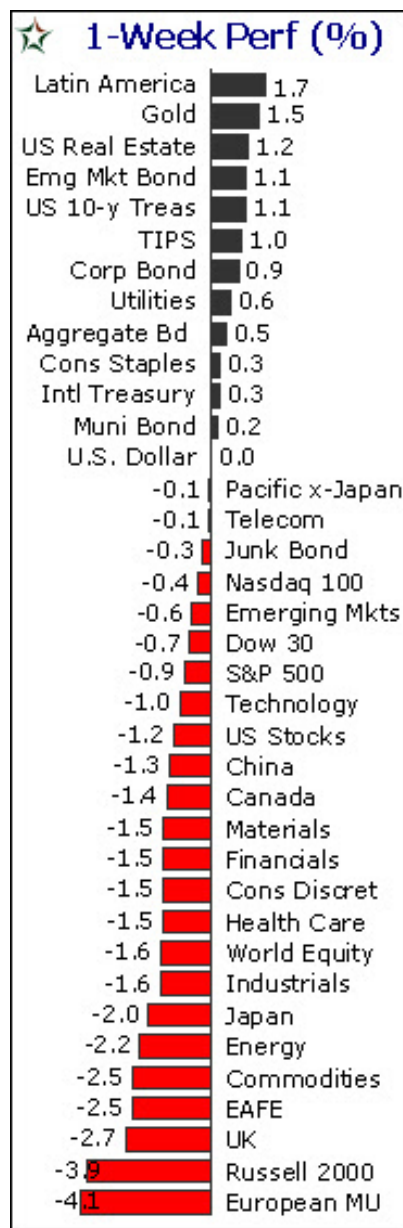
Bottom line, the broad stock market barometers held losses to less than 1% for the week and most bonds rose. Despite the steeper plunges in Europe, small cap stocks, and select industries, the bull market is still intact.

The **ETF Dividend & Income** model lost 0.4% for the week and is up 6.9% year-to-date. Three of our holdings managed to squeeze out gains last week. PowerShares CEF Income Composite (PCEF) added 0.5%, SPDR Dow Jones Global Real Estate (RWO) advanced 0.4%, and Guggenheim BulletShares 2015 High Yield Bond (BSJF) gained 0.2%. Losses were kept to a minimum with the 1.2% decline of PowerShares International Dividend Achievers (PID) being the steepest. Other positions losing ground included Vanguard Dividend Appreciation (VIG) -1.1%, JPMorgan Alerian MLP Index ETN (AMJ) -0.7%, and First Trust NASDAQ Technology Dividend (TDIV) -0.3%.

The **ETF Strategic Allocation** model erased 0.9% for the week and is up 5.8% year-to-date. Most of our bond holdings increased in value for the week including iShares TIPS Bond (TIP) +1.0%, iShares JPMorgan USD Emerging Markets Bond (EMB) +0.9%, and Vanguard Total Bond Market (BND) +0.6%. Commodities took the largest hit with United States Commodity Index Fund (USCI) dropping 3.6%. Other setbacks included Vanguard Small-Cap (VB) -2.9%, iShares Core MSCI Total International Stock (IXUS) -2.0%, and Vanguard Total Stock Market (VTI) -1.2%.

The **ETF Tactical Growth** model declined 0.8% for the week and is up 0.5% year-to-date. None of our positions were able to buck the negative trend and post a gain for the week. However, losses were kept under control with First Trust Multi-Asset Diversified Income (MDIV) giving back just a penny a share, iShares Core High Dividend (HDV) shedding 0.3%, and iShares S&P 500 Value (IVE) losing 0.8%. Positions with larger losses included PowerShares S&P 500 High Beta (SPHB) -2.0% and First Trust Japan AlphaDEX (FJP) -1.3%.

