

Strategy Recommendations

Model / Changes / Holdings	As of 1/23/15	
ETF Dividend & Income Most recent recommendation on 1/5/15. <i>Current Holdings:</i> AMJ, BSJG, BSJH, BSJI, BSJJ, DEM, HDV, PCEF, PID, RWO, SPLV, TDIV, VIG, Cash	+1.0% wk	+0.9% 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	+0.6% wk	+0.8% ytd
ETF Tactical Growth Most recent recommendation on 1/20/15. <i>Current Holdings:</i> DXJ, HDV, IAU, IVE, IVW, QQQ, SPHQ, Cash	+1.5% wk	+0.3% ytd
ETF Sector Rotation Most recent recommendation on 1/20/15. <i>Current Holdings:</i> IBB, ICF, IYT, VPU, Cash	+1.4% wk	+1.8% 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

ECB Moves Into Quantitative Easing

The U.S. initiated three rounds of quantitative easing (QE) efforts that lasted more than six years. Through October of last year, the central bank bought more than \$3 trillion worth of Treasuries and mortgage-backed securities. Japan has also been using quantitative easing to boost its economy and fight deflation. In November, with Prime Minister Shinzo Abe's anti-deflation arrows losing effectiveness and the Bank of Japan reducing its economic growth forecast, the country doubled down on the strategy. Japan announced an increase in both its rate of purchases as well as what it would buy, adding stocks and real estate to a list already containing government debt securities.

The European Central Bank (ECB) has been wanting to get in on the QE action for quite some time, but there has been stiff opposition to stepping off that cliff. Arguments against the move are both legal and political. The modern EU was founded under treaties that restricted the ECB from financing governments, and many claim broad purchases of government bonds steps over that line. Another concern against the measure is based on the premise that expanding the money supply will reduce the incentives for over-spending governments to continue reforms and balance their budgets.

Despite the opposition, on January 22, the ECB's Governing Council revealed its plan to purchase about 1.1 trillion euros (\$1.3 trillion) in government bonds as part of an asset-purchase program. The purchases will amount to 60 billion euros (\$70 billion) a month through September 2016. Sovereign bonds will be purchased in proportion to the size of the member countries. Projections from the ECB expect the effect should be about a 0.4% boost to inflation in 2015 and 0.3% in 2016.

The euro reacted by falling to its lowest level against the dollar in more than a decade. Export-heavy countries are likely to see a benefit as their products will be cheaper abroad. The lower yields resulting from QE in the Eurozone may also push investors into U.S. Treasuries, whose yields are relatively higher.

The **ETF Dividend & Income** model advanced 1.0% for the week and is up 0.9% year-to-date. Top performers included JPMorgan Alerian MLP Index ETN (AMJ) +2.7%, WisdomTree Emerging Markets Equity Income (DEM) +2.3%, First Trust Technology Dividend (TDIV) +1.5%, and Vanguard Dividend Appreciation (VIG) +1.2%. The four BulletShares ETFs were the laggards, all posting one-week returns ranging from flat to +0.3%.

The **ETF Strategic Allocation** model gained 0.6% for the week and is up 0.8% year-to-date. Top performers included iShares Core MSCI Emerging Markets (IXUS) +2.9%, Vanguard Total Stock Market (VTI) +1.7%, Vanguard Small-Cap (VB) +1.4%, and iShares Core MSCI Total International Stock (IXUS) +1.1%. The laggards included United States Commodity Index Fund (USCI) -1.7%, SPDR Barclays International Treasury Bond (BWX) -1.6%, and SPDR Barclays Short Term High Yield Bond (SJNK) +0.0%.

The **ETF Tactical Growth** model increased 1.5% for the week and is up 0.3% year-to-date. Last Tuesday, we initiated a new 14% position in iShares Gold Trust (IAU). The week's best performers included PowerShares QQQ (QQQ) +3.4%, iShares S&P 500 Growth (IVW) +2.1%, and WisdomTree Japan Hedged Equity (DXJ) +1.6%.

