

## Strategy Recommendations

Model / Changes / Holdings	As of 10/24/14	
<b>ETF Dividend &amp; Income</b> 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	+2.2% wk	+5.4% ytd
<b>ETF Strategic Allocation</b> Most recent recommendation on 12/9/13. <i>Current Holdings:</i> BND, BWX, EMB, IEMG, IXUS, RWO, SJNK, TIP, USCI, VB, VQT, VTI, Cash	+1.6% wk	+3.1% ytd
<b>ETF Tactical Growth</b> Most recent recommendation on 10/13/14. <i>Current Holdings:</i> HDV, IVE, IVW, QQQ, Cash	+2.4% wk	-2.5% ytd
<b>ETF Sector Rotation</b> Buy 25% Vanguard Utilities VPU. <i>Current Holdings:</i> IBB, VPU, XLY, Cash	+3.3% wk	+0.3% 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

### Better, But Not Out Of The Woods

A week ago, the one-week performance chart showed mixed results. The reason for this was the early part of the week consisted of large declines while the latter part contained the start of a bounce. Not all market segments began their rebounds in unison, and the magnitude of the declines were not symmetrical with the bounces. In the end, Pacific ex-Japan topped the chart with a 3.2% gain while Health Care was on the bottom, posting a 2.1% decline.

This past week, nearly all the equity market action was to the upside. Health Care went from the bottom of the list to the top with an impressive one-week gain of 6.5%. Pacific ex-Japan fell from the top to the middle and still managed to post a solid 2.3% advance. Most losses for the week were limited to bonds and commodities. The primary exception was Latin America, where politics and corruption scandals have rocked Brazilian stocks.

Solid earnings reports have contributed to the market's gains and helped it shrug off the scare of two weeks ago. However, not all earnings reports have been rosy. IBM Corporation (IBM) and Amazon (AMZN) are two examples of recent disappointments. Additionally, many of the concerns that prompted the bout of selling are still valid, including the fact growth in the European economy remains iffy. Over the weekend, the ECB announced that 25 banks failed the recent stress test, falling more than \$31 billion below minimum capital requirements.

The **ETF Dividend & Income** model moved ahead 2.2% for the week and is up 5.4% year-to-date. Top performers included First Trust NASDAQ Technology Dividend (TDIV) +3.3%, PowerShares S&P 500 Low Volatility (SPLV) +3.2%, and Vanguard Dividend Appreciation (VIG) +3.2%. Laggards included PowerShares CEF Income Composite (PCEF) +1.9% and the four Guggenheim BulletShares ETFs (2015-2018) which posted gains from +0.7% to +1.3%. WisdomTree Emerging Markets Equity Income (DEM) was the only ETF to lose ground, shedding 0.8%.

The **ETF Strategic Allocation** model gained 1.6% for the week and is up 3.1% year-to-date. Top performers included Vanguard Total Stock Market (VTI) +4.1%, Vanguard Small-Cap (VB) +3.8%, and SPDR Dow Jones Global Real Estate (RWO) +2.9%. Declining positions included SPDR Barclays International Treasury (BWX) -0.5%, iShares TIPS Bond (TIP) -0.6%, and United States Commodity Index Fund (USCI) -1.1%.

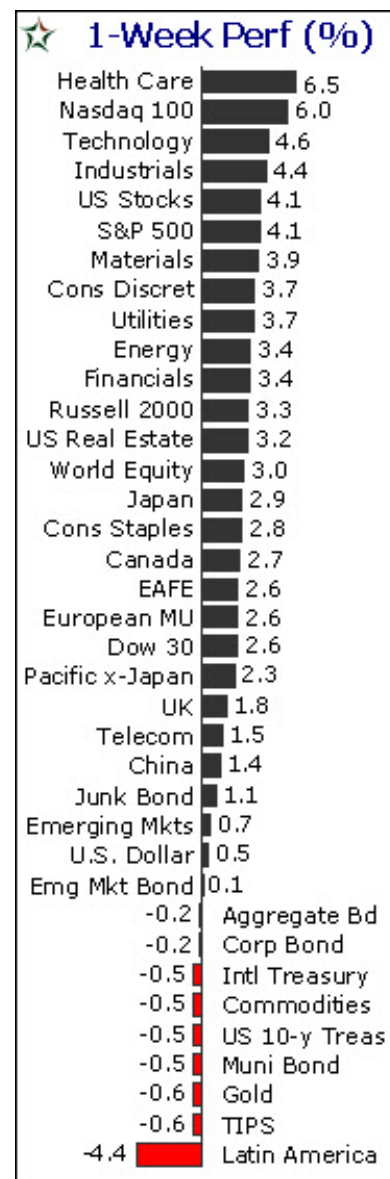
The **ETF Tactical Growth** model gained 2.4% for the week and is down 2.5% year-to-date. PowerShares QQQ (QQQ) surged 6.0% for the week, iShares S&P 500 Growth (IVW) jumped 4.7%, iShares S&P 500 Value (IVE) came along for a +3.5% ride, and iShares Core High Dividend (HDV) tacked on 3.1%. No positions lost ground, but the defensive cash holdings held back overall gains.