The **ETF Sector Rotation** model dropped 1.9% for the week and is up 2.3% year-to-date. iShares Residential Real Estate (REZ) bucked the negative trend with a solid 1.2% advance. Positions caught up in the selling activity included SPDR S&P Oil & Gas Exploration & Production (XOP) -4.2% and iShares Nasdaq Biotechnology (IBB) -3.5%.



The next scheduled update is: **Monday, July 21, 2014**
 We may send trade recommendations throughout the week.

Updated for 07/14/2014 am with latest closing data

Rank	Ticker	Name	RSM	RSM Chg	1-Wk %Chg	15-Day %Chg	RSI 14	S-T %Vlty
Sector ETFs								
1	GLDX	Global X Gold Explorers	101	24	7.0	8.6	77	1.8
2	GDXJ	Market Vectors Junior Gold Miners	93	25	6.1	5.7	66	3.0
3	SIL	Global X Silver Miners	70	3	2.2	4.3	69	1.7
4	CU	First Trust ISE Global Copper	62	9	0.8	7.9	73	1.0
5	COPX	Global X Copper Miners	61	6	1.0	8.0	76	0.9
6	GDX	Market Vectors Gold Miners	57	6	3.1	4.7	68	1.6
7	RING	iShares MSCI Global Gold Miners (\$0 Fid)	51	8	3.2	4.1	71	1.2
8	SMH	Market Vectors Semiconductor	43	-8	-1.1	2.1	69	0.5
9	SOXX	iShares PHLX Semiconductor	40	-9	-1.1	1.5	65	0.5
10	MLPX	Global X MLP & Energy Infrastructure ETF	40	-13	-1.0	0.1	62	0.6
11	OIH	Market Vectors Oil Services	33	-19	-2.9	0.5	52	0.7
12	XSD	SPDR S&P Semiconductor	33	-18	-2.6	-1.5	54	0.7
13	IEZ	iShares US Oil Equipment & Services	30	-21	-3.2	0.1	50	0.7
14	IMLP	iPath S&P MLP ETN	30	-12	-0.7	1.8	57	0.9
15	ATMP	Barclays ETN+ Select MLP ETN	30	-10	-0.4	1.7	59	0.6
International ETFs								
1	EWT	iShares MSCI Taiwan	44	0	0.4	4.2	76	0.5
2	SCIF	Market Vectors India Small-Cap	40	-78	-12.2	-5.4	38	1.7