Laggards included iShares Gold Trust (IAU) +0.0%, iShares Core High Dividend (HDV) +0.6%, and iShares S&P 500 Value (IVE) +1.1%.

The **ETF Sector Rotation** model advanced 1.4% for the week and is up 1.8% year-to-date. Last week, we sold SPDR Consumer Discretionary Select Sector (XLY) and bought iShares Cohen & Steers REIT ETF (ICF) with the proceeds and available cash (~24.5%). The iShares Transportation Average ETF (IYT) jumped 2.5% to lead this model's holdings, and iShares Nasdaq Biotechnology ETF (IBB) tacked on 1.4%. Vanguard Utilities ETF (VPU) made a positive 1.1% contribution, and iShares Cohen & Steers REIT ETF (ICF) is already showing a 1.4% profit.



The next scheduled update is: Monday, February 2, 2015
We may send trade recommendations throughout the week.

DISCLOSURE

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Updated for 01/26/2015 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	INCO	EGShares India Consumer	75	12	1.6	13.9	72	1.3
2	XBI	SPDR S&P Biotech	62	-4	0.3	6.5	59	1.8
3	REZ	iShares Residential Real Estate Capped	60	-2	0.2	9.8	74	0.8
4	CHIX	Global X China Financials	60	2	2.1	3.2	63	1.3
5	ICF	iShares Cohen & Steers REIT	58	0	0.8	9.2	76	0.7
6	RWR	SPDR Dow Jones REIT	55	0	0.6	8.5	74	0.7
7	SCHH	Schwab U.S. REIT	55	0	0.7	8.6	74	0.7
8	VNQ	Vanguard REIT	54	0	0.6	8.5	75	0.7
9	GDX	Market Vectors Gold Miners	53	7	-1.9	18.3	59	2.8
10	FRI	First Trust S&P REIT	53	0	0.5	8.2	74	0.7
11	FBT	First Trust NYSE Arca Biotechnology	53	7	1.9	7.3	63	1.3
12	RING	iShares MSCI Global Gold Miners (\$0 Fid)	51	11	-1.4	19.3	60	2.9
13	KBWY	PowerShares KBW Premium Yield Eq REIT	51	1	0.3	7.5	73	0.7
14	FTY	iShares Real Estate 50 ETF	47	3	1.3	7.1	77	0.5
15	IYR	iShares US Real Estate (\$0 Fid)	45	1	0.8	7.1	73	0.6
International ETFs								
1	CHNA	PowerShares China A-Share	104	-19	0.8	-3.1	57	2.6
