

ARE YOU PREPARED FOR ANOTHER LOST DECADE?

IS THE CYCLICAL BULL MARKET FOR STOCKS ALMOST OVER?



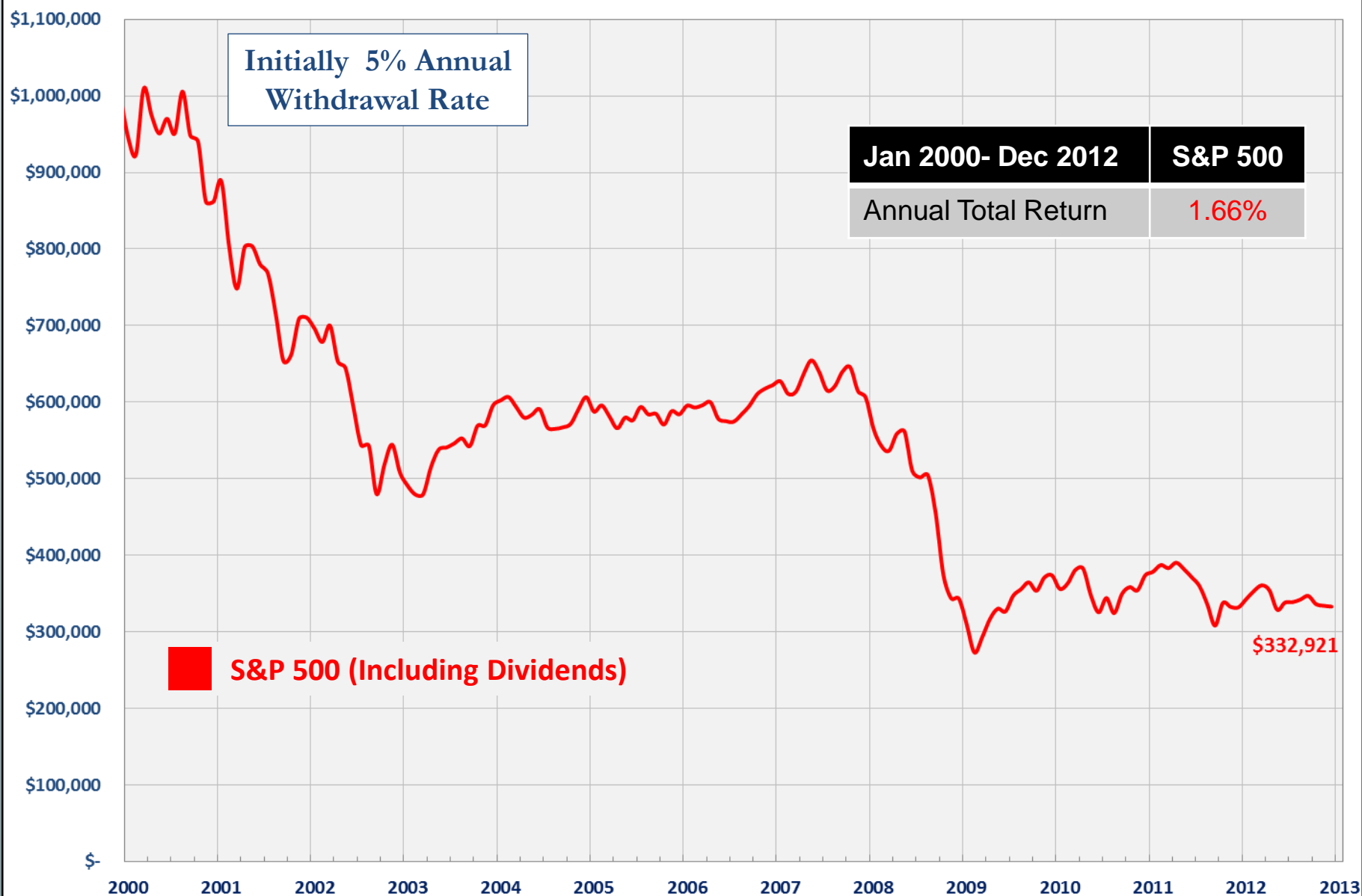
Copyright Lisa Benson

AAII Silicon Valley
Saturday February 9, 2013
Presented by: Tom Kopas

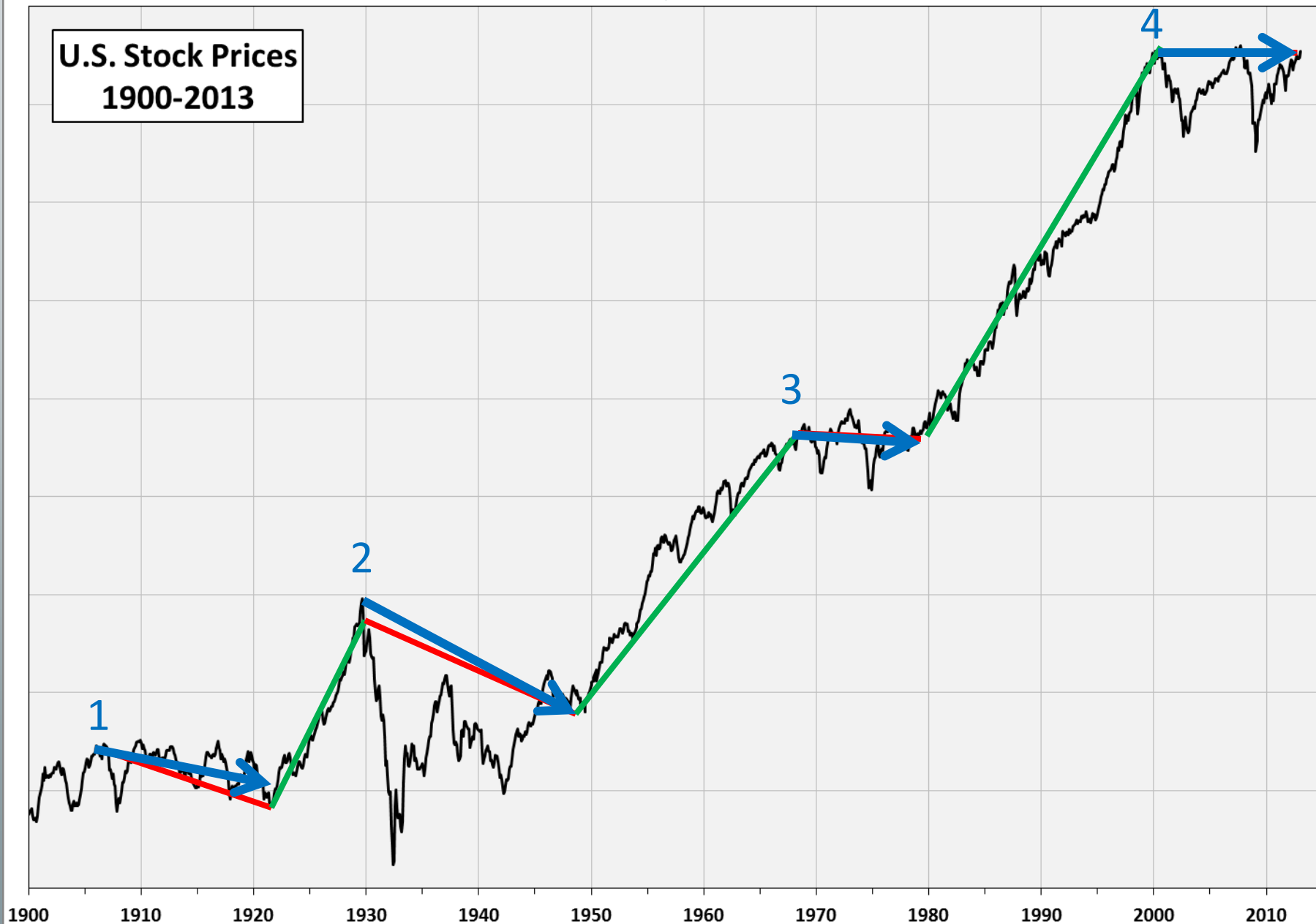
RETIREE NEST EGG THROUGH A LOST DECADE

\$1,000,000 Initial Portfolio value with \$4,166 Monthly Withdrawal (\$ 650,000 Total)