3	EPU	iShares MSCI All Peru Capped	39	2	-0.1	3.7	67	0.6
4	THD	iShares MSCI Thailand Capped	39	4	1.3	4.6	69	0.7
5	IDX	Market Vectors Indonesia	37	34	6.0	7.5	63	1.0
6	EIDO	iShares MSCI Indonesia	36	38	6.9	7.8	64	1.1
7	ERUS	iShares MSCI Russia Capped	33	-4	-0.6	1.3	56	1.0
8	INXX	EGShares India Infrastructure	31	-62	-11.5	-4.6	37	1.6
9	RBL	SPDR S&P Russia	31	-8	-1.3	0.9	55	0.9
10	RSX	Market Vectors Russia	31	-5	-0.8	0.9	56	1.0
11	EPI	WisdomTree India Earnings	30	-35	-6.4	-1.9	42	1.1
12	GMF	SPDR S&P Emerging Asia Pacific	30	-4	-0.7	2.1	65	0.4
13	FEM	First Trust Emerging Markets AlphaDEX	30	3	0.6	2.8	71	0.5
14	TUR	iShares MSCI Turkey	30	10	2.5	1.7	55	1.1
15	FM	iShares MSCI Frontier 100 (\$0 Fid)	30	18	3.5	6.3	65	0.9
Style ETFs								
1	QQQ	PowerShares QQQ	29	-5	-0.4	2.8	68	0.4
2	TDIV	First Trust NASDAQ Technology Dividend	25	-4	-0.3	1.3	67	0.3
3	DIV	Global X SuperDividend U.S. ETF	25	-3	0.6	0.6	67	0.3
4	SPHB	PowerShares S&P 500 High Beta	24	-13	-2.0	0.9	57	0.5
5	RPG	Guggenheim S&P 500 Pure Growth	23	-10	-1.5	1.6	59	0.5
6	QQEW	First Trust Nasdaq-100 Equal Weighted	23	-9	-1.3	1.7	61	0.4
7	JKE	iShares Morningstar Large-Cap Growth	22	-7	-1.0	1.5	61	0.4
8	SDOG	ALPS Sector Dividend Dogs	22	-6	-0.6	0.1	62	0.3
9	KNOW	Direxion All Cap Insider Sentiment	21	-9	-1.5	0.3	56	0.4
10	CSM	ProShares Large Cap Core Plus	21	-5	-0.6	0.9	61	0.3
11	ONEQ	Fidelity Nasdaq Comp Tracking Stk (\$0 Fid)	21	-11	-1.6	1.4	58	0.5
12	VOOG	Vanguard S&P 500 Growth	21	-6	-0.8	1.1	61	0.4
13	IVW	iShares S&P 500 Growth (\$0 Fid)	21	-6	-0.8	1.1	61	0.4
14	SCHG	Schwab U.S. Large-Cap Growth	20	-7	-1.0	0.8	59	0.4
15	MGK	Vanguard Mega Cap Growth	20	-7	-0.9	1.1	60	0.4

