

Strategy Recommendations

Model / Changes / Holdings	As of 5/10/13	
ETF Dividend & Income Most recent recommendation on 8/27/12. <i>Current Holdings:</i> AMJ, BSJD, BSJE, BSJF, BSJG, DEM, HDV, PCEF, PID, RWO, SPLV, VIG, Cash	+0.3% wk	+10.7% ytd
ETF Strategic Allocation Most recent recommendation on 12/31/12. <i>Current Holdings:</i> BND, BWX, IEMG, IXUS, PCY, RWO, SJNK, TIP, USCI, VB, VQT, VTI, Cash	+0.1% wk	+4.8% ytd
ETF Tactical Growth Sell Vanguard Utilities (VPU). Buy First Trust NASDAQ-100 Equal Weight (QQEW) with proceeds and cash, approximately 13.8%. <i>Current Holdings:</i> ACWV, DXJ, FXG, IWD, IWS, QQEW, VNQ	+0.7% wk	+12.5% ytd
ETF Sector Rotation Sell Vanguard Utilities (VPU). Buy Guggenheim S&P 500 Equal Weight Consumer Discretionary (RCD) with proceeds, approximately 24.3%. <i>Current Holdings:</i> FXG, RCD, VNQ, VOX	+0.0% wk	+9.1% ytd

Note: Our performance reflects new recos executed at the closing price on the day they are made.

Commentary

Stimulus Exit Strategy Lacks Time Dimension

Last September, the Fed said it would ramp up its bond-buying program. The market reacted positively. At the conclusion of the FOMC meeting early this month (May 1), the Fed said it plans to continue the purchases until the labor market improves substantially and the purchase amounts may increase or decrease to adjust for labor market or inflation changes. Last week, the talk turned to the exit plan – how to wind down the program, while preserving the ability to be flexible.

The new strategy map has neither a start date nor an ongoing timetable. It also makes little mention of additional stimulus, indicating the Fed's growing confidence that the economy is on the mend. The Fed's "dual mandate" of controlling inflation and unemployment has often proved to be a balancing act. Exit from the stimulus programs will also be tricky as the Fed tries to navigate its "dual goals" of increasing transparency and managing unpredictable market expectations. It is clear the Fed does not want to be as predictable as 2004 – 2006, when it bumped interest rates a quarter point at each of 17 policy meetings.

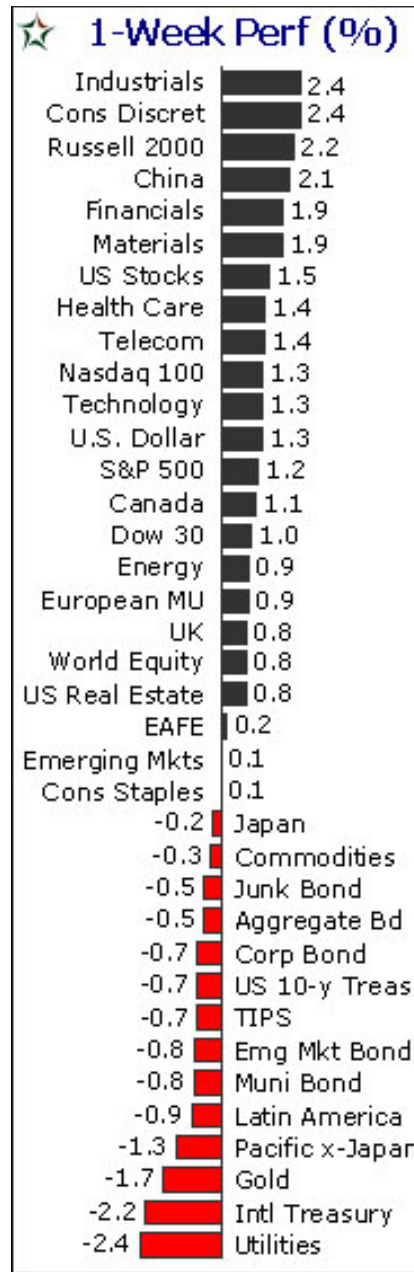
Its desire to be unpredictable also conflicts with the market's tendency to overreact to unexpected news and events. This will likely make "Fed watching" a popular activity in the coming months. Speaking of the dual mandate, we will get the latest look at inflation this week with the PPI report on Wednesday and the CPI on Thursday.

