Since the S&P 500 reached its peak on August 2nd (topping 1,709), the market trended negatively through the end of the month. Uncertainty regarding tapering of Federal Reserve stimulus, mixed economic data, and the recent geopolitical tension in Syria has contributed to the current correction, reaching a -5% move for the second time this year. Interestingly, the last time the S&P 500 dropped below its 50-day moving average in June, it found support at the 100-day moving average and continued on to make all-time highs. This most recent correction also dropped below its 50-day moving average and then again, found support at the 100-day moving average.

While many economists and advisors predict an even deeper downtrend through the end of the year, current data suggests otherwise. While retail sales were weaker than expected, they did increase for a 4th consecutive month. Improvement in manufacturing, better than expected PMI readings in China and Europe, and a revised GDP estimated of 2.5% annualized all point to a growing economy on solid footing.

In our CAN SLIM® portfolio, our equity exposure stood at 90% at the end of August with the recent correction providing favorable entry points on positions. Our market posture remains opportunistic and if new data paints a more moderate picture, we'll reduce equity exposure and scale to cash as necessary.

Opportunistic – Favorable equity environment with developing risk concerns

MARKET DIMENSION	OUTLOOK	COMMENTARY
TECHNICALS *neutral*	↔	The S&P 500 experienced its second -5% correction of the year, but found support at the 100-day moving average. As we communicate with our clients when they start with us, markets can expect, on average, at least 3 corrections of -5% in a given year. These provide buying opportunities when our outlook is opportunistic or bullish.
SENTIMENT *positive*	↑	The AAII Bull/Bear ratio, a contrarian indicator, decreased from a month ago as investors become worried about a second half correction with uncertainty in Federal Reserve stimulus and turmoil in the Middle East. Equity funds experienced another positive inflow after the large gain in August as investors put cash to work and rotated out of conservative assets.
MACROECONOMIC *positive*	↑	As noted earlier, retail sales were lower than expected, but did increase for a fourth consecutive month. Improvement in manufacturing, increases in the PMI readings in China and Europe, and a U.S. GDP growing at an estimated annualized 2.5% point to signs of a world economy on solid footing.
VALUATION *positive*	↑	The market became attractive throughout the month of August as the S&P 500 corrected off its recent all-time highs and companies produced better-than-expected earnings. A current P/E of 15.7 kept the market in the bottom half of its historical average range.

As of 8/31/2013. Data provided by Bloomberg, GoldmanSachs.

STRATEGY	HIGHLIGHTS
CAN SLIM®	CAN SLIM® remained in line with the S&P 500 as the August correction impacted equities. Top performers for the month in a negative environment were CTSH, CXW and SNDK. The program added exposure with some new buys such as BIIB, DF, HD, SPWR, and V, while liquidating VIAB, MHK, and PRE. The strategy ended the month 90% invested. Learn more at CAN SLIM Investment Program.
CAN SLIM® INTERNATIONAL	CAN SLIM® International continues to hold strong in a correcting international equity market. Top performers for the month included HMIN, NXPI, and VIP while locking in profit in KORS and HMIN. The strategy is currently 85% invested. Learn more at CAN SLIM International.
LEGENDS VALUE	Legends Value held flat in a -3% market for the month of August. Top performers were AAPL, FCX, and RWT. We replaced 5 positions with new additions BAX, CRUS, PEP, TGT, and CM. Learn more at Legends Value.
TACTICAL GROWTH	A favorable and opportunistic global outlook continued to be the theme for Tactical Growth as equities accounted for 90% of the portfolio, with real estate accounting for the remaining 10% at the end of August. Learn more at Tactical Growth ETF.
TACTICAL INCOME	Ongoing fears regarding the Federal Reserve dialing back asset purchases brought a rush to the exits by bond investors and continues to weigh on the bond market while some equity holdings continue to bolster performance. The portfolio currently carries a 5.3% yield. Learn more at Tactical Income ETF.

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