The **ETF Sector Rotation** model advanced 3.3% for the week and is up 0.3% year-to-date. Biotech stocks were blistering hot last week with iShares Nasdaq Biotechnology (IBB) shooting 8.8% higher. SPDR Consumer Discretionary Select Sector (XLY) posted a solid 3.8% gain, while the large cash allocation restricted the model's performance. The Utilities sector typically shows strong relative performance during times of market turbulence and weakness on the subsequent rebounds. However, the group remained strong during last week's rebound, and today the model will establish a new 25% position in the Vanguard Utilities ETF (VPU).

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**The next scheduled update is: Monday, November 3, 2014**  
We may send trade recommendations throughout the week.

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## DISCLOSURE

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Updated for 10/27/2014 am with latest closing data

Rank	Ticker	Name	RSM	RSM Chg	1-Wk %Chg	15-Day %Chg	RSI 14	S-T %Vlty
<b>Sector ETFs</b>								
1	FBT	First Trust NYSE Arca Biotechnology	45	36	7.4	4.9	67	1.3
2	BBH	Market Vectors Biotech	45	50	9.9	5.5	66	1.7
3	XBI	SPDR S&P Biotech	44	34	7.1	5.6	65	1.8
4	IBB	iShares Nasdaq Biotechnology	42	44	8.8	4.9	66	1.6
5	PBE	PowerShares Dynamic Biotech & Genome	39	37	7.2	4.7	66	1.3
6	PJP	PowerShares Dynamic Pharmaceuticals	29	32	6.6	3.1	65	1.2
7	XLU	SPDR Utilities Select Sector	26	15	3.6	4.7	70	0.6
8	PTH	PowerShares DWA Healthcare Momentum	26	36	7.1	3.4	64	1.3
9	REZ	iShares Residential Real Estate Capped	25	11	2.5	7.5	71	0.6
10	ICF	iShares Cohen & Steers REIT	25	14	2.9	6.9	74	0.6
11	IDU	iShares US Utilities	25	17	3.8	5.1	70	0.6
12	VPU	Vanguard Utilities	24	17	3.7	4.9	70	0.6
13	FUTY	Fidelity MSCI Utilities	24	17	3.7	4.8	70	0.6
14	XPH	SPDR S&P Pharmaceuticals	24	25	5.4	0.5	60	1.2