The **ETF Dividend & Income** model gained 0.3% for the week and is up 10.7% year-to-date. In a week of mixed market results, international dividend funds were among the best performers. WisdomTree Emerging Markets Equity Income (DEM) gained 0.9%, PowerShares International Dividend Achievers (PID) rose 0.9%, and Vanguard Dividend Appreciation (VIG) moved ahead 1.0%. Weakness was apparent in some of the low volatility funds due to their above average exposure to the Utilities sector. PowerShares S&P 500 Low Volatility (SPLV) dropped 0.7%.

The **ETF Strategic Allocation** model added 0.1% for the week and is up 4.8% year-to-date. Small cap stocks were a big winner on the week, with Vanguard Small Cap (VB) jumping 2.4%. We are watching SPDR Barclays International Treasury Bond (BWZ). It fell 2.4% on the week, mostly due to its 22% exposure to the Japanese yen, which took a tumble. We were considering a switch to a short-term version of this ETF, the SPDR Barclays Short Term International Bond (BWZ). That change would have reduced the interest rate sensitivity from a modified duration of 7.3 years to 1.8 years. The downside is that it would have eliminated the 2.1% yield and not made any meaningful change to the currency exposure. Since most of the current risk in this position is currency related, we will not make the change at this time.

The **ETF Tactical Growth** model gained 0.7% for the week and is up 12.5% year-to-date. WisdomTree Japan Hedged Equity (DXJ) continues to be the star performer in this model. It gained 3.1% on the week, helped by the declining yen as opposed to being hurt similar to the reaction of SPDR Barclays International Treasury Bond (BWZ) discussed above. Vanguard Utilities (VPU) is the weakest member in this model. Today we recommend its sale along with the purchase of First Trust NASDAQ-100 Equal Weight (QQEW). QQEW has 42% exposure to the improving Technology sector and its equal-weight approach tilts the holdings toward small cap stocks so even Apple (AAPL) receives only a nominal 1% weighting. The proceeds from the sale of VPU and available cash should allow for about a 13.8% allocation in QQEW.

The **ETF Sector Rotation** model was unchanged for the week and is up 9.1% year-to-date. Vanguard Telecom (VOX) and First Trust Consumer Staples AlphaDEX (FXG) each gained better than 1% on the week. Vanguard Utilities (VPU) was another story, dropping 2.4% and falling in the rankings. VPU found support at its 50-day moving average late in the week, but we still think it is in our best interest to sell this position. All segments of Consumer Discretionary are pushing the sector to the top. Retailing, home construction, leisure, and autos are all performing well, with the small cap members providing an extra boost. A good way to capture this is with a diversified sector fund, and Guggenheim S&P 500 Equal Weight Consumer Discretionary (RCD) fits the bill. The proceeds from the sale of VPU plus available cash should allow for about a 24.3% allocation in RCD. Be sure to use a limit order as RCD often trades thinly.



The next scheduled update is: Monday, May 20, 2013
 We may send trade recommendations throughout the week.