January 1, 2000 - December 31, 2012

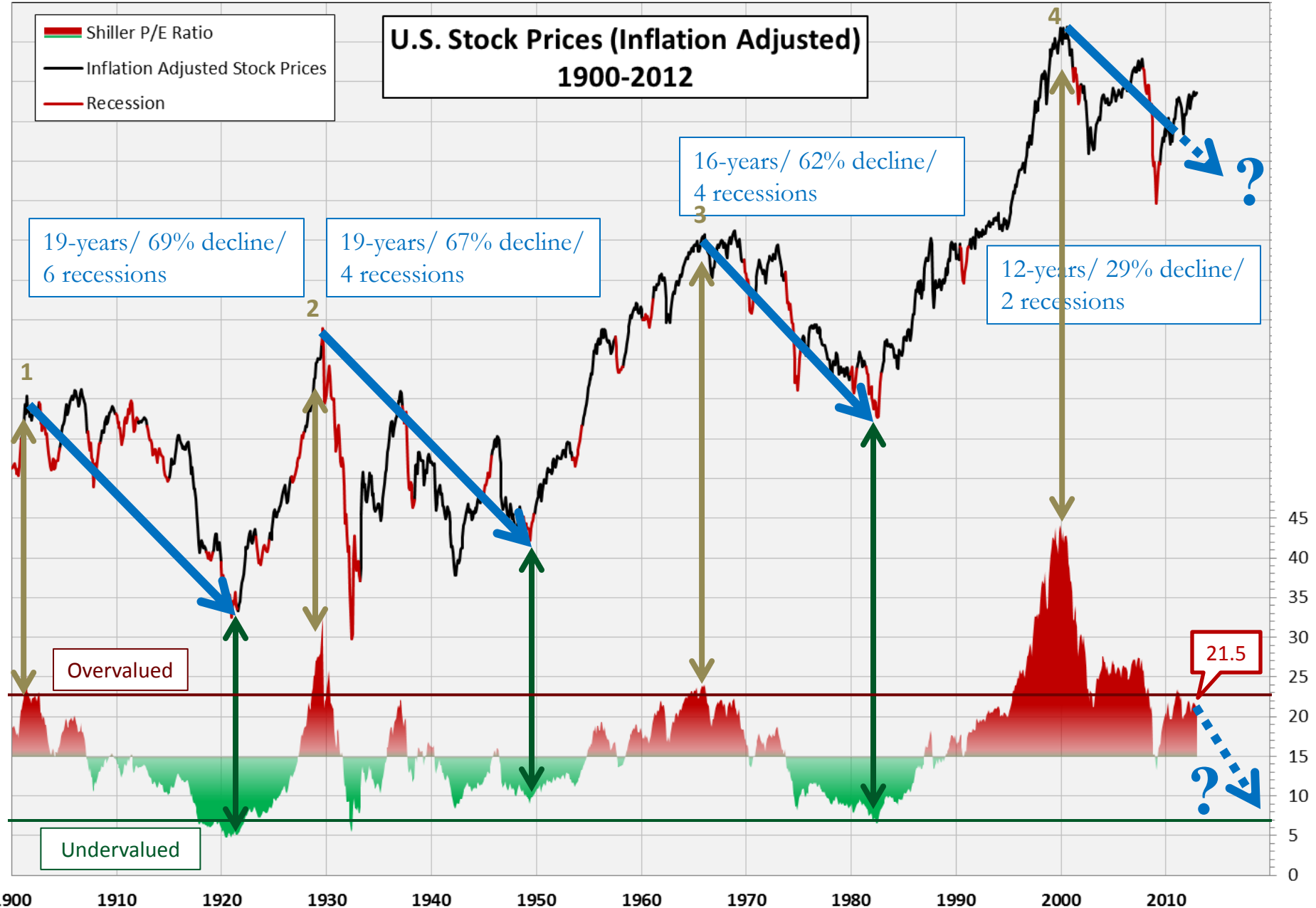


U.S. Stock Prices 1900-2013



U.S. Stock Prices (Inflation Adjusted) 1900-2012

█ Shiller P/E Ratio
— Inflation Adjusted Stock Prices
— Recession



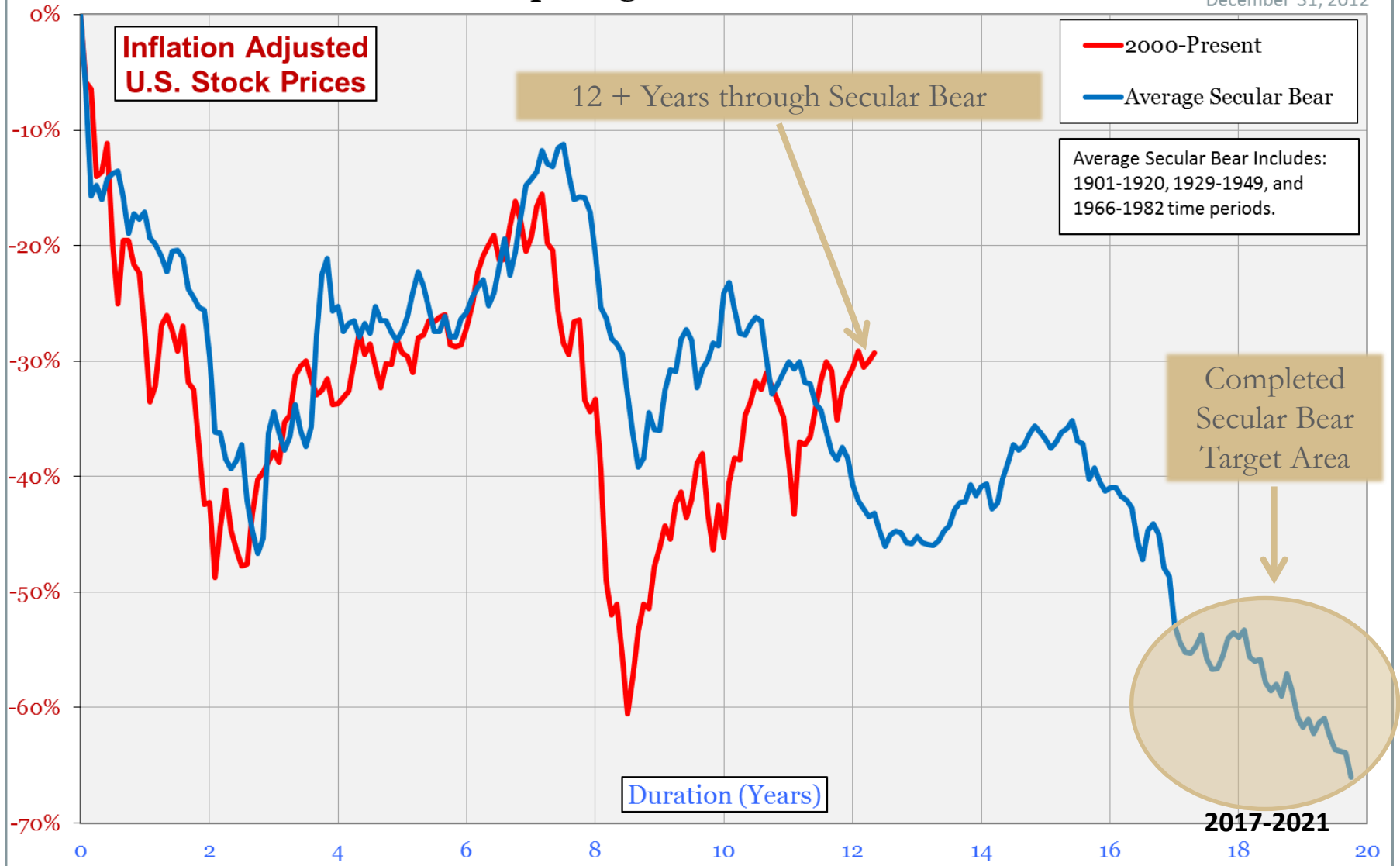
WHAT DOES THE “AVERAGE” SECULAR BEAR LOOK LIKE?

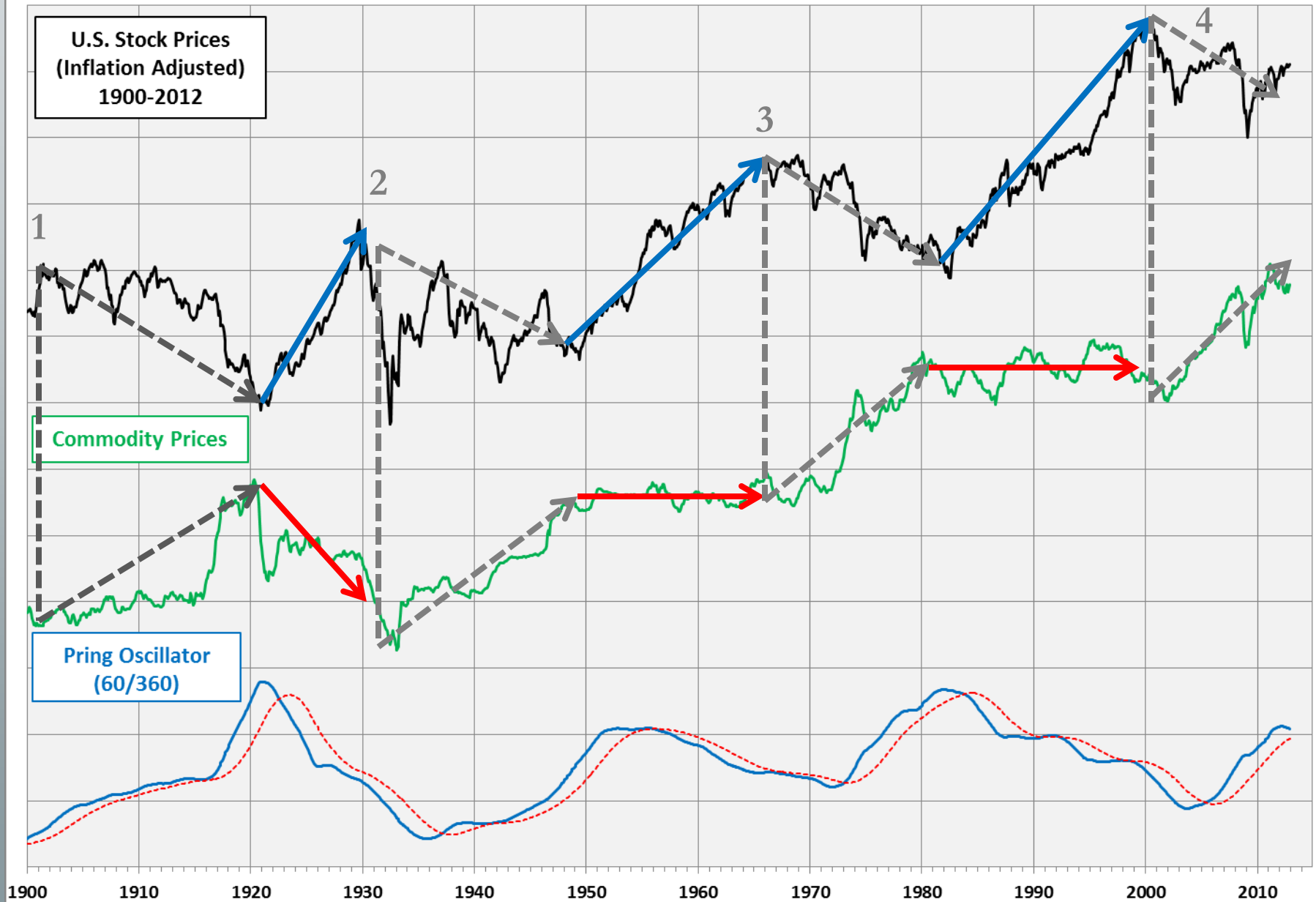
PRING TURNER CAPITAL GROUP

Comparing Secular Bear Markets

PRINGTURNER.COM

December 31, 2012





AAA Bond Yields (Inverted) 1850-2012

...Uptrend still intact and
overextended to the upside.

Oscillator
(36/288)

— AAA Bond Yield (Inverted)
— Oscillator (36/288)
- - - Oscillator MA

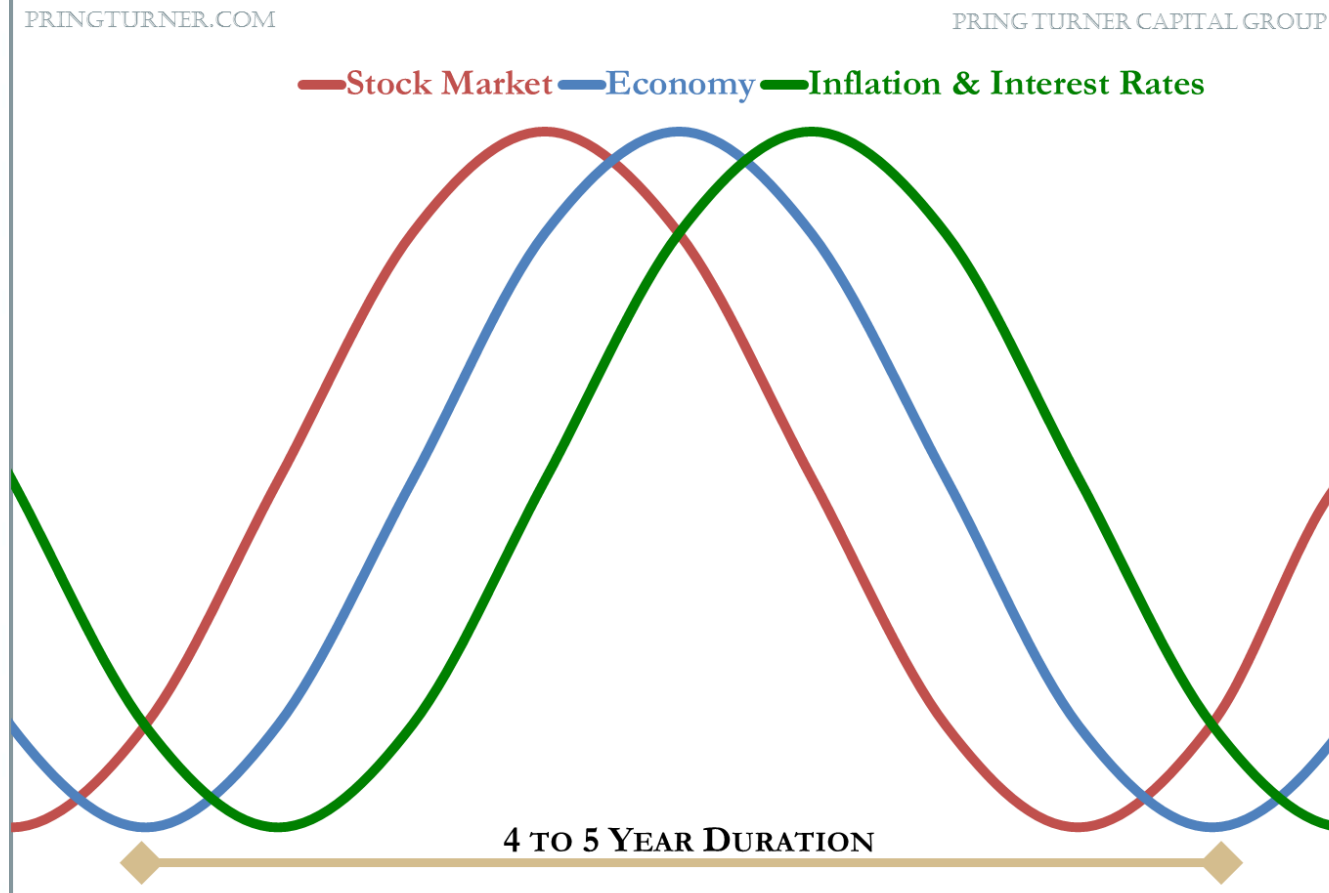
Oscillator registered
negative signal in
2008 but moved back
positive in 2012