15	RWR	SPDR Dow Jones REIT	23	16	3.2	6.7	73	0.6
<b>International ETFs</b>								
1	INDY	iShares India 50 (\$0 Fid)	14	17	3.7	2.9	57	1.1
2	SCIN	EGShares India Small Cap	12	21	3.8	5.4	56	1.6
3	ASHR	Deutsche X-trackers Hrv CSI 300 China A-Shr	10	-11	-2.0	-1.8	44	0.8
4	PIN	PowerShares India	8	14	3.2	1.4	54	1.2
5	EPI	WisdomTree India Earnings	8	17	3.7	2.9	56	1.1
6	INDA	iShares MSCI India	7	14	3.4	1.3	55	0.9
7	INP	iPath MSCI India Index ETN	5	16	3.8	0.5	54	0.9
8	ACWV	iShares MSCI All Country World Min Volatility	5	15	2.8	1.4	59	0.6
9	EPHE	iShares MSCI Philippines	3	10	1.1	-0.1	52	0.8
10	TUR	iShares MSCI Turkey	3	34	6.2	10.4	64	1.2
11	EIDO	iShares MSCI Indonesia	1	24	2.3	6.2	57	1.2
12	EWK	iShares MSCI Hong Kong	1	8	1.0	4.1	55	0.9
13	THD	iShares MSCI Thailand Capped	0	4	1.4	-0.7	50	0.9
14	FNI	First Trust ISE Chindia	0	21	3.6	2.0	56	1.1
15	HAO	Guggenheim China Small Cap	-1	12	1.7	1.5	51	0.9
<b>Style ETFs</b>								
1	FV	First Trust Dorsey Wright Focus 5 ETF	14	28	5.3	0.9	60	1.0
2	SPLV	PowerShares S&P 500 Low Volatility	13	17	3.2	2.1	64	0.7
3	SPHD	PowerShares S&P 500 High Dividend	13	18	3.7	2.4	66	0.6
4	USMV	iShares MSCI USA Minimum Volatility (\$0 Fid)	12	19	3.7	1.5	62	0.7
5	NOBL	ProShares S&P 500 Dividend Aristocrats	12	20	3.9	1.4	62	0.8
6	PEY	PowerShares High Yield Equity Div Achievers	11	17	3.4	2.8	63	0.7
7	DIV	Global X SuperDividend U.S. ETF	11	17	3.1	1.1	62	0.6
8	SPHQ	PowerShares S&P 500 High Quality	11	20	3.7	1.4	61	0.8
9	DVY	iShares Select Dividend (\$0 Fid)	10	21	4.1	3.1	64	0.7
10	QQXT	First Trust NASDAQ-100 ex-Technology	10	29	5.7	1.1	60	1.1
11	QQQ	PowerShares QQQ	10	31	6.0	0.5	58	1.1
12	WDTI	WisdomTree Managed Futures Strategy	9	1	0.4	-1.1	55	0.3
13	XSLV	PowerShares S&P SmallCap Low Volatility	9	13	2.5	3.9	64	0.7
14	VQT	Barclays ETN+ S&P VEQTOR ETN	9	7	1.4	2.4	66	0.3
15	PHDG	PowerShares S&P 500 Downside Hedged	9	7	1.3	2.3	66	0.3