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Rank	Ticker	Name	RSM	RSM Chg	1-Wk %Chg	15-Day %Chg	RSI 14	S-T %Vlty
Sector ETFs								
1	TAN	Guggenheim Solar	95	7	6.4	25.5	71	2.4
2	QCLN	First Trust NASDAQ Clean Edge Green Energy	93	27	7.2	20.9	74	1.9
3	ICLN	iShares S&P Global Clean Energy	78	6	2.8	9.4	75	1.2
4	GEX	Market Vectors Global Alternative Energy	77	22	6.0	15.9	73	1.7
5	BBH	Market Vectors Biotech	66	-2	1.5	2.5	66	1.4
6	IBB	iShares Nasdaq Biotechnology	64	1	1.9	4.3	70	1.3
7	KWT	Market Vectors Solar Energy	64	14	5.0	19.4	70	1.9
8	PBW	PowerShares Wilderhill Clean Energy	64	15	5.2	18.2	72	1.8
9	PSCD	PowerShares S&P SmallCap Consumer Discr	57	18	4.0	11.9	76	1.1
10	PBD	PowerShares Global Clean Energy	57	14	3.8	12.8	72	1.3
11	BJK	Market Vectors Gaming	56	8	2.3	9.6	75	0.9
12	PBS	PowerShares Dynamic Media	56	4	1.6	7.0	72	0.9
13	FBT	First Trust NYSE Arca Biotechnology	56	4	2.5	4.0	67	1.4
14	ITB	iShares DJ US Home Construction	55	12	2.7	14.7	69	1.6
15	SMH	Market Vectors Semiconductor	54	12	2.9	11.0	76	1.0
International ETFs								
1	DBJP	db X-trackers MSCI Japan Hedged Equity	87	6	2.6	6.0	71	1.1
2	DXJ	WisdomTree Japan Hedged Equity	76	10	3.1	5.8	72	1.0
3	JSC	SPDR Russell/Nomura Small Cap Japan	65	-5	-0.4	6.6	69	0.8
4	GREK	Global X FTSE Greece 20	65	29	3.8	17.9	67	1.8
5	NKY	MAXIS Nikkei 225	60	3	1.5	6.7	74	0.7
6	SCJ	iShares MSCI Japan Small Cap	59	-10	-1.6	5.1	64	0.7
7	DFJ	WisdomTree Japan Small Cap Dividend	56	-6	-0.7	6.0	66	0.7
8	EWJ	iShares MSCI Japan (\$0 Fid)	53	-4	-0.2	3.7	66	0.6
9	TUR	iShares MSCI Turkey IMI	51	4	0.7	7.7	65	0.9
10	JPP	SPDR Russell/Nomura PRIME Japan	50	-6	-0.5	3.4	62	0.7
11	EWM	iShares MSCI Malaysia	50	26	5.4	6.2	70	0.8
12	ITF	iShares S&P/TOPIX 150	50	-3	0.2	4.0	66	0.6
13	EPHE	iShares MSCI Philippines IMI	47	-5	-1.0	4.5	63	1.0
14	PIE	PowerShares DWA Emg Mkts Tech Ldrs	43	5	1.3	4.9	68	0.7
15	DBEF	db X-trackers MSCI EAFE Hedged Equity	43	10	2.4	8.5	70	0.9
Style ETFs								
1	QQXT	First Trust Nasdaq-100 ex-Technology	47	7	1.9	6.0	73	0.8
2	RPG	Guggenheim S&P 500 Pure Growth	45	9	1.9	8.0	72	0.9
3	CSD	Guggenheim Spin-Off	45	12	2.4	7.8	69	1.0
4	PKW	PowerShares Buyback Achievers	44	9	2.0	6.1	73	0.8
5	SPHB	PowerShares S&P 500 High Beta	44	21	3.7	12.3	70	1.3
6	DWAS	PowerShares DWA SmallCap Technical Ldrs	42	12	2.5	8.1	65	1.3
7	JKI	iShares Morningstar Mid Value	40	5	1.0	5.9	69	0.7
8	RPV	Guggenheim S&P 500 Pure Value	40	10	1.9	7.1	67	0.9
9	RYJ	Guggenheim Raymond James SB-1 Equity	39	12	2.4	7.6	70	0.9
10	QQEW	First Trust Nasdaq-100 Equal Weighted	39	8	1.9	6.7	71	0.8
11	VOE	Vanguard Mid-Cap Value	38	6	1.3	5.4	67	0.8
12	VO	Vanguard Mid-Cap	38	8	1.9	6.1	69	0.9
13	PWB	PowerShares Dynamic Large Cap Growth	38	7	1.4	5.4	70	0.7
14	RWK	RevenueShares Mid Cap	38	12	2.3	7.8	68	0.9
15	MDYG	SPDR S&P 400 Mid Cap Growth	38	12	2.3	6.7	69	0.9