II. Investing Around the Business Cycle

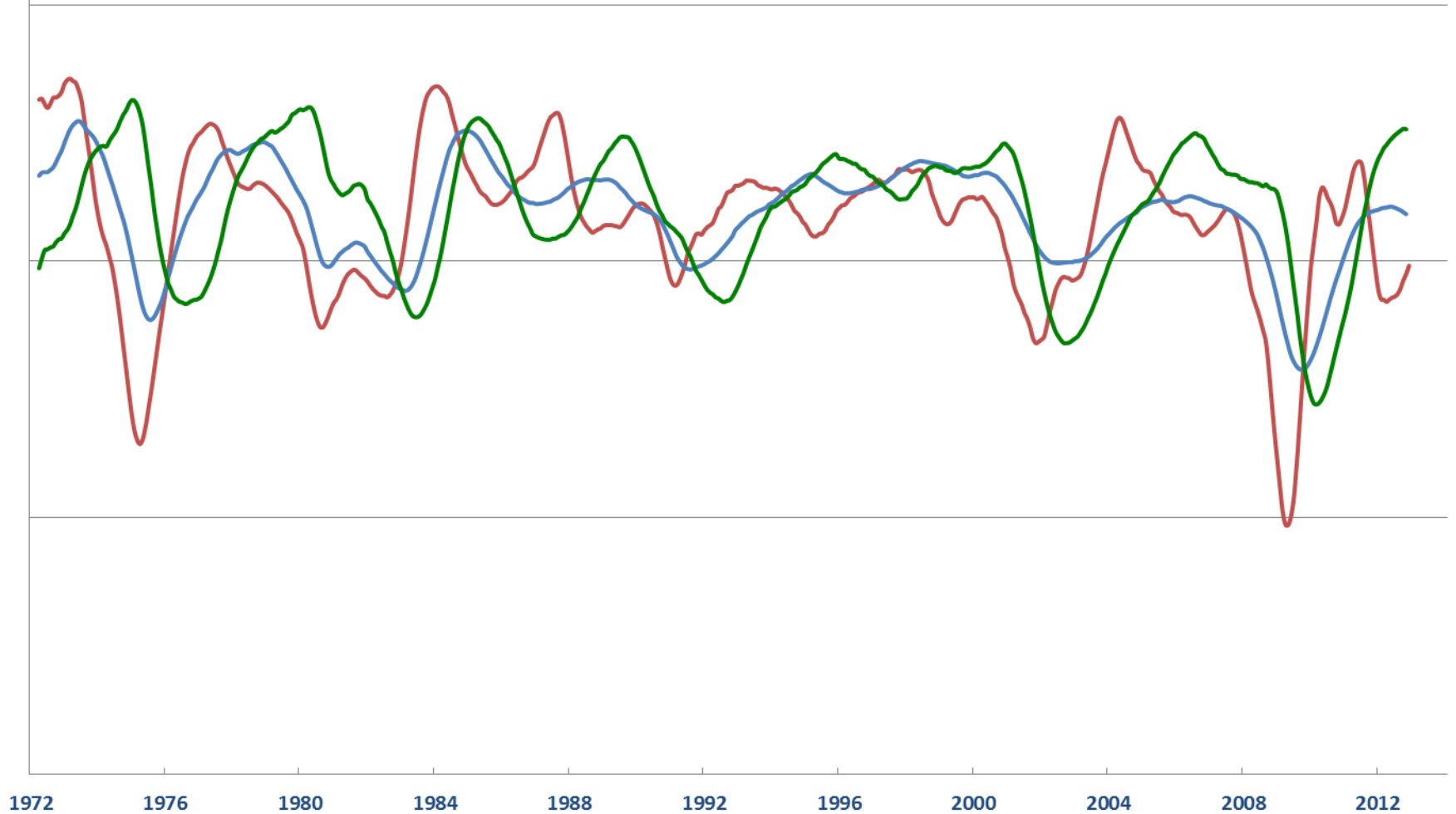
Pring Turner Investment Approach

Financial markets are linked in a logical, rational, and sequential relationship to business activity. Financial markets have tracked these business cycle sequences for over 150 years.