2	PEK	Market Vectors ChinaAMC A-Share ETF	90	-5	2.0	0.2	58	1.9
3	ASHR	Deutsche X-trackers Hrv CSI 300 China A-Shr	87	-6	1.7	-0.9	57	1.8
4	KBA	KraneShares Bosera MSCI China A ETF	81	-6	1.2	0.5	57	1.9
5	DBGR	Deutsche X-trackers MSCI Germany Hedged	49	18	3.0	9.5	72	1.1
6	SMIN	iShares MSCI India Small-Cap	48	9	0.3	7.3	64	1.3
7	INDY	iShares India 50 (\$0 Fid)	46	21	2.7	10.5	68	1.3
8	HEWG	iShares Currency Hedged MSCI Germany ETF	46	18	3.1	8.7	74	1.0
9	SCIN	EGShares India Small Cap	45	6	-0.2	8.1	61	1.3
10	INP	iPath MSCI India Index ETN	45	23	3.3	10.9	70	1.3
11	FXI	iShares China Large-Cap	45	13	3.6	5.1	65	1.2
12	HEDJ	WisdomTree Europe Hedged Equity	43	23	4.3	8.8	74	1.0
13	INDA	iShares MSCI India	42	21	2.6	10.4	69	1.2
14	ASHS	Deutsche X-trackers Hrv CSI 500 China A Sml	41	21	4.7	5.8	59	1.6
15	EPI	WisdomTree India Earnings	38	18	2.0	8.8	66	1.2
Style ETFs								
1	FV	First Trust Dorsey Wright Focus 5 ETF	27	10	2.2	2.6	62	0.8
2	SPHD	PowerShares S&P 500 High Dividend	26	5	0.8	2.8	64	0.5
3	SPLV	PowerShares S&P 500 Low Volatility	25	5	0.8	1.9	61	0.6
4	USMV	iShares MSCI USA Minimum Volatility (\$0 Fid)	24	7	1.3	2.3	62	0.5
5	DEF	Guggenheim Defensive Equity	24	8	1.3	4.0	69	0.5
6	XSLV	PowerShares S&P SmallCap Low Volatility	22	4	0.9	0.7	59	0.7
7	MTUM	iShares MSCI USA Momentum Factor ETF	22	12	2.5	2.6	62	0.7
8	DVY	iShares Select Dividend (\$0 Fid)	21	8	1.3	1.5	60	0.7
9	FVD	First Trust Value Line Dividend	20	6	0.9	1.2	60	0.7
10	PEY	PowerShares High Yield Equity Div Achievers	19	6	1.0	0.3	58	0.7
11	IJK	iShares S&P Mid-Cap 400 Growth (\$0 Fid)	19	10	1.9	2.1	61	0.6
12	IVOG	Vanguard S&P Mid-Cap 400 Growth	18	9	1.9	1.9	62	0.6
13	QDEF	FlexShares Quality Dividend Defensive	17	9	1.5	0.8	58	0.7
14	PWB	PowerShares Dynamic Large Cap Growth	17	11	1.8	0.3	57	0.8
15	MDYG	SPDR S&P 400 Mid Cap Growth	17	10	2.2	1.9	63	0.6