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Rank	Ticker	Name	RSM	RSM Chg	1-Wk %Chg	15-Day %Chg	RSI 14	S-T %Vlty
Bond ETFs								
1	CWB	SPDR Barclays Convertible Securities	28	5	1.2	5.3	76	0.4
2	HYLD	AdvisorShares Peritus High Yield	19	2	0.4	2.0	85	0.1
3	PCEF	PowerShares CEF Income Composite	17	2	0.8	2.5	71	0.3
4	GHYG	iShares Global High Yield Corporate Bond	15	1	0.1	1.9	70	0.2
5	BSJI	Guggenheim BulletShares 2018 HY Bond	15	1	0.3	1.7	85	0.1
6	HYG	iShares iBoxx \$ High Yield Corp Bond (\$0 Fid)	14	-2	-0.5	1.6	60	0.3
7	JNK	SPDR Barclays High Yield Bond	14	-1	-0.2	1.8	63	0.3
8	BSJH	Guggenheim BulletShares 2017 HY Bond	14	1	0.2	1.8	83	0.1
9	PHB	PowerShares Fundamental High Yield Corp Bd	14	0	-0.2	1.7	69	0.2
10	EBND	SPDR Barclays Emerging Markets Local Bond	13	-2	-0.6	0.9	57	0.3
11	BSJG	Guggenheim BulletShares 2016 HY Bond	13	-1	0.0	1.3	73	0.1
12	EMLC	Market Vectors Emg Mkts Local Curr Bond	12	-1	-0.4	1.0	59	0.3
13	IHY	Market Vectors International High Yield Bond	12	-1	-0.2	1.9	62	0.3
14	HYS	PIMCO 0-5 Year High Yield Corp Bond Index	12	0	0.4	1.4	84	0.1
15	BSJF	Guggenheim BulletShares 2015 HY Bond	11	0	0.1	1.2	78	0.1
Leveraged & Inverse ETFs								
1	DUST	Direxion Daily Gold Miners Bear 3x	158	-63	-4.3	-18.2	51	8.1
2	DSLX	VelocityShares 3x Inverse Silver ETN	155	-13	3.7	-10.7	56	5.9
3	SOXL	Direxion Daily Semiconductor Bull 3x	144	50	10.5	39.4	72	3.6
4	BIB	ProShares Ultra Nasdaq Biotechnology	125	-1	3.4	8.5	69	2.7
5	DRN	Direxion Daily Real Estate Bull 3x	117	2	2.3	9.5	68	2.0
6	ZSL	ProShares UltraShort Silver	111	-12	1.9	-6.3	57	3.9
7	FAS	Direxion Daily Financial Bull 3x	110	29	5.7	18.7	66	2.6
8	EZJ	ProShares Ultra MSCI Japan	102	-8	-0.2	7.4	65	1.3
9	TQQQ	ProShares UltraPro QQQ	101	22	4.0	23.2	71	2.5
10	MIDU	Direxion Daily Mid Cap Bull 3x	101	36	6.7	19.2	66	2.8
11	UMDD	ProShares UltraPro S&P MidCap400	100	34	6.4	19.2	66	2.9
12	USD	ProShares Ultra Semiconductors	95	23	5.3	23.0	73	2.0
13	DZK	Direxion Daily Developed Markets Bull 3x	94	2	0.2	18.9	64	2.4
14	UPRO	ProShares UltraPro S&P500	94	20	3.9	15.9	68	2.1
15	SPXL	Direxion Daily S&P 500 Bull 3x	94	20	4.0	16.0	68	2.0
Commodity ETFs								
1	NIB	iPath DJ-UBS Cocoa ETN	17	-24	-5.0	-1.9	46	1.0
2	DBO	PowerShares DB Oil	14	9	0.5	8.8	58	1.5
3	OIL	iPath S&P GSCI Crude Oil Total Return ETN	14	9	0.5	9.2	58	1.6
4	USO	United States Oil Fund	13	8	0.4	8.8	58	1.5
5	USL	United States 12-Month Oil	10	9	0.7	8.0	58	1.3
6	BAL	iPath DJ-UBS Cotton ETN	8	7	0.5	2.0	50	1.4
7	UNL	United States 12 Month Natural Gas	4	-22	-2.9	-9.1	40	1.4
8	DCNG	iPath Seasonal Natural Gas ETN	2	-25	-3.4	-9.4	39	1.4
9	JO	iPath DJ-UBS Coffee ETN	2	26	2.9	0.9	58	1.4
10	UNG	United States Natural Gas	1	-27	-3.6	-11.9	39	1.6
11	RJN	ELEMENTS Rogers ICI Energy ETN	1	5	-0.3	5.0	53	1.1
12	DBE	PowerShares DB Energy	0	7	0.5	3.8	53	1.0
13	GASZ	ETRACS Natural Gas Fut. Contango ETN	-1	12	1.9	5.8	61	0.7
14	TBAR	RBS Gold Trendpilot ETN	-7	0	-0.1	-0.1	43	0.1
15	GSP	iPath S&P GSCI Total Return Index ETN	-8	6	-0.2	4.2	52	1.0