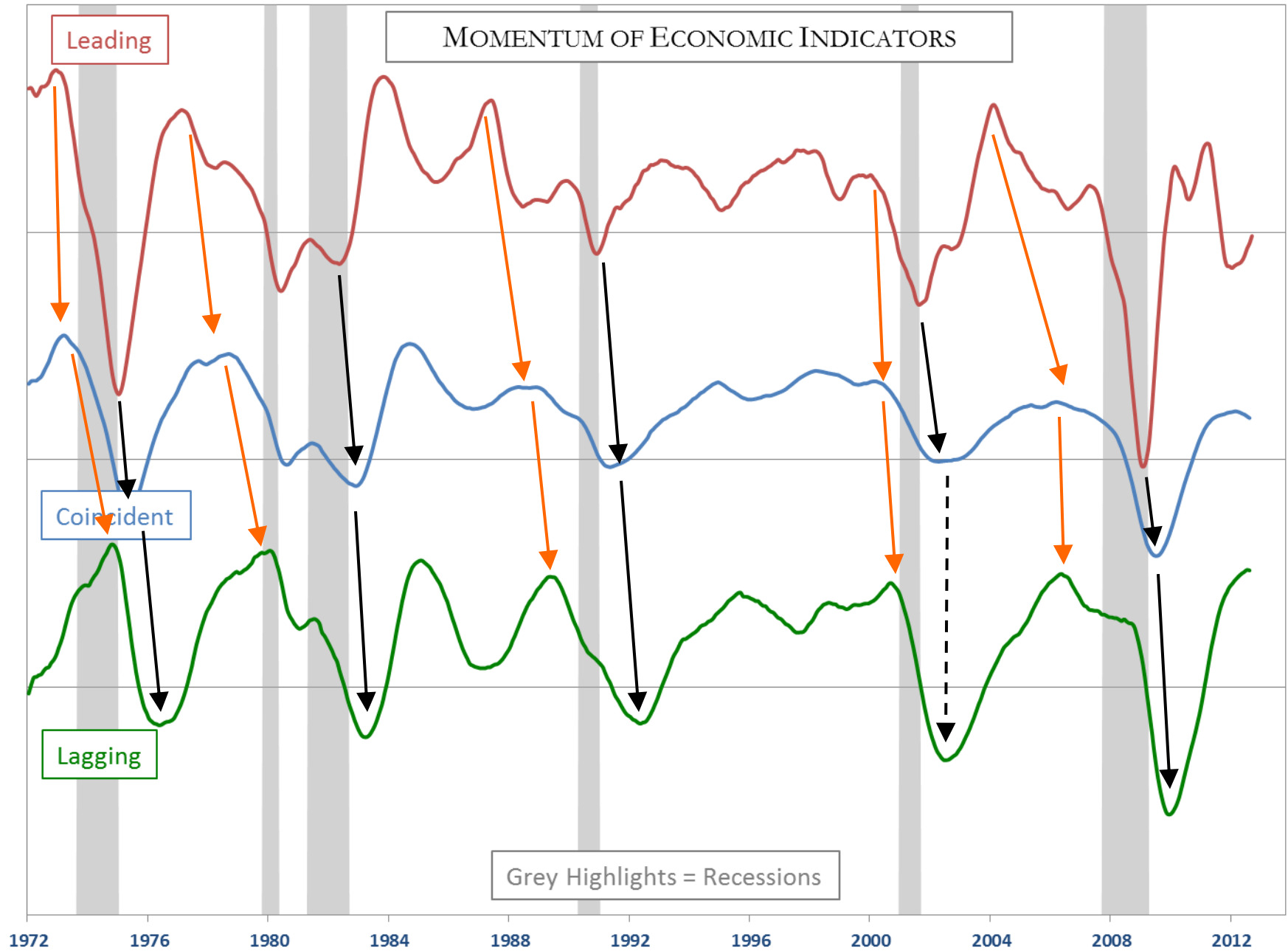
TYPICAL BUSINESS CYCLE SEQUENCE



RANDOM NOISE OF ECONOMIC NEWS



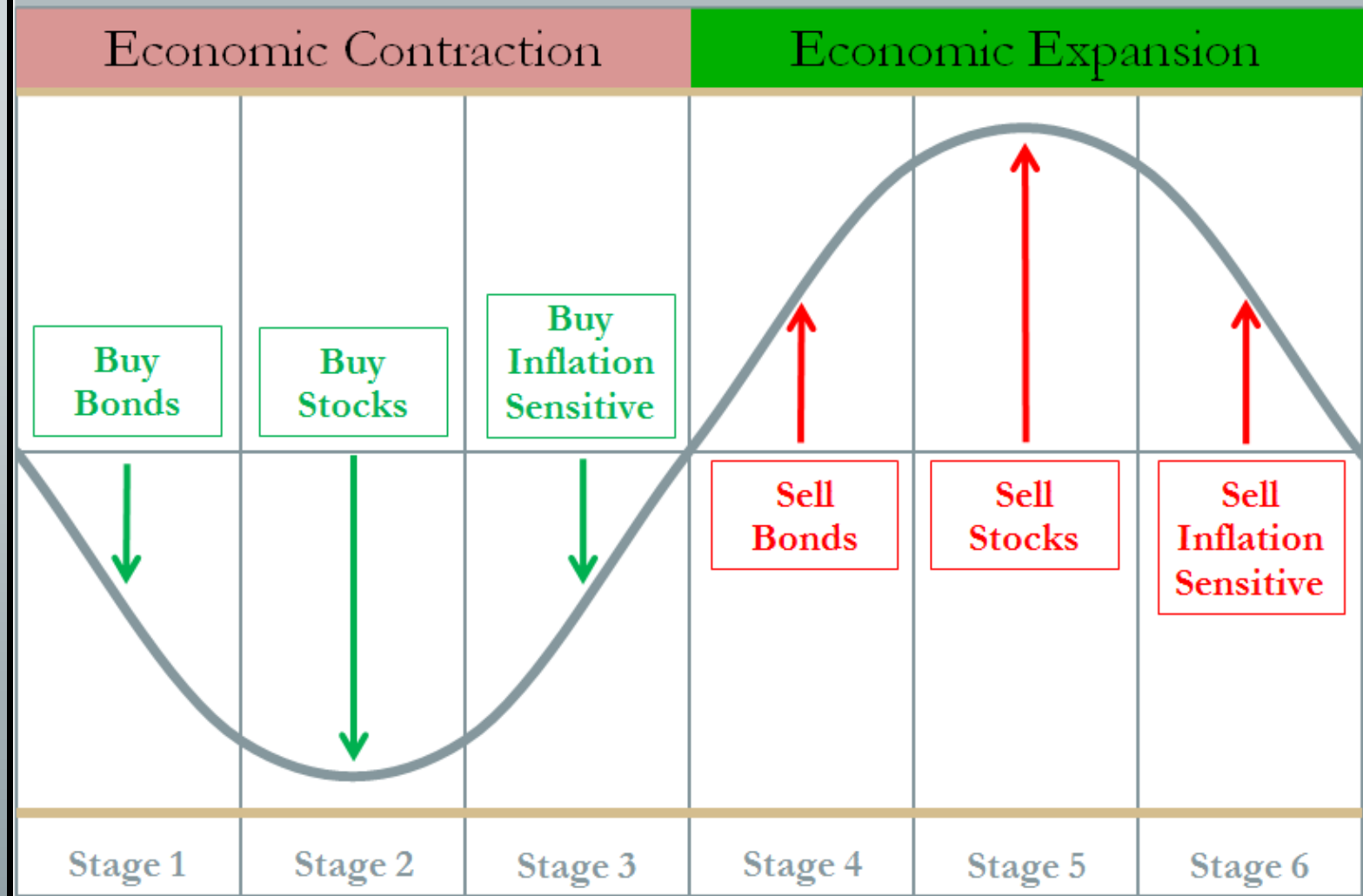
MOMENTUM OF ECONOMIC INDICATORS



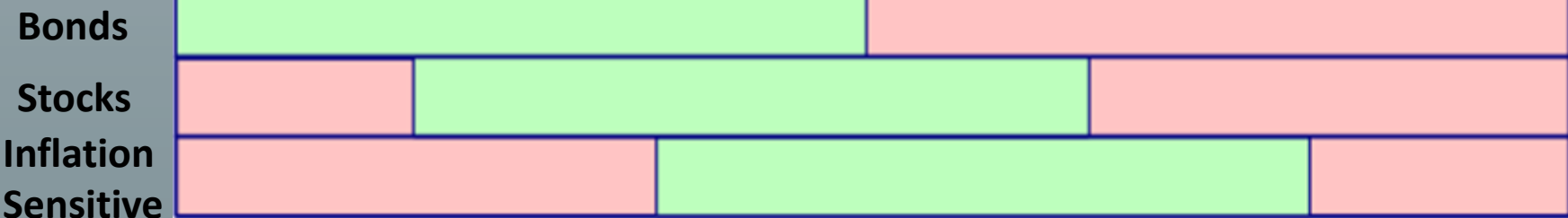
NBER BUSINESS CYCLE REFERENCE DATES

Cycle #	Peak*	Trough*	Cycle Duration (Peak to Peak)
1	June 1857	December 1858	
2	October 1860	June 1861	3 Yrs 4 Months
3	April 1865	December 1867	4 Yrs 6 Months
4	June 1869	December 1870	4 Yrs 2 Months
5	October 1873	March 1879	4 Yrs 4 Months
6	March 1882	May 1885	8 Yrs 5 Months
7	March 1887	April 1888	5 Yrs
8	July 1890	May 1891	3 Yrs 4 Months
9	January 1893	June 1894	2 Yrs 6 Months
10	December 1895	June 1897	2 Yrs 11 Months
11	June 1899	December 1900	3 Yrs 6 Months
12	September 1902	August 1904	3 Yrs 3 Months
13	May 1907	June 1908	4 Yrs 8 Months
14	January 1910	January 1912	2 Yrs 8 Months
15	January 1913	December 1914	3 Yrs
16	August 1918	March 1919	5 Yrs 7 Months
17	January 1920	July 1921	1 Yr 5 Months
18	May 1923	July 1924	3 Yrs 4 Months
19	October 1926	November 1927	3 Yrs 5 Months
20	August 1929	March 1933	2 Yrs 10 Months
21	May 1937	June 1938	7 Yrs 9 Months
22	February 1945	October 1945	7 Yrs 9 Months
23	November 1948	October 1949	3 Yrs 9 Months
24	July 1953	May 1954	4 Yrs 8 Months
25	August 1957	April 1958	4 Yrs 1 Month
26	April 1960	February 1961	2 Yrs 8 Months
27	December 1969	November 1970	9 Yrs 8 Months
28	November 1973	March 1975	3 Yrs 11 Months
29	January 1980	July 1980	6 Yrs 2 Months
30	July 1981	November 1982	1 Yr 6 Months
31	July 1990	March 1991	9 Yrs
32	March 2001	November 2001	10 Yrs 8 Months
33	December 2007	June 2009	6 Yrs 9 Months
Average	1857-2009 (33 cycles)		4 Yrs 8 Months

Pring Turner's Six Business Cycle Stages



← 4 to 5 YEARS →



Quick Test: Where are we Today?

Asset Class	Above 12 Month Moving Average	Below 12 Month Moving Average
Bonds		TLT 117.3 < 12MMA 122.3 ✓
Stocks	S&P 500 1498 > 12MMA 1402 ✓	
Commodities	CRB 545 > 12MMA 524 ✓	

= Stage 4 of Business Cycle

Favorable for Stocks/Commodities & Unfavorable for Bonds

Cheat Sheet: What is the Current Business Cycle Stage?

Stage	1	2	3	4	5	6	7*	8*
Bonds	+	+	+	-	-	-	-	+
Stocks	-	+	+	+	-	-	+	-
Commodities	-	-	+	+	+	-	-	+

+ Denotes the asset class is above its 12 month moving average.

- Denotes the asset class is below its 12 month moving average.

* Denotes an out of sequence stage in the business cycle.

COMBINING THE SIX STAGES WITH BROAD ASSET ALLOCATION GUIDELINES

Stage	1	2	3	4	5	6
Bond Allocation	30%-50%	10%-30%	10%-30%	10%-25%	10%-30%	20%-40%
Stock Allocation	30%-50%	65%-85%	60%-80%	60%-80%	40%-60%	20%-40%
Cash Allocation	10%-30%	0%-15%	5%-20%	10%-20%	20%-40%	20%-40%

Pring Turner's Six Business Cycle Stages

Sector Emphasis

Stage	1	2	3	4	5	6
Best Performers	Home Builders	Brokers	Communication Equipment	Oil Drillers	Health Care	Household Products
	Restaurants	Automobiles	Diversified Metals	Computer Hardware	Diversified Chemicals	Life Insurance
	Department Stores	Semiconductors	Energy	Gold Shares	Consumer Staples	Food Products
Worst Performers	Diversified Metals	Copper/Gold	Leisure	Hotels	General Merchandising	Chemicals
	Industrials	Oil Drillers	Airlines	Brokers	Automobiles	Railroads
	Communication Equipment	Energy	Home Furnishing	Home Building	Semiconductors	Steel Companies

PRING TURNER BOND BAROMETER

iShare Lehman 20-year Trust (TLT)

1956- 2011 Performance

Return

Bullish Return

6.96%

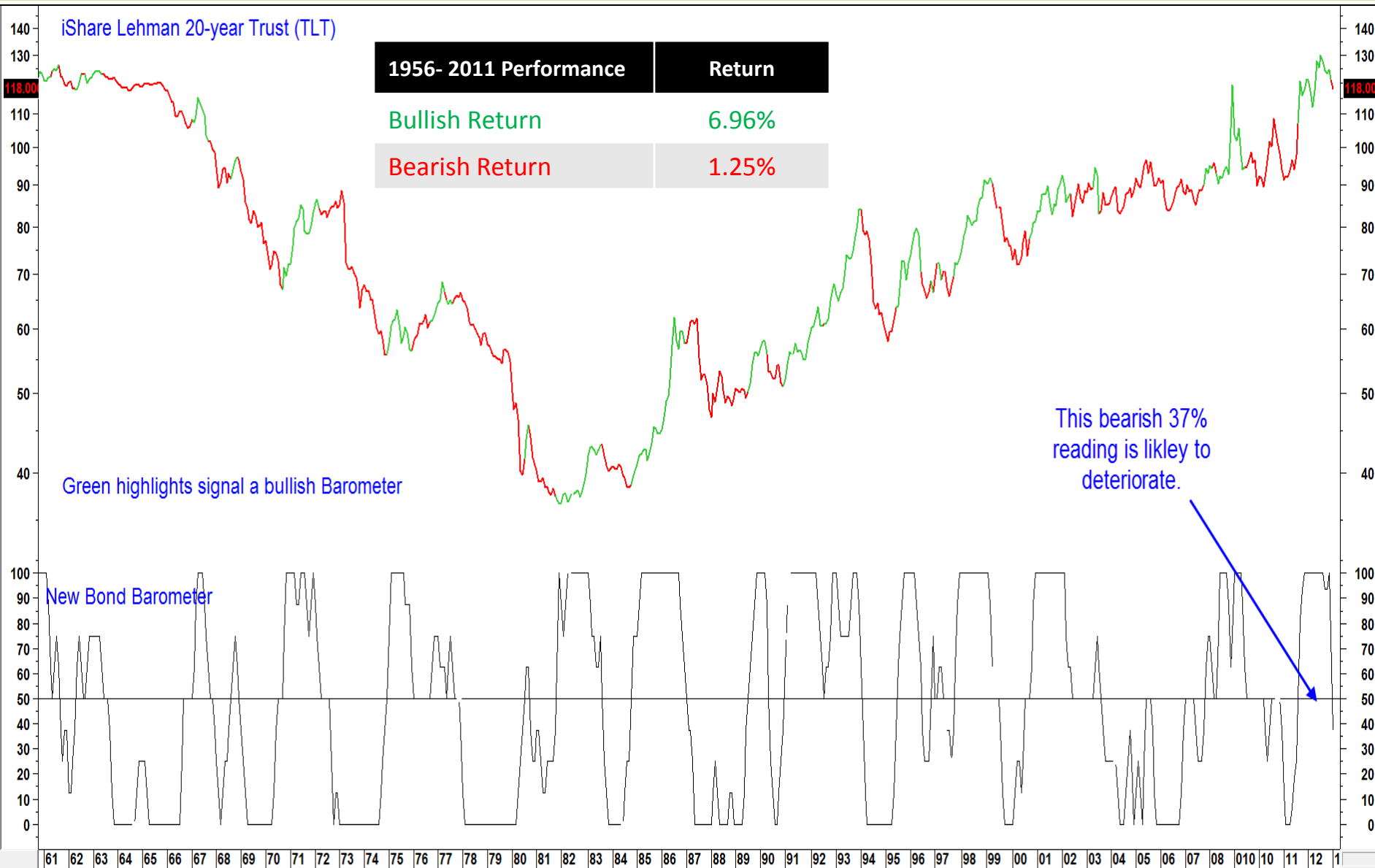
Bearish Return

1.25%

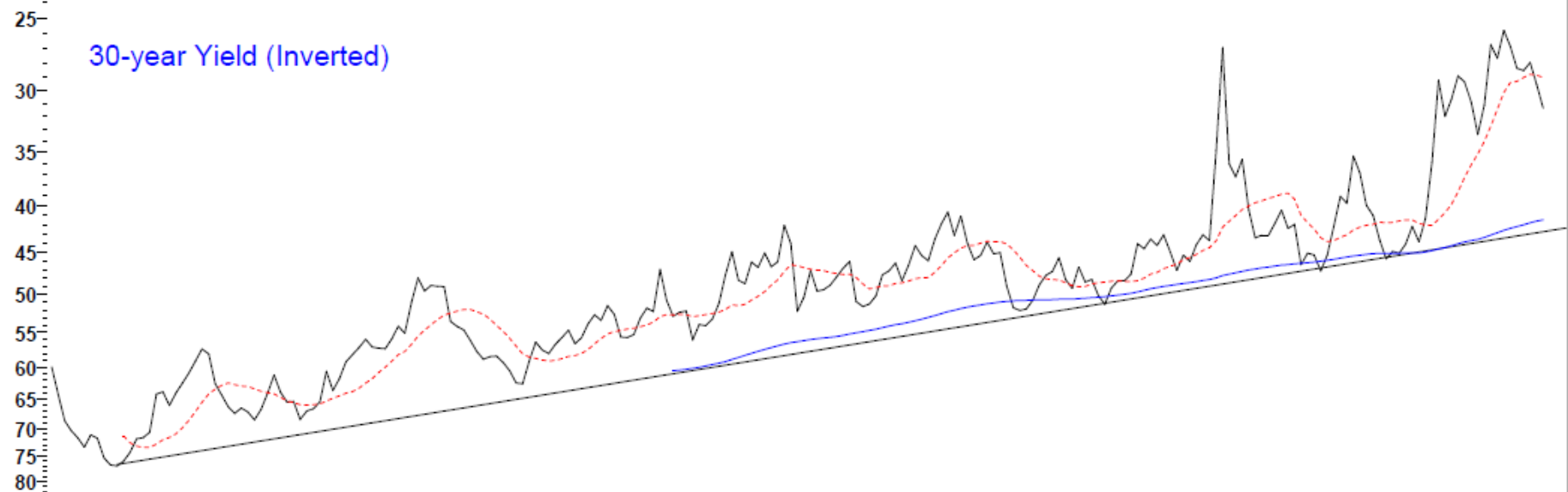
Green highlights signal a bullish Barometer

New Bond Barometer

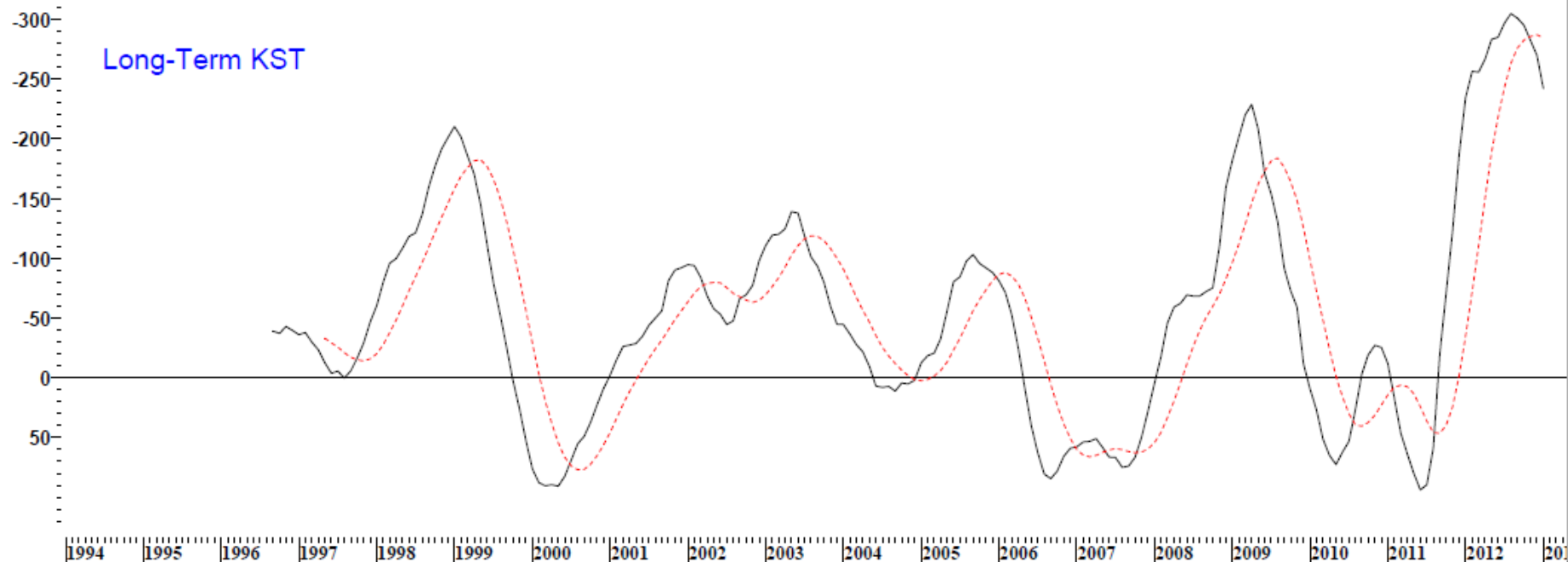
This bearish 37% reading is likely to deteriorate.