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Rank	Ticker	Name	RSM	RSM Chg	1-Wk %Chg	15-Day %Chg	RSI 14	S-T %Vlty
Bond ETFs								
1	LTPZ	PIMCO 15+ Year U.S. TIPS Index	24	12	3.5	4.0	66	0.6
2	BABS	SPDR Nuveen Barclays Build America Bond	22	7	2.4	3.5	68	0.5
3	EMCB	WisdomTree Emerging Markets Corp Bond	19	2	1.0	1.9	74	0.2
4	ZROZ	PIMCO 25+ Year Zero Coup US Treas Index	18	14	4.3	3.4	58	0.9
5	EMHY	iShares Emerging Markets High Yield Bond	17	2	0.8	0.7	63	0.2
6	HYEM	Market Vectors Emg Mkts High Yield Bond	17	3	0.8	1.1	71	0.2
7	EDV	Vanguard Extended Duration Treasury	17	11	3.5	3.2	59	0.8
8	ELD	WisdomTree Emg Mkts Local Debt	15	2	0.6	1.7	63	0.3
9	CWB	SPDR Barclays Convertible Securities	15	-7	-0.9	0.5	56	0.3
10	EBND	SPDR Barclays Emerging Markets Local Bond	15	0	0.3	1.4	65	0.2
11	PCY	PowerShares Emerg. Mkts. Sovereign Debt	15	3	1.1	1.3	63	0.2
12	WIP	SPDR DB Intl Gov't Inflation Protected Bnd	14	2	0.8	1.3	62	0.3
13	ITIP	iShares Intl Inflation-Linked Bond (\$0 Fid)	14	0	0.5	1.2	62	0.3
14	LEMB	iShares Emrg Mkts Local Currency Bnd (\$0 Fid)	13	-2	-0.3	0.8	55	0.3
15	EMB	iShares JPMorgan USD EmgMkts Bnd (\$0 Fid)	13	3	0.9	1.1	60	0.3
Leveraged & Inverse ETFs								
1	JNUG	Direxion Daily Junior Gold Miners Bull 3x	225	86	17.8	11.9	66	8.3
2	NUGT	Direxion Daily Gold Miners Bull 3x	148	22	8.9	13.2	67	4.7
3	SOXL	Direxion Daily Semiconductor Bull 3x	116	-29	-3.1	4.6	65	1.6
4	USD	ProShares Ultra Semiconductors	96	-18	-0.8	4.9	73	1.0
5	USLV	VelocityShares 3x Long Silver ETN	95	9	4.7	10.2	77	2.1
6	TOQQ	ProShares UltraPro QQQ	82	-18	-1.5	8.4	67	1.2
7	TECL	Direxion Daily Technology Bull 3x	72	-11	-0.6	5.5	66	1.1
8	YINN	Direxion Daily China Bull 3x	70	-20	-4.2	3.7	59	1.8
9	ERX	Direxion Daily Energy Bull 3x	69	-39	-5.8	-4.9	48	1.7
10	RUSL	Direxion Daily Russia Bull 3x	69	-15	-2.6	1.6	54	2.8
11	CURE	Direxion Daily Healthcare Bull 3x	65	-26	-3.6	7.0	62	1.3
12	AGQ	ProShares Ultra Silver	65	4	2.9	6.4	77	1.4
13	EDC	Direxion Daily Emerging Markets Bull 3x	64	-9	-1.7	3.8	59	1.1
14	BRZU	Direxion Daily Brazil Bull 3X Shares	63	27	6.5	1.7	60	1.9
15	INDL	Direxion Daily India Bull 3x	58	-85	-13.0	-3.7	44	3.1
Commodity ETFs								
1	PALL	ETFS Physical Palladium Shares	38	7	1.6	4.4	69	0.8
2	JJN	iPath DJ-UBS Nickel ETN	35	-14	-2.3	4.0	54	1.6
3	SIVR	ETFS Physical Silver Shares	35	2	1.4	3.4	77	0.7
4	SLV	iShares Silver Trust	34	2	1.4	3.3	79	0.7
5	DBB	PowerShares DB Base Metals	33	4	1.2	5.6	72	0.6
6	JJC	iPath DJ-UBS Copper ETN	26	-1	-0.4	7.0	71	0.6
7	GLTR	ETFS Precious Metals Basket Shares	24	3	1.3	2.2	77	0.5
8	PPLT	ETFS Physical Platinum Shares	20	0	0.6	2.5	65	0.6
9	DBP	PowerShares DB Precious Metals	20	2	1.3	1.7	73	0.5
10	COW	iPath DJ-UBS Livestock Total Return ETN	17	-19	-3.3	0.2	50	0.9
11	DGL	PowerShares DB Gold	17	3	1.4	1.5	71	0.5
12	IAU	iShares Gold Trust	17	4	1.5	1.5	71	0.5
13	GLD	SPDR Gold Trust	16	3	1.3	1.4	71	0.5
14	SGOL	ETFS Physical Swiss Gold Shares	16	3	1.4	1.4	72	0.5
15	NIB	iPath DJ-UBS Cocoa ETN	14	-7	-0.3	-0.9	51	0.8

