It's been said, "stocks climb a wall of worry". That statement rings true for the first three quarters of the year. 2013 started with worries over the Italian elections, Cyprus, and fiscal cliff negotiations. And here we are, 273 days later, and similar concerns exist, particularly in our own political arena with debt ceiling negotiations and Federal Reserve stimulus spending. However, the market has digested both the drama and data, and the data is winning. Stocks have rallied for a +19% gain thus far in 2013, outpacing any move in the S&P 500 since 2003.

Across the board, data points to a world economy on the mend. In the U.S., unemployment ticked down slightly to 7.3%, jobless claims lessened (albeit, it can be argued more people are simply giving up on seeking employment), and the GDP growth rate held steady at a conservative 2%. In August, U.S. auto sales experienced their best month since May 2007, emerging markets business activity continued its expansion, and China lessened worries of a hard landing with increased manufacturing data. And after three and a half years of a crippling debt crisis, the world's largest economy, Europe, finally pulled itself out of recession. With a mix of national austerity measures and centralized banking stimulus, led by growth out of France and Germany, European equities gained, with all international equities (ACWI ex U.S.) up almost 7% for the month.

Our stance continues to be cautiously bullish, or opportunistic, and we begin the 4th quarter over 90% invested in our tactical portfolios.

Opportunistic – Favorable equity environment with developing risk concerns

MARKET DIMENSION	OUTLOOK	COMMENTARY
TECHNICALS *positive*	↑	The S&P 500 rebounded from its August decline with a +3% move in September. The market remained in line with its 50 day and 100 day moving averages, while 6% above the 200 day. Minus a few 'news headline' driven moves, volatility remained steady at just over 30% of its historical average.
SENTIMENT *neutral*	↔	Turmoil in the Middle East, uncertainty regarding Federal Reserve stimulus, and a looming government shutdown spooked investors throughout September. Mutual funds experienced a negative flow of -5%, while equities rose 3%, again validating investor sentiment as a contrarian indicator. The October 1st deadline for Congress to pass a budget came and went with no agreement and no signs of progress in sight.
MACROECONOMIC *positive*	↑	Economic data across the globe continued to move in a positive direction as Europe crawled out of a recession, China avoided a hard landing, and business activity in the U.S. increased. US auto sales experienced their best month since May 2007, and retail spending continued to increase. China manufacturing data for August was revised down at the end of the month but international equities still experienced an almost +7% in September alone.
VALUATION *positive*	↑	The market lost some of its attractiveness through the month of September as equities increased 3% for the month. A P/E of 16.1 is seated 15% below its historical average. The relative valuation of the market will become more clear as earnings season approaches this month.

As of 9/30/2013. Data provided by Bloomberg, GoldmanSachs.

STRATEGY	HIGHLIGHTS
CAN SLIM®	CAN SLIM® outperformed the S&P 500 for the month of September as the program strategically entered positions and stayed on course during the possible slowdown of Federal Reserve stimulus. Top performers for the month were SPWR, EXPE, EBAY, V, and CELG, with each increasing over 10% in September alone. The program added exposure with some new buys such as CREE, PEP, and STI while liquidating RIG, BIIB, and MA. The strategy ended the month 93% invested.
CAN SLIM® INTERNATIONAL	"A rising tide lifts all boats." The ACWI ex US index has been an underperforming and lackluster index for most of 2013. However, in September, international equities increased almost 8%, boosting CAN SLIM® International. Top performers for the month included ERIC, SI, and CBD while locking in profit in VR. We increased our exposure throughout the month with buys such as DB, TLK, and SNY. The strategy ended the month 97% invested.
LEGENDS VALUE	Still outperforming the market year to date, value stocks took a back seat to their growth counterparts in September. Top performers were EXPR, RWT, and FCX, each with over 10% growth for the month. We replaced 2 positions with new additions M and MYGN.
TACTICAL GROWTH	A boost in global markets helped propel Tactical Growth in September as 35% of the portfolio was invested in international equities. 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 September.
TACTICAL INCOME	WPS and IDV posted outsized returns in the month of September with advances of 8% and 6.5%, respectively. IDV was trimmed to keep exposure in line with the risk tolerance of the portfolio and re-invested into CIU, which exhibits a more attractive risk/reward ratio for the current environment. The portfolio currently carries a 5.0% yield.

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