30-year Yield (Inverted)



Long-Term KST



PRING TURNER STOCK BAROMETER

S&P Composite

Green and red highlights indicate
bullish and bearish Barometer periods.

1956- 2011 Performance

Return

Bullish Return

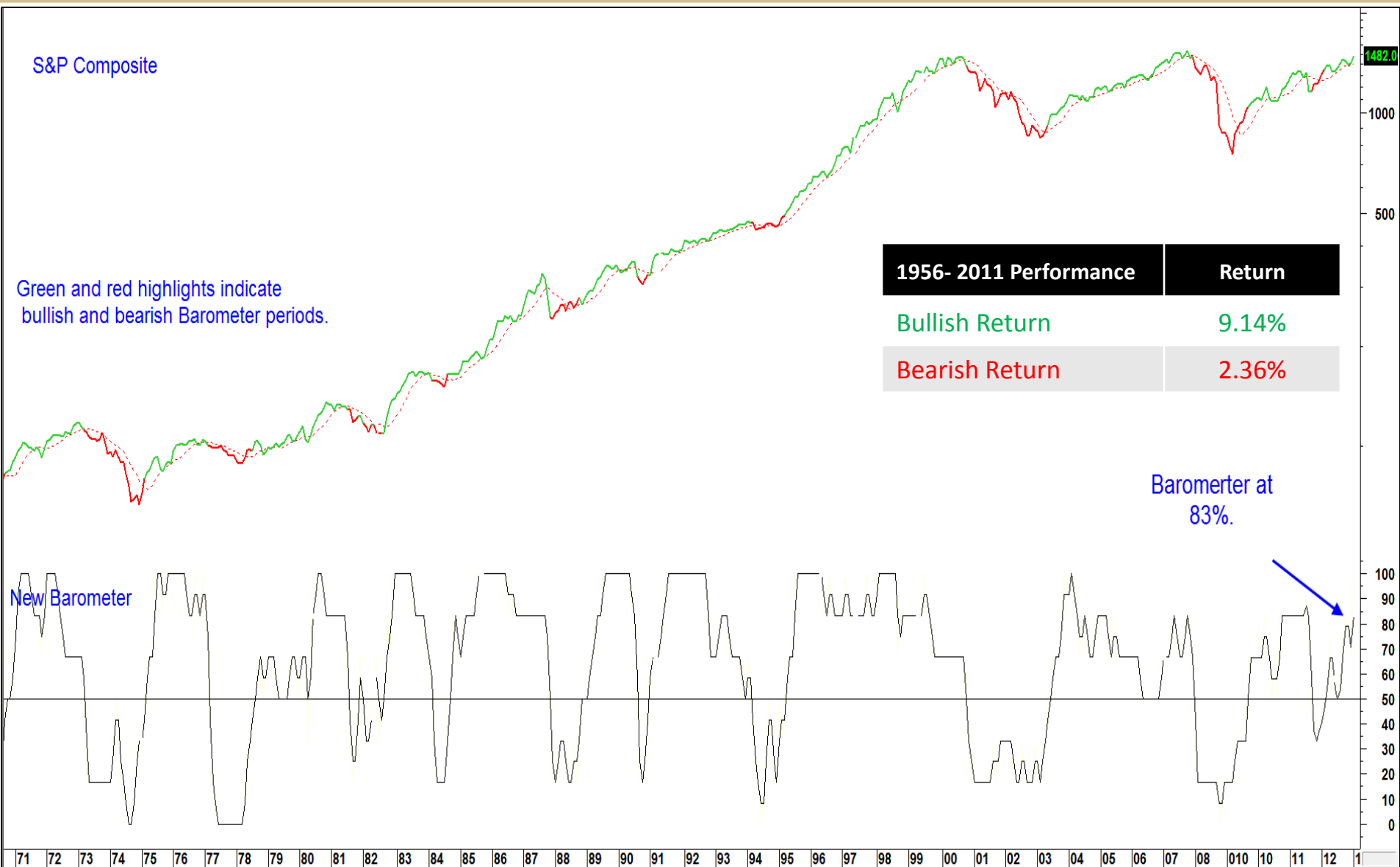
9.14%

Bearish Return

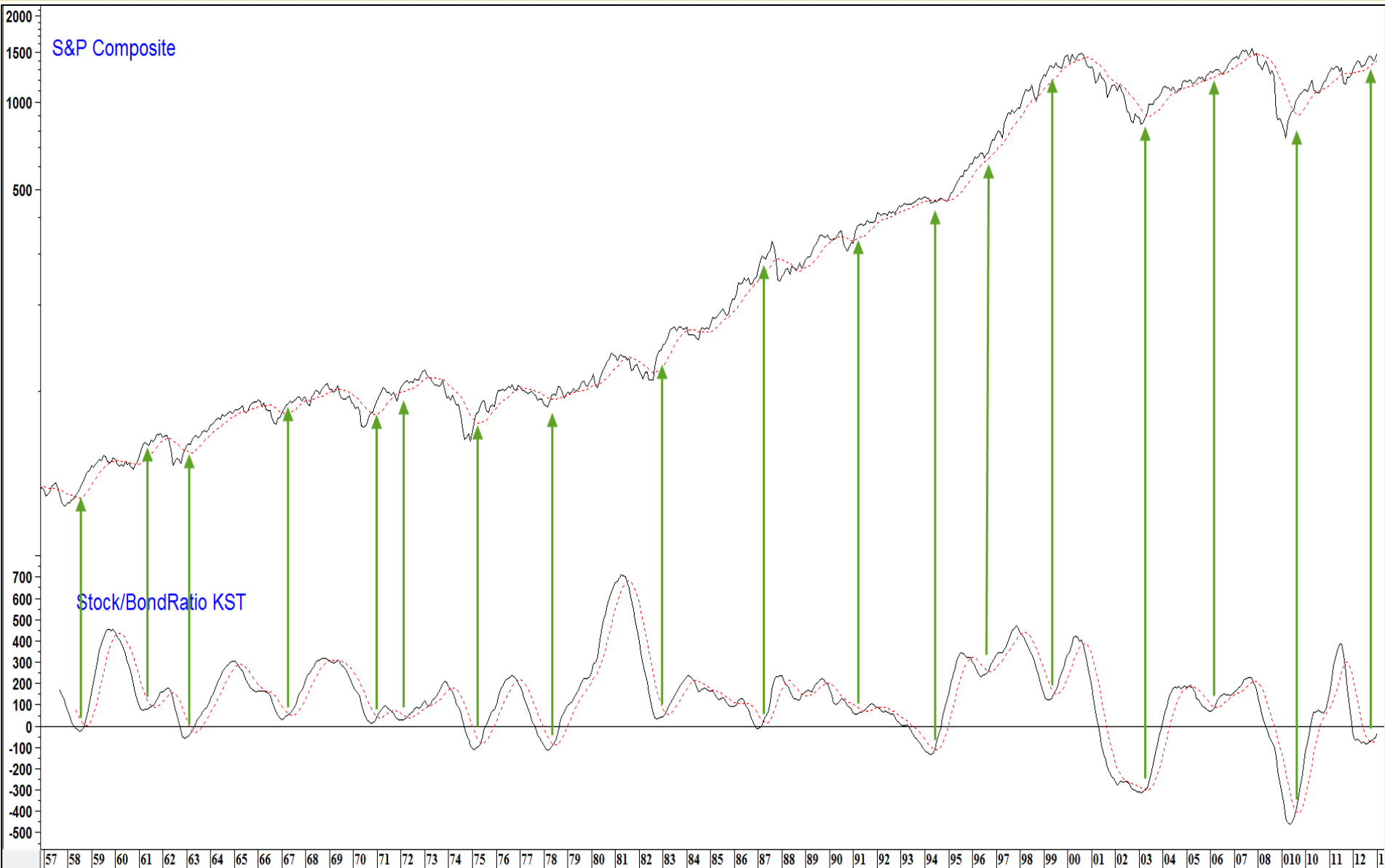
2.36%

Barometer at
83%.