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Rank	Ticker	Name	RSM	RSM Chg	1-Wk %Chg	15-Day %Chg	RSI 14	S-T %Vlty
Currency ETFs								
1	YCS	ProShares UltraShort Yen	66	20	5.1	4.1	69	1.3
2	UUPT	PowerShares DB 3x Long USD Idx Fut ETN	14	14	3.8	1.5	59	1.2
3	DBV	PowerShares DB G10 Currency Harvest	9	0	0.2	0.7	55	0.5
4	CYB	WisdomTree Chinese Yuan	6	1	0.2	0.4	66	0.1
5	UUP	PowerShares DB US Dollar Index Bullish	5	5	1.3	0.4	59	0.4
6	CEW	WisdomTree Emerging Currency	3	-2	-0.7	-0.1	48	0.3
7	CNY	Market Vectors Chinese Renminbi/USD ETN	3	1	0.1	0.7	54	0.2
8	ICN	WisdomTree Indian Rupee	2	-8	-2.1	-1.0	42	0.4
9	FXC	CurrencyShares Canadian Dollar Trust	2	-1	-0.3	1.5	54	0.3
10	DRR	Market Vectors Double Short Euro ETN	2	6	1.6	1.5	54	0.9
11	EUO	ProShares UltraShort Euro	1	7	1.9	0.9	54	0.8
12	FXB	CurrencyShares British Pound Trust	-1	-5	-1.4	0.8	47	0.4
13	BZF	WisdomTree Brazilian Real	-1	-1	-0.5	-0.3	41	0.4
14	FXE	CurrencyShares Euro Trust	-2	-4	-1.0	-0.6	45	0.4
15	ICI	iPath Optimized Currency Carry ETN	-2	3	0.7	0.0	51	0.4
Fidelity Select Funds								
1	FSAVX	Select Automotive (0.75%-30)	57	16	3.6	10.9	73	1.1
2	FBIOX	Select Biotechnology (0.75%-30)	53	-4	0.9	0.8	62	1.4
3	FSLBX	Select Brokerage & Inv Mgmt (0.75%-30)	52	12	2.2	10.5	70	1.1
4	FBMPX	Select Multimedia (0.75%-30)	51	10	2.4	6.4	77	0.8
5	FSCPX	Select Consumer Discretionary (0.75%-30)	49	12	2.8	7.8	76	0.8
6	FSPCX	Select Insurance (0.75%-30)	44	7	1.5	6.3	69	0.8
7	FSRFX	Select Transportation (0.75%-30)	42	10	1.9	6.4	66	1.0
8	FDLSX	Select Leisure (0.75%-30)	41	5	1.3	5.7	70	0.8
9	FSHOX	Select Construction & Housing (0.75%-30)	41	14	2.6	8.1	70	1.0
10	FSRPX	Select Retailing (0.75%-30)	41	13	2.7	7.6	72	0.9
11	FIDSX	Select Financial Services (0.75%-30)	40	11	1.9	8.0	68	1.0
12	FSTCX	Select Telecommunications (0.75%-30)	40	1	1.2	3.6	67	0.8
13	FSPHX	Select Health Care (0.75%-30)	40	4	1.9	3.2	68	0.8
14	FSESX	Select Energy Service (0.75%-30)	37	13	1.6	11.9	63	1.5
15	FSAIX	Select Air Transportation (0.75%-30)	37	4	0.7	5.6	62	1.0
Fidelity Non-Select Funds								
1	FJSCX	Japan Smaller Companies (1.5%-90)	100	-12	-0.3	5.9	72	0.9
2	FPBFX	Pacific Basin (1.5%-90)	52	2	1.3	6.1	78	0.6
3	FJPNX	Japan (1.5%-90)	49	-9	-0.8	3.1	63	0.7
4	FOCPX	OTC Portfolio	44	12	3.1	9.5	73	1.0
5	FISMX	International Small Cap (2.0%-90)	43	-1	0.4	5.3	74	0.5
6	FIREX	International Real Estate (1.5%-90)	42	-8	-0.8	1.4	65	0.6
7	FDGRX	Growth Company (closed)	41	11	2.4	7.8	74	0.9
8	FSCOX	International Small Cap Opp (2.0%-90)	39	0	0.2	6.6	70	0.6
9	FLPSX	Low-Priced Stock (1.5%-90)	39	5	1.1	6.2	70	0.7
10	FHKCX	China Region (1.5%-90)	39	10	2.1	6.4	76	0.7
11	FDFFX	Independence	39	11	2.0	8.0	69	1.0
12	FRESX	Real Estate Investment (0.75%-90)	38	0	0.7	2.8	67	0.7
13	FTXMX	Tax Managed Stock (closed)	38	9	1.8	6.6	66	1.0
14	FDCAX	Capital Appreciation	38	7	1.7	5.5	71	0.8
15	FBGRX	Blue Chip Growth	38	13	2.7	7.3	72	0.9