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Rank	Ticker	Name	RSM	RSM Chg	1-Wk %Chg	15-Day %Chg	RSI 14	S-T %Vlty
<b>Bond ETFs</b>								
1	EDV	Vanguard Extended Duration Treasury	28	-15	-1.6	2.2	55	0.8
2	ZROZ	PIMCO 25+ Year Zero Coup US Treas Index	24	-17	-2.0	1.5	52	1.0
3	TLT	iShares 20+ Year Treasury Bond (\$0 Fid)	19	-11	-1.1	1.7	55	0.6
4	TLO	SPDR Barclays Long Term Treasury	18	-10	-1.2	1.5	55	0.5
5	VGLT	Vanguard Long-Term Government	18	-10	-1.1	1.7	56	0.5
6	PLW	PowerShares 1-30 Laddered Treasury	13	-6	-0.6	1.5	57	0.3
7	BLV	Vanguard Long-Term Bond	12	-8	-1.1	1.2	54	0.4
8	TLH	iShares 10-20 Year Treasury Bond	12	-6	-0.7	1.5	58	0.3
9	XMPT	Market Vectors CEF Municipal Income	12	-1	-0.1	1.8	65	0.3
10	ILTB	iShares Core Long-Term U.S. Bond (\$0 Fid)	11	-5	-0.4	1.0	55	0.4
11	HYD	Market Vectors High-Yield Municipal	11	0	0.6	0.6	65	0.2
12	IEF	iShares 7-10 Year Treasury Bond (\$0 Fid)	10	-5	-0.5	1.6	58	0.3
13	TENZ	PIMCO 7-15 Year U.S. Treasury Index	10	-5	-0.5	1.6	55	0.4
14	HYMB	SPDR Nuveen S&P High Yield Municipal Bond	10	-3	-0.1	0.7	64	0.1
15	VCLT	Vanguard Long-Term Corporate	10	-4	-0.3	1.0	54	0.5
<b>Leveraged &amp; Inverse ETFs</b>								
1	DWTI	VelocityShares 3x Inverse Crude ETN	170	-21	2.7	27.6	64	4.0
2	DUST	Direxion Daily Gold Miners Bear 3x	154	15	2.1	-5.1	58	6.1
3	JDST	Direxion Daily Junior Gold Miners Bear 3x	127	77	15.8	-6.6	60	7.8
4	RUSS	Direxion Daily Russia Bear 3x	122	-7	2.1	7.5	56	4.3
5	DGAZ	VelocityShares 3x Inverse Natural Gas ETN	118	62	12.9	34.8	69	3.4
6	SCO	ProShares UltraShort Bloomberg Crude Oil	115	-12	1.9	17.6	64	2.7
7	DSLIV	VelocityShares 3x Inverse Silver ETN	112	-6	1.1	-7.6	60	2.6
8	DTO	PowerShares DB Crude Oil Dbl Shrt ETN	111	-10	2.1	16.1	66	2.4
9	BZQ	ProShares UltraShort MSCI Brazil Capped	108	82	15.7	2.4	57	6.1
10	ERY	Direxion Daily Energy Bear 3x	86	-112	-10.8	5.8	51	4.1
11	KOLD	ProShares UltraShort Bloomberg Natural Gas	86	37	8.1	21.9	68	2.4
12	BIB	ProShares Ultra Nasdaq Biotechnology	80	90	18.2	9.4	66	3.2
13	ZSL	ProShares UltraShort Silver	74	-2	1.0	-5.2	59	1.7
14	DUG	ProShares UltraShort Oil & Gas	63	-69	-7.2	5.1	52	2.6
15	DRN	Direxion Daily Real Estate Bull 3x	60	49	9.6	20.7	73	1.7
<b>Commodity ETFs</b>								
1	CAFE	iPath Pure Beta Coffee ETN	19	-38	-0.8	1.5	54	2.8
2	COW	iPath Bloomberg Livestock Total Return ETN	8	4	1.1	-0.5	52	0.8
3	JO	iPath Bloomberg Coffee ETN	-8	-68	-9.6	-8.0	41	2.6
4	DBB	PowerShares DB Base Metals	-8	5	0.6	0.7	47	0.6
5	IAU	iShares Gold Trust	-9	0	-0.6	3.4	48	0.5
6	NIB	iPath Bloomberg Cocoa ETN	-10	-6	-1.4	-0.4	43	1.4
7	GLD	SPDR Gold Trust	-10	0	-0.5	3.3	48	0.5
8	SGOL	ETFS Physical Swiss Gold Shares	-10	0	-0.6	3.3	48	0.5
9	DBA	PowerShares DB Agriculture	-10	-9	-1.6	-0.1	44	0.7
10	TBAR	RBS Gold Trendpilot ETN	-10	2	0.4	-0.1	48	0.3
11	DGL	PowerShares DB Gold	-11	0	-0.5	3.3	48	0.5
12	GLDI	Credit Suisse Gold Shares Covered Call ETN	-14	2	-0.3	3.2	48	0.5
13	RJA	ELEMENTS Rogers ICI Agriculture ETN	-14	6	0.8	3.6	54	0.7
14	JJC	iPath Bloomberg Copper ETN	-14	7	1.1	1.3	48	0.7
15	CORN	Teucrium Corn	-15	11	1.4	7.8	55	1.3