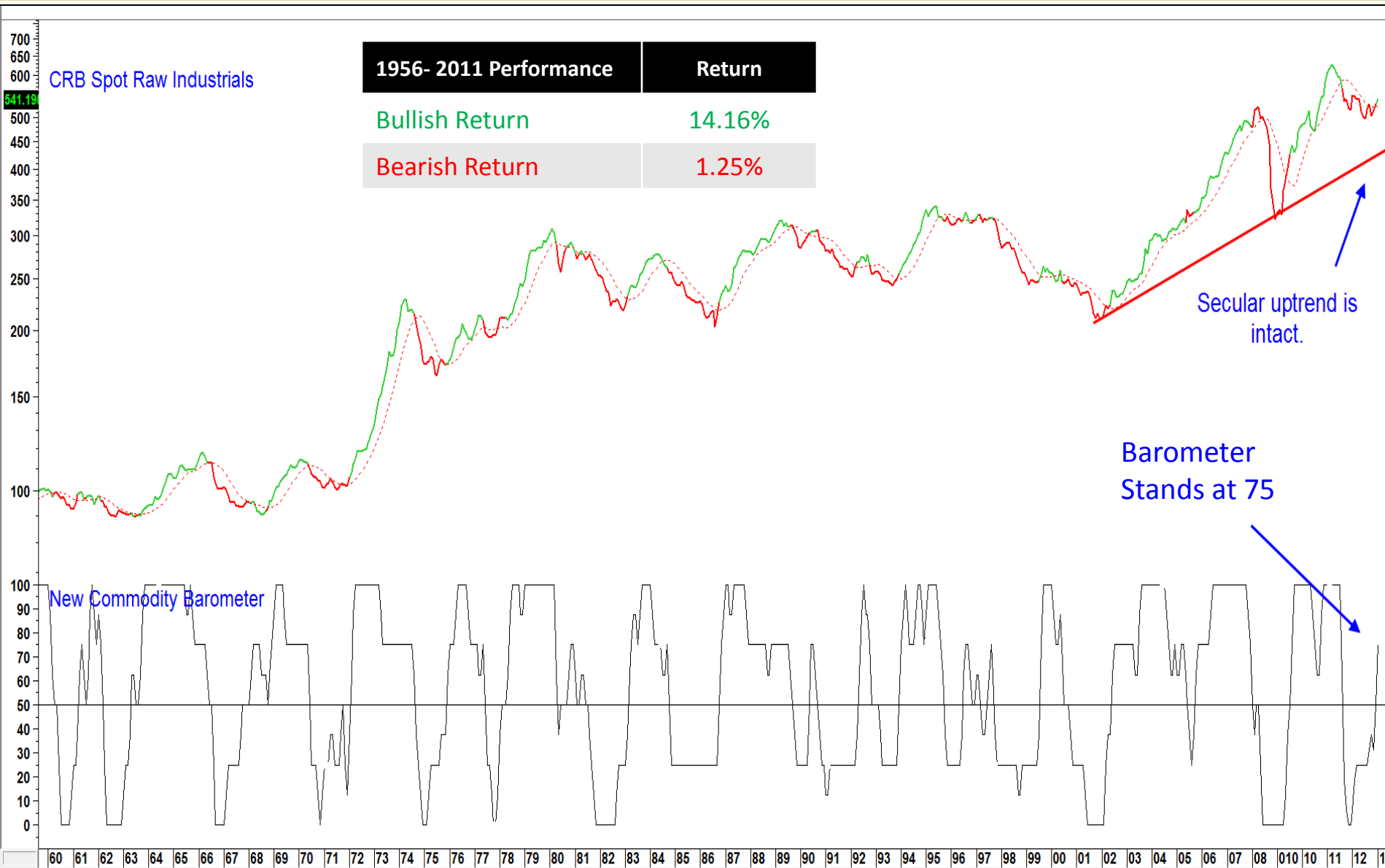
New Barometer



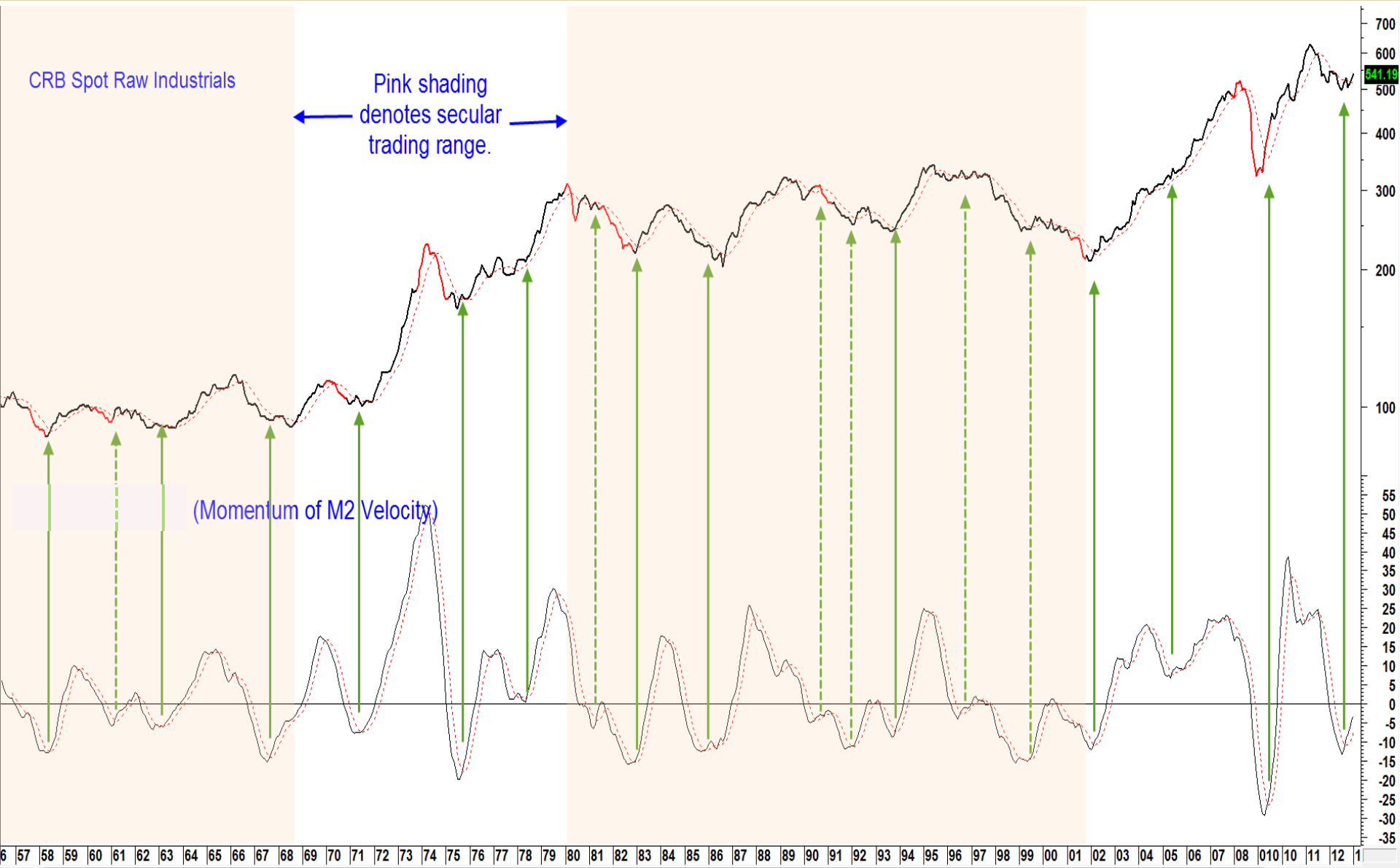
STOCK/BOND RATIO



PRING TURNER INFLATION BAROMETER



CRB SPOT RAW INDUSTRIALS VS. MONEY VELOCITY



Interesting Theory...

But Does Business Cycle
Investing Work in the Real World?



Dow Jones Indexes Co-Develops, Co-Brands U.S. Business Cycle Index with Pring Research

Dow Jones **Pring U.S. Business Cycle Index**



Michael A. Petronella
President, Dow Jones Indexes

“... we have created a unique tool for measuring an investment strategy that dynamically changes the mix of several asset classes depending on the current stage of the U.S. economic business cycle.”

- March 14, 2012

\$25,000

Dow Jones Pring U.S. Business Cycle Index

Performance 1956-2011

\$2,500



\$250

\$25

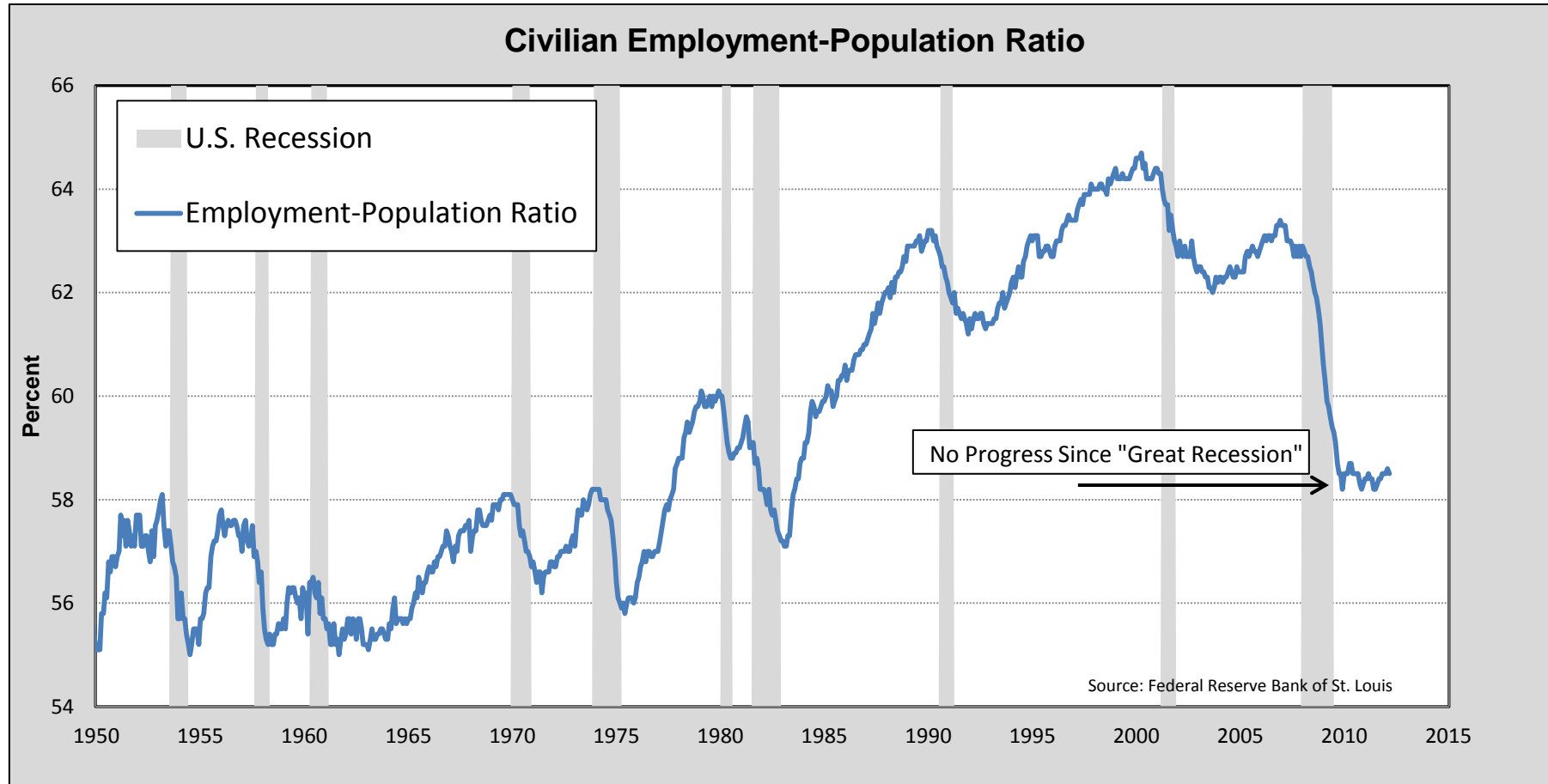
Source: S&P Dow Jones Indexes

Performance (1956-2011)	Annual Return	Standard Deviation	Return/ Risk
Bonds	3.44%	6.81%	.50
Stocks	6.83%	13.40%	.51
Commodities	7.95%	15.10%	.53
Dow Jones Pring Index	10.05%	9.70%	1.04