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Rank	Ticker	Name	RSM	RSM Chg	1-Wk %Chg	15-Day %Chg	RSI 14	S-T %Vlty
Bond ETFs								
1	ZROZ	PIMCO 25+ Year Zero Coup US Treas Index	73	-4	1.6	10.9	68	1.3
2	EDV	Vanguard Extended Duration Treasury	69	-4	1.6	9.8	66	1.3
3	TLT	iShares 20+ Year Treasury Bond (\$0 Fid)	47	-2	1.2	7.0	67	0.9
4	TLO	SPDR Barclays Long Term Treasury	43	-3	1.0	6.1	66	0.9
5	VGLT	Vanguard Long-Term Government	42	-3	1.0	6.2	67	0.8
6	BLV	Vanguard Long-Term Bond	31	1	1.2	4.6	68	0.6
7	PLW	PowerShares 1-30 Laddered Treasury	27	-2	0.7	4.1	67	0.6
8	ILTB	iShares Core Long-Term U.S. Bond (\$0 Fid)	27	-1	0.9	3.9	67	0.6
9	VCLT	Vanguard Long-Term Corporate	26	2	1.4	3.9	68	0.5
10	LTPZ	PIMCO 15+ Year U.S. TIPS Index	25	-2	1.2	4.3	60	0.9
11	TLH	iShares 10-20 Year Treasury Bond	23	-3	0.4	3.8	65	0.5
12	LWC	SPDR Barclays Long Term Corporate Bond	23	1	1.4	4.0	65	0.6
13	BABS	SPDR Nuveen Barclays Build America Bond	22	-2	0.5	3.3	61	0.6
14	XMPT	Market Vectors CEF Municipal Income	22	-2	0.1	3.6	75	0.3
15	CLY	iShares 10+ Year Credit Bond	22	3	1.6	3.5	69	0.5
Leveraged & Inverse ETFs								
1	DWTI	VelocityShares 3x Inverse Crude ETN	460	-9	20.6	52.3	63	7.9
2	SCO	ProShares UltraShort Bloomberg Crude Oil	324	3	14.5	34.3	65	5.2
3	DTO	PowerShares DB Crude Oil Dbl Shrt ETN	302	0	10.8	33.4	68	3.9
4	DNO	United States Short Oil	174	2	7.0	17.3	67	2.6
5	DRN	Direxion Daily Real Estate Bull 3x	162	-1	1.9	27.3	75	2.0
6	DGAZ	VelocityShares 3x Inverse Natural Gas ETN	142	43	6.1	-19.5	50	9.2
7	TMF	Direxion Daily 20+ Year Treasury Bull 3x	140	-10	3.4	21.6	66	2.8
8	KOLD	ProShares UltraShort Bloomberg Natural Gas	129	31	4.6	-10.0	52	6.1
9	YINN	Direxion Daily China Bull 3x	123	42	10.8	15.1	65	3.6
10	UGLD	VelocityShares 3x Long Gold ETN	98	41	4.4	30.4	69	2.7
11	INDL	Direxion Daily India Bull 3x	95	67	7.4	29.8	65	4.0
12	UBT	ProShares Ultra 20+ Year Treasury	93	-6	2.1	13.5	66	1.9
13	USLV	VelocityShares 3x Long Silver ETN	91	91	10.4	56.3	71	4.5
14	URE	ProShares Ultra Real Estate	90	3	1.6	14.8	74	1.2
15	XPP	ProShares Ultra FTSE China 50	88	27	7.2	10.2	65	2.5
Commodity ETFs								
1	SIVR	ETFS Physical Silver Shares	44	28	3.3	16.5	70	1.6
2	SLV	iShares Silver Trust	44	28	3.3	16.3	71	1.5
3	DBP	PowerShares DB Precious Metals	38	17	2.0	11.1	71	1.0
4	DGL	PowerShares DB Gold	36	14	1.5	9.7	69	1.0
5	OUNZ	Merk Gold Trust	35	13	1.4	9.2	70	0.9
6	IAU	iShares Gold Trust	35	13	1.4	9.4	70	0.9
7	SGOL	ETFS Physical Swiss Gold Shares	35	13	1.4	9.4	70	0.9
8	GLD	SPDR Gold Trust	35	13	1.4	9.4	69	0.9
9	GLTR	ETFS Precious Metals Basket Shares	31	16	2.0	9.9	70	1.0
10	PPLT	ETFS Physical Platinum Shares	9	7	0.0	4.9	59	0.9
11	GLDI	Credit Suisse Gold Shares Covered Call ETN	8	2	0.6	4.5	61	0.6
12	SLVO	Credit Suisse Silver Shares Covered Call ETN	1	10	1.8	8.5	62	1.0
13	TBAR	RBS Gold Trendpilot ETN	-1	-1	-0.6	0.2	50	0.4
14	CORN	Teucrium Corn	-8	4	0.5	-2.4	45	1.1
15	SGG	iPath Bloomberg Sugar ETN	-11	11	-0.7	4.9	51	1.3