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Rank	Ticker	Name	RSM	RSM Chg	1-Wk %Chg	15-Day %Chg	RSI 14	S-T %Vlty
<b>Currency ETFs</b>								
1	EUO	ProShares UltraShort Euro	29	5	1.4	-2.7	56	0.9
2	CROC	ProShares UltraShort Australian Dollar	24	-8	-0.6	-3.3	52	1.1
3	YCS	ProShares UltraShort Yen	21	10	2.2	-3.2	56	0.9
4	UUP	PowerShares DB US Dollar Index Bullish	13	2	0.5	-1.3	56	0.4
5	USDU	WisdomTree Bloomberg U.S. Dollar Bullish	12	2	0.5	-0.9	57	0.4
6	CYB	WisdomTree Chinese Yuan Strategy	4	1	0.3	0.5	59	0.1
7	CEW	WisdomTree Emerging Currency Strategy	-8	3	0.5	2.0	50	0.3
8	DBV	PowerShares DB G10 Currency Harvest	-8	4	0.5	-0.8	44	0.3
9	FXC	CurrencyShares Canadian Dollar Trust	-10	3	0.5	0.3	44	0.4
10	FXV	CurrencyShares Japanese Yen Trust	-12	-5	-1.1	1.5	43	0.4
11	FXB	CurrencyShares British Pound Trust	-12	2	0.0	0.7	46	0.4
12	FXF	CurrencyShares Swiss Franc Trust	-14	-2	-0.6	1.6	45	0.4
13	UDN	PowerShares DB US Dollar Index Bearish	-15	-2	-0.7	1.2	43	0.4
14	FXA	CurrencyShares Australian Dollar Trust	-15	3	0.4	1.5	47	0.6
15	FXE	CurrencyShares Euro Trust	-16	-2	-0.7	1.2	43	0.5
<b>Fidelity Select Funds</b>								
1	FBIOX	Select Biotechnology (0.75%-30)	41	41	8.4	3.9	65	1.7
2	FSRFX	Select Transportation (0.75%-30)	21	37	6.6	2.7	62	1.6
3	FSPHX	Select Health Care (0.75%-30)	18	31	6.8	-0.1	60	1.3
4	FSHCX	Select Medical Delivery (0.75%-30)	17	22	3.7	2.1	60	1.0
5	FSHOX	Select Construction & Housing (0.75%-30)	16	27	4.5	3.0	62	1.0
6	FSMEX	Select Medical Equip & Sys (0.75%-30)	14	31	7.2	1.9	62	1.1
7	FPHAX	Select Pharmaceuticals (0.75%-30)	12	29	5.8	-0.8	59	1.1
8	FSUTX	Select Utilities (0.75%-30)	10	22	4.1	1.5	61	0.8
9	FDFAX	Select Consumer Staples (0.75%-30)	7	10	1.8	0.8	55	0.6
10	FSAIX	Select Air Transportation (0.75%-30)	7	34	5.6	1.4	58	1.5
11	FSRPX	Select Retailing (0.75%-30)	6	21	3.7	-0.3	54	1.0
12	FSCPX	Select Consumer Discretionary (0.75%-30)	3	23	3.9	0.6	57	1.0
13	FDLSX	Select Leisure (0.75%-30)	1	13	1.8	-0.6	55	0.9
14	FSLXX	Select Money Market	0	0	0.0	0.0	100	0.0
15	FSVLX	Select Consumer Finance (0.75%-30)	0	12	1.9	0.0	54	0.9
<b>Fidelity Non-Select Funds</b>								
1	FRESX	Real Estate Investment (0.75%-90)	22	16	3.1	6.3	72	0.6
2	FHIGX	Muni Income (0.5%-30)	7	-5	-0.6	0.5	56	0.2
3	FTABX	Tax-Free Bond (0.5%-30)	7	-5	-0.5	0.5	57	0.1
4	FRIFX	Real Estate Income (0.75%-90)	7	5	1.0	1.8	70	0.2
5	FDGRX	Growth Company (closed)	7	28	5.2	0.9	58	1.2
6	FGOVX	Government Income	6	-3	-0.3	0.8	58	0.2
7	FGMNX	GNMA	6	-1	0.0	0.6	63	0.1
8	FDCAX	Capital Appreciation	6	33	6.2	0.2	58	1.3
9	FBIDX	Spartan U.S. Bond Index (Investor Class)	5	-2	-0.3	0.7	58	0.1
10	FCBFX	Corporate Bond	5	-2	-0.3	0.7	56	0.2
11	FMSFX	Mortgage Securities	5	-2	-0.2	0.5	62	0.1
12	FLTMX	Intermediate Muni Income (0.5%-30)	5	-3	-0.4	0.4	56	0.1
13	FBNDX	Investment Grade Bond	5	-2	-0.3	0.6	59	0.1
14	FMAGX	Magellan	5	26	4.9	0.2	57	1.1
15	FTRNX	Trend	5	27	5.0	0.3	57	1.1