1955 1960 1965 1970 1975 1980 1985 1990 1995 2000 2005 2010

Unique Characteristics of Business Cycle #34

BIG PROBLEM: MILLIONS OF JOBS LOST



Jobs



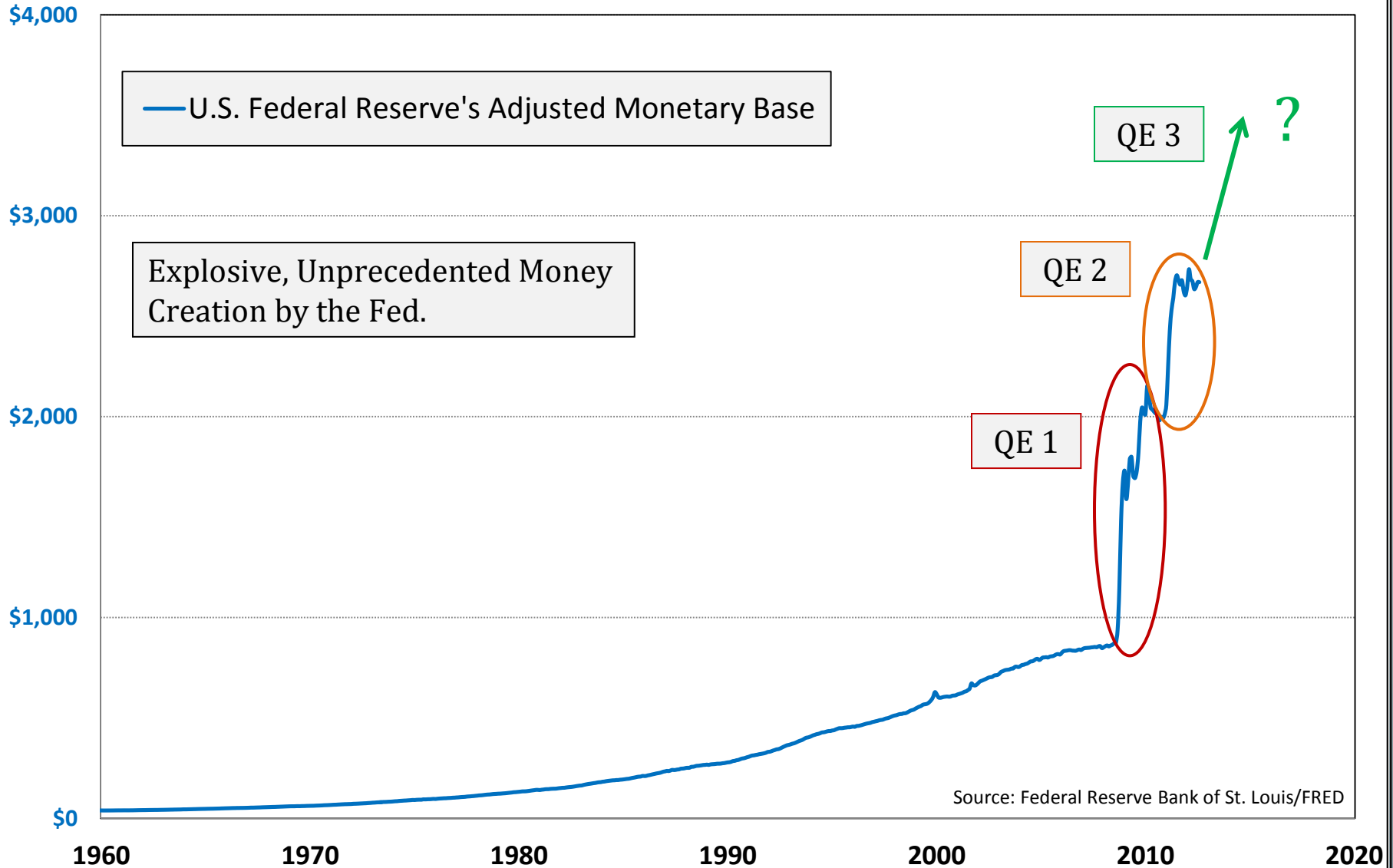
Consumer Spending



Economic Growth

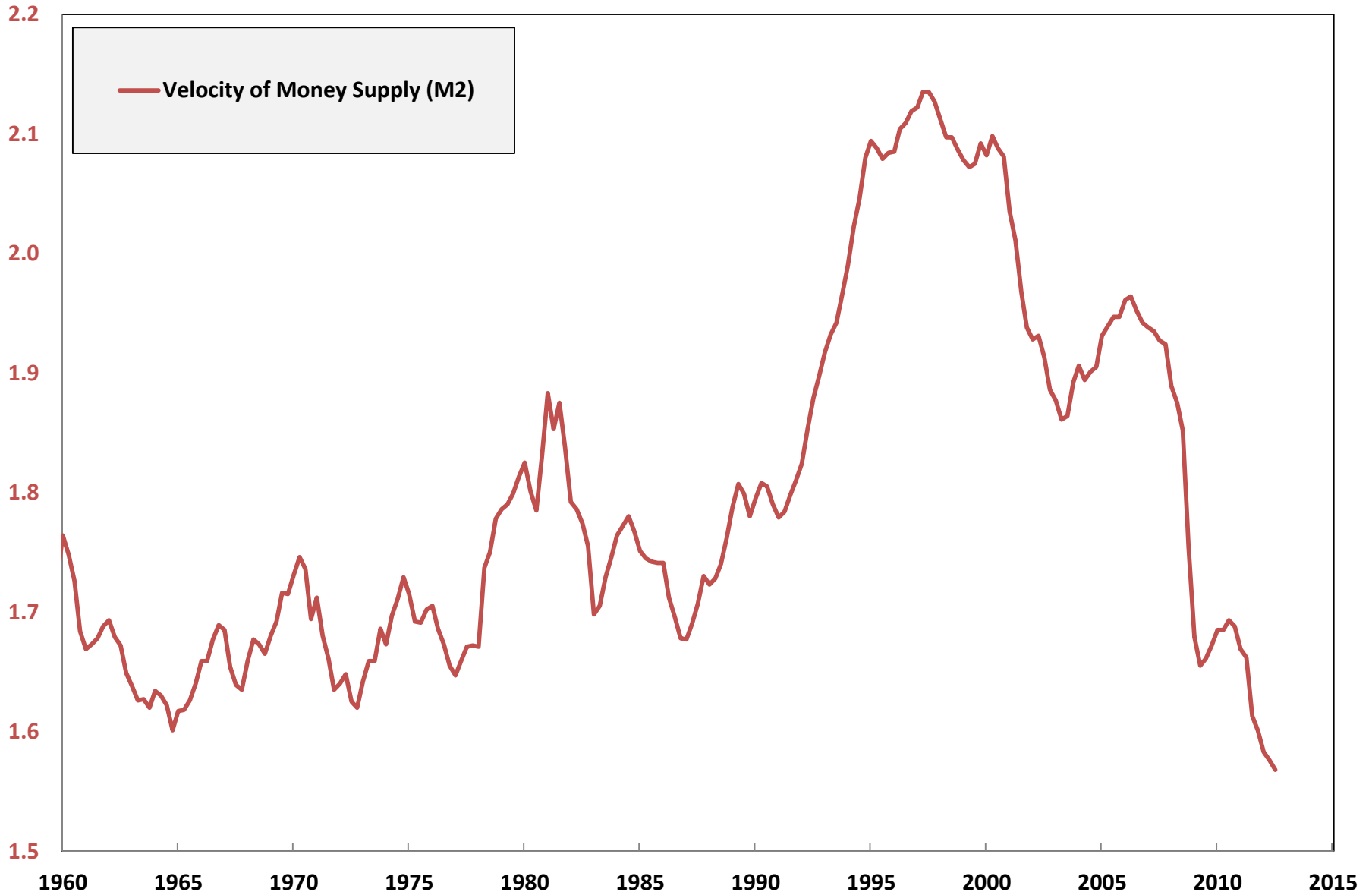
BILLIONS OF DOLLARS

BERNANKE'S PRINTING PRESS IS WORKING FULL SPEED 24/7



WHAT WILL BE THE 'REAL' COST OF ALL THIS FREE MONEY? RUNAWAY INFLATION OR STAGFLATION?

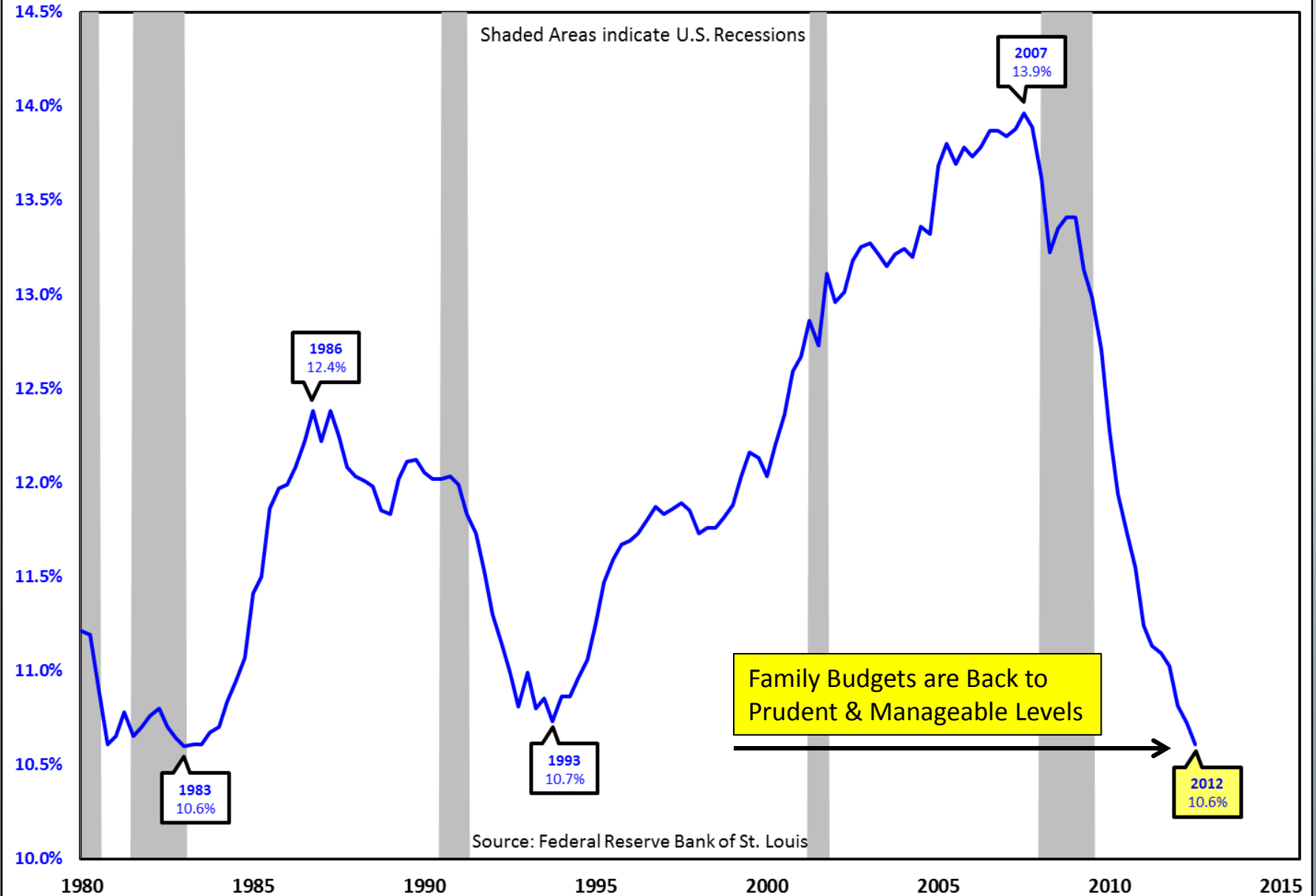
FEDERAL RESERVE PUSHING ON A STRING?



WHAT HAPPENS WHEN VELOCITY OF MONEY TURNS UP?

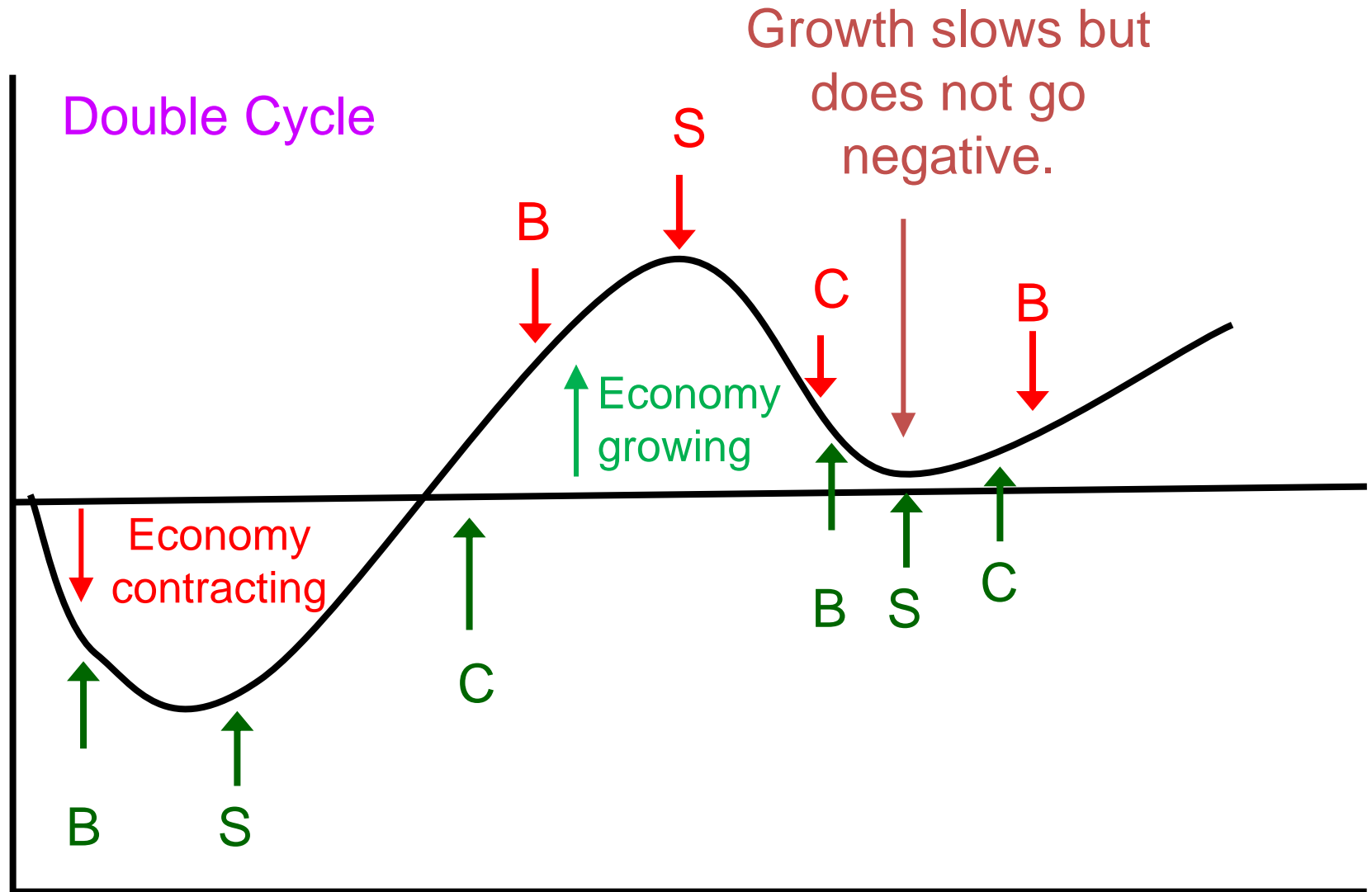
A GOOD SIGN – HOUSEHOLDS ARE WORKING THEIR WAY OUT OF DEBT...

Household Debt Service Payments as a Percent of Disposable Personal Income

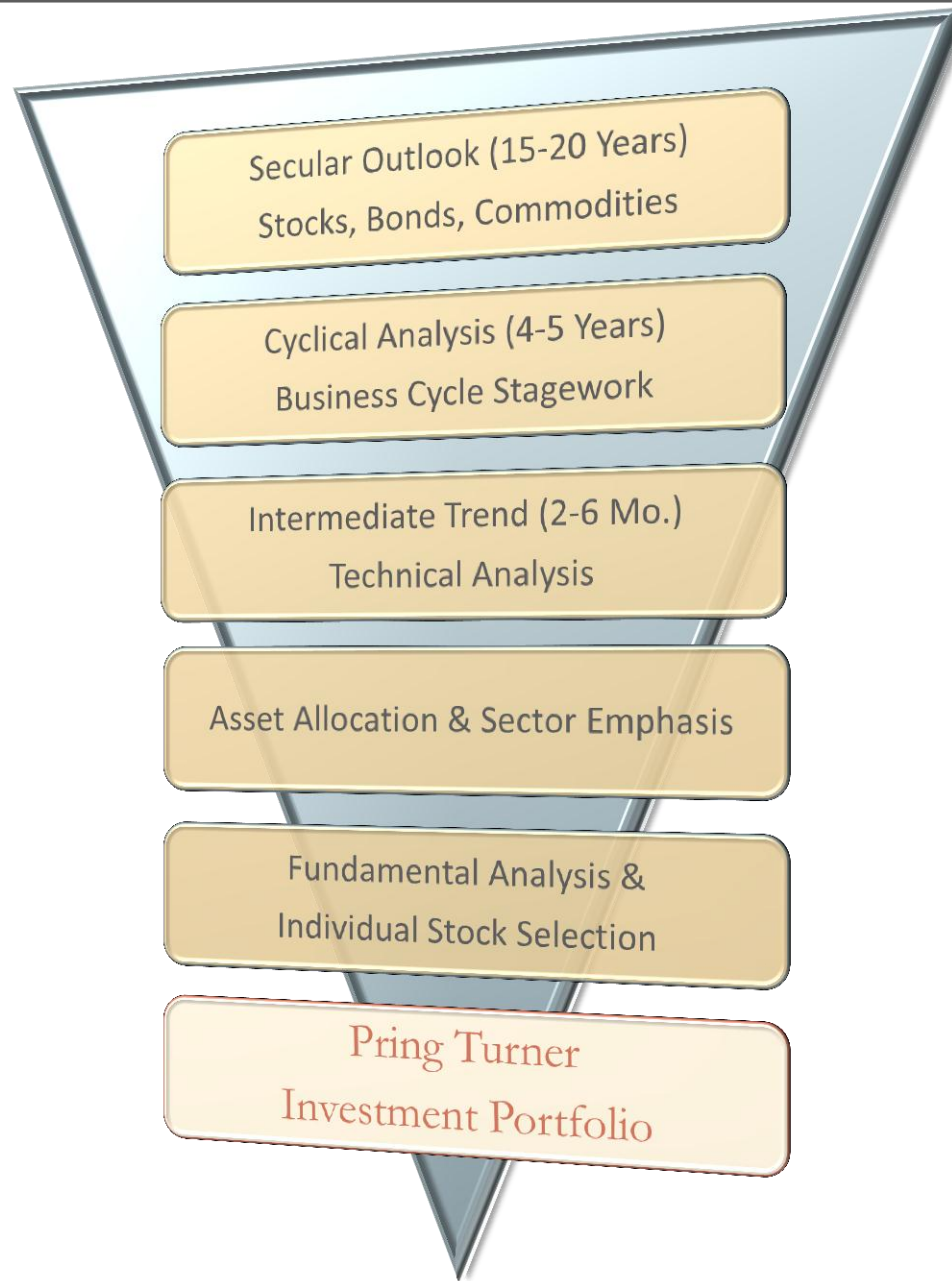


... AND CONSUMER SPENDING WILL BE CAUTIOUS ... BUT STILL SPENDING!

Double Business Cycle



Dynamic Portfolio Management Process



Themes & Ideas for the Current Stage

Stage 4: Inflationary Part of Business Cycle

Bonds → Underperform

Commodities → Outperform

Favorable Stock Sectors

Energy → Drillers & Producers, Oil & Gas, Coal

Industrials & Materials → Equipment & Machinery

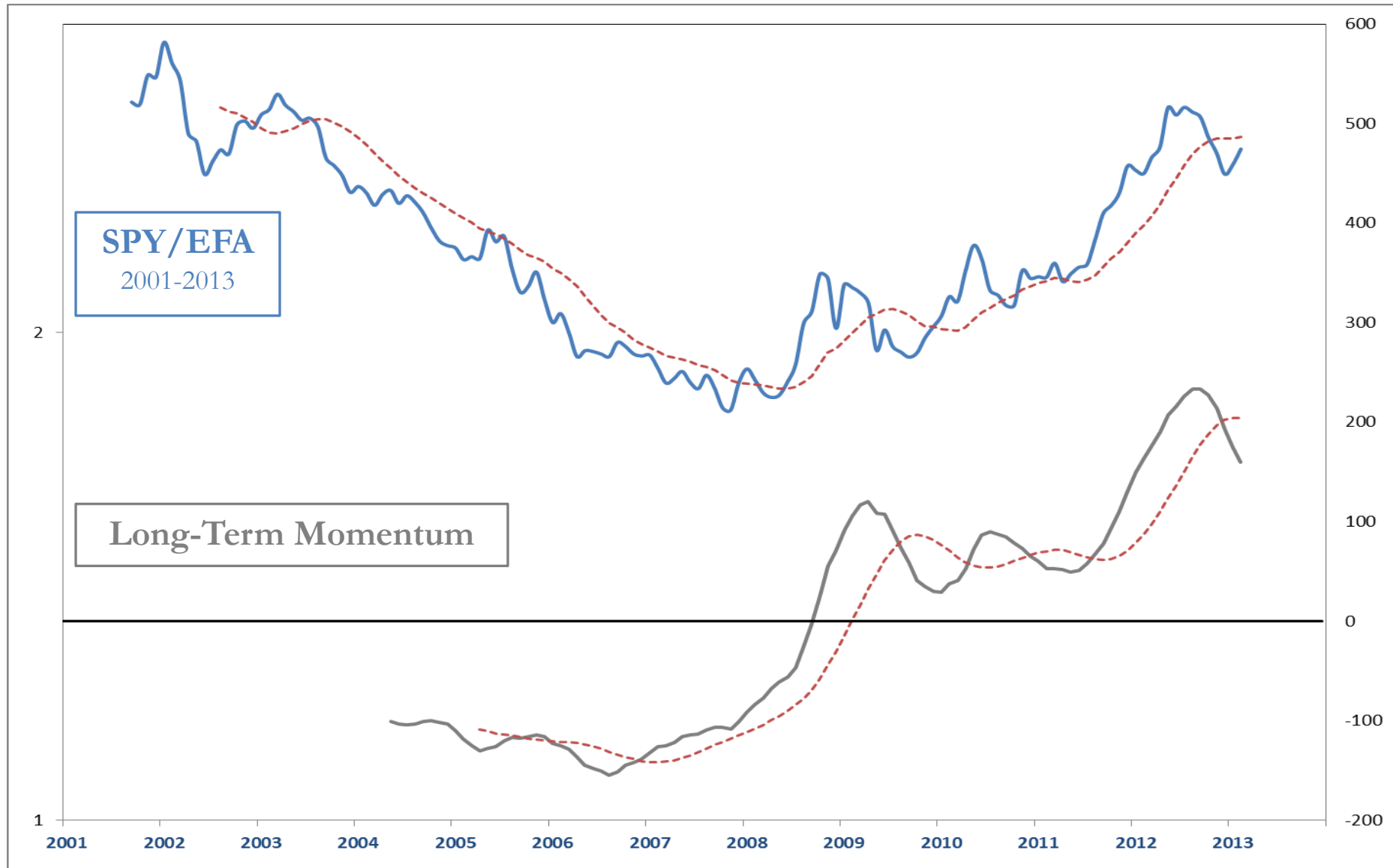
Precious Metals → Metals & Mining

Resource Based Countries → South Africa, Australia, Canada

Prepare Your Shopping List



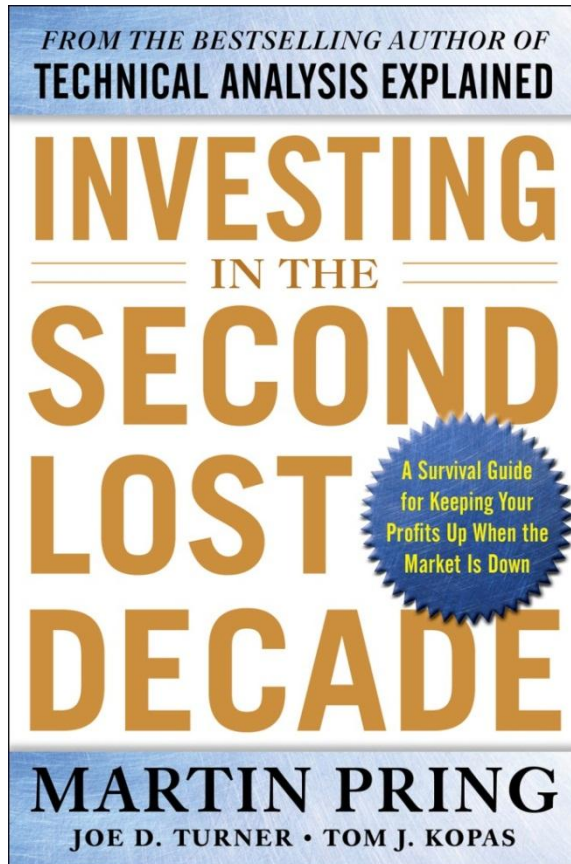
U.S. (SPY) vs. INTERNATIONAL (EFA)



Tactics to Protect and Grow Your Wealth

Asset Class	Secular Trend	Cyclical Trend	Tactics
Stocks	Bear	Bull	Use Business Cycle to Tactically Allocate Assets Stage 4: Themes Favor Energy, Materials, Metals, Mining, Natural Resource Sectors International Exposure Quality & Income Producers
Bonds	Late Bull	Bear	Review & Reconsider Risks Lower Bond Allocation Reduce Bond Maturities Set up Short-term Bond Ladder Hedge Bonds with Inflation Sensitive Securities
Inflation Sensitive Assets	Bull	Bull	Favor Natural Resource Companies “Chindia” Theme, Global Resource Demand Precious Metal Exposure Resource Based Countries MLP’s & Royalty Trusts

For More Information



★ ★ ★ ★ ★ ★ ★ ★ ★ ★

“The book’s value is in their approach to identifying business cycles. Much of the text defines the difference between a business cycle, which often lasts four to five years, and a secular market trend, which often last 20 years. Even if you don’t agree with the current market assessment made in the book, it is interesting and informative reading.”

AAII Journal – August 2012

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

Please Visit our website www.pringturner.com
to join our free e-mailing list.

Thanks for Listening...



STOCKS, BONDS, COMMODITIES

» **DBIZ** «

Pring Turner Business Cycle ETF

**DYNAMICALLY
ADAPTS**

to Position Investors for each
Season of the Business Cycle.

ADVISORSHARES™
Innovation. Transparency. Diversification.

FORESIDE FUND SERVICES, LLC, DISTRIBUTOR

The graphic is a vertical rectangular advertisement with a light gray background. It features a vertical orange line on the left side. The text is centered and uses a mix of bold and regular fonts. The top section lists asset classes, followed by the fund's ticker and name. The