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Rank	Ticker	Name	RSM	RSM Chg	1-Wk %Chg	15-Day %Chg	RSI 14	S-T %Vlty
Currency ETFs								
1	UUPT	PowerShares DB 3x Long USD Idx Fut ETN	105	26	7.1	15.1	82	1.1
2	DRR	Market Vectors Double Short Euro ETN	98	23	6.5	16.4	87	1.1
3	EUO	ProShares UltraShort Euro	96	24	6.4	16.1	86	1.0
4	CROC	ProShares UltraShort Australian Dollar	54	26	7.8	5.7	70	1.0
5	FXF	CurrencyShares Swiss Franc Trust	53	7	-2.5	13.0	69	1.4
6	UUP	PowerShares DB US Dollar Index Bullish	35	9	2.5	5.2	82	0.4
7	INR	Market Vectors Indian Rupee/USD ETN	25	7	1.6	4.9	58	1.1
8	YCS	ProShares UltraShort Yen	20	4	0.3	-3.4	47	1.2
9	USDU	WisdomTree Bloomberg U.S. Dollar Bullish	20	6	1.8	2.4	70	0.3
10	BZF	WisdomTree Brazilian Real Strategy	1	9	1.2	3.4	61	0.9
11	CYB	WisdomTree Chinese Yuan Strategy	-1	-1	-0.4	0.1	40	0.1
12	FXY	CurrencyShares Japanese Yen Trust	-14	-2	-0.2	1.7	53	0.6
13	CEW	WisdomTree Emerging Currency Strategy	-14	4	0.5	0.2	49	0.3
14	FXB	CurrencyShares British Pound Trust	-24	-3	-1.1	-3.8	27	0.4
15	FXA	CurrencyShares Australian Dollar Trust	-29	-12	-3.8	-2.8	29	0.5
Fidelity Select Funds								
1	FBIOX	Select Biotechnology (0.75%-30)	52	3	1.0	6.2	60	1.5
2	FSAGX	Select Gold (0.75%-30)	45	1	-3.0	16.4	58	2.6
3	FSPHX	Select Health Care (0.75%-30)	35	8	1.7	4.4	64	0.9
4	FSMEX	Select Medical Equip & Sys (0.75%-30)	35	6	2.0	3.8	65	0.7
5	FSHCX	Select Medical Delivery (0.75%-30)	30	8	1.4	2.4	60	0.8
6	FSELX	Select Electronics (0.75%-30)	29	10	2.3	0.3	58	0.8
7	FSAIX	Select Air Transportation (0.75%-30)	29	18	4.1	-0.8	57	0.9
8	FPHAX	Select Pharmaceuticals (0.75%-30)	25	3	0.4	3.7	63	0.7
9	FSDAX	Select Defense & Aerospace (0.75%-30)	25	16	3.4	2.9	66	0.7
10	FSRFX	Select Transportation (0.75%-30)	24	20	3.3	-1.6	54	1.0
11	FDFA	Select Consumer Staples (0.75%-30)	24	8	1.5	2.8	64	0.6
12	FSUTX	Select Utilities (0.75%-30)	21	5	0.8	2.1	61	0.8
13	FDLSX	Select Leisure (0.75%-30)	20	7	2.4	1.5	61	0.9
14	FSHOX	Select Construction & Housing (0.75%-30)	16	2	0.6	-0.5	53	0.9
15	FBSOX	Select IT Services (0.75%-30)	15	3	0.5	-0.8	53	0.8
Fidelity Non-Select Funds								
1	FRESX	Real Estate Investment (0.75%-90)	53	1	0.8	8.7	76	0.7
2	FHKCX	China Region (1.5%-90)	27	2	0.8	3.9	64	0.8
3	FSEAX	Emerging Asia (1.5%-90)	20	8	2.0	3.8	68	0.7
4	FDGRX	Growth Company (closed)	18	12	2.6	1.2	59	0.8
5	FCPGX	Small Cap Growth (1.5%-90)	17	8	1.8	0.2	57	0.9
6	FMEIX	Mid Cap Enhanced Index (0.75%-30)	16	11	2.0	0.8	58	0.7
7	FOCPX	OTC Portfolio	16	14	3.1	0.9	59	0.8
8	FSDIX	Strategic Dividend & Income	15	4	0.7	1.8	61	0.4
9	FRIFX	Real Estate Income (0.75%-90)	15	0	0.1	2.2	70	0.2
10	FBCVX	Blue Chip Value	15	11	2.3	0.1	58	0.7
11	FSMVX	Mid Cap Value (0.75%-30)	14	10	1.8	0.0	56	0.7
12	FBGRX	Blue Chip Growth	14	13	2.8	0.8	58	0.8
13	FIUIX	Telecom and Utilities	13	6	0.7	1.7	60	0.7
14	FLGEX	Large Cap Growth Enhanced Index	12	11	2.1	0.8	56	0.8
15	FDSCX	Stock Selector Small Cap (1.5%-90)	12	8	1.7	-0.2	56	0.8