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Rank	Ticker	Name	RSM	RSM Chg	1-Wk %Chg	15-Day %Chg	RSI 14	S-T %Vlty
Currency ETFs								
1	BZF	WisdomTree Brazilian Real Strategy	15	-2	0.0	1.6	58	0.5
2	FXB	CurrencyShares British Pound Trust	9	-2	-0.2	0.4	63	0.2
3	FXC	CurrencyShares Canadian Dollar Trust	8	-4	-1.0	0.8	52	0.3
4	CEW	WisdomTree Emerging Currency Strategy	8	2	0.5	1.0	62	0.2
5	FXA	CurrencyShares Australian Dollar Trust	6	-1	0.4	-0.1	51	0.3
6	DBV	PowerShares DB G10 Currency Harvest	3	0	-0.2	0.0	49	0.2
7	EUO	ProShares UltraShort Euro	3	1	-0.1	-0.1	52	0.4
8	FXV	CurrencyShares Japanese Yen Trust	3	3	0.8	0.6	57	0.2
9	CYB	WisdomTree Chinese Yuan Strategy	1	0	0.1	0.3	60	0.1
10	UDN	PowerShares DB US Dollar Index Bearish	0	-1	0.1	0.2	51	0.1
11	FXF	CurrencyShares Swiss Franc Trust	-1	0	0.2	0.2	51	0.2
12	UUP	PowerShares DB US Dollar Index Bullish	-2	1	0.0	-0.2	48	0.2
13	FXE	CurrencyShares Euro Trust	-3	-1	0.0	0.0	46	0.2
14	USDU	WisdomTree Bloomberg U.S. Dollar Bullish	-4	1	0.0	-0.2	47	0.2
15	YCS	ProShares UltraShort Yen	-8	-6	-1.8	-1.4	40	0.4
Fidelity Select Funds								
1	FSAGX	Select Gold (0.75%-30)	63	7	3.2	4.8	72	1.4
2	FSELX	Select Electronics (0.75%-30)	38	-12	-1.5	0.3	61	0.5
3	FSEX	Select Energy Service (0.75%-30)	33	-19	-3.0	0.3	51	0.7
4	FNARX	Select Natural Resources (0.75%-30)	28	-13	-2.0	-1.5	51	0.6
5	FSPHX	Select Health Care (0.75%-30)	26	-16	-2.1	1.7	59	0.6
6	FSMEX	Select Medical Equip & Sys (0.75%-30)	26	-12	-1.2	0.4	62	0.6
7	FSNGX	Select Natural Gas (0.75%-30)	25	-17	-2.8	-2.0	46	0.6
8	FSVAX	Select Automotive (0.75%-30)	24	-6	-0.7	1.6	61	0.5
9	FDCPX	Select Computers (0.75%-30)	24	-8	-1.1	2.2	63	0.6
10	FSENX	Select Energy (0.75%-30)	23	-13	-2.2	-2.1	47	0.6
11	FBMPX	Select Multimedia (0.75%-30)	23	-8	-1.3	2.5	60	0.6
12	FPHAX	Select Pharmaceuticals (0.75%-30)	21	-15	-2.2	1.5	57	0.5
13	FSRFX	Select Transportation (0.75%-30)	21	-6	-0.5	-0.1	56	0.6
14	FSPTX	Select Technology (0.75%-30)	19	-15	-2.3	0.3	55	0.5
15	FSHCX	Select Medical Delivery (0.75%-30)	17	-7	-1.2	1.3	57	0.5
Fidelity Non-Select Funds								
1	FSEAX	Emerging Asia (1.5%-90)	28	-2	-0.4	3.1	68	0.4
2	FJSCX	Japan Smaller Companies (1.5%-90)	27	-7	-0.7	1.3	65	0.4
3	FPEMX	Spartan Emerging Market Idx (1.5%-90)	27	-1	0.0	1.7	71	0.3
4	FHKCX	China Region (1.5%-90)	25	-2	-0.5	3.6	66	0.6
5	FICDX	Canada (1.5%-90)	24	-10	-1.8	0.8	55	0.5
6	FEDDX	Emerging Markets Discovery (2.0%-90)	24	-5	-0.9	1.5	61	0.3
7	FTEMX	Total Emerging Markets (1.5%-90)	24	-4	-0.7	1.2	64	0.2
8	FEMKX	Emerging Markets (1.5%-90)	23	-4	-0.5	1.7	65	0.3
9	FLATX	Latin America (1.5%-90)	22	2	0.6	0.3	61	0.5
10	FNCMX	Nasdaq Composite Index Fund (0.75%-90)	21	-10	-1.5	1.4	59	0.5
11	FFGCX	Global Commodity Stock (1.0%-30)	20	-9	-1.9	0.2	55	0.5
12	FJPNX	Japan (1.5%-90)	20	-12	-1.7	-0.4	54	0.5
13	FRESX	Real Estate Investment (0.75%-90)	20	2	1.2	1.0	63	0.3
14	FPBFX	Pacific Basin (1.5%-90)	19	-8	-1.1	1.0	61	0.3
15	FBGRX	Blue Chip Growth	19	-11	-1.7	0.8	57	0.5

DISCLOSURE

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Ron Rowland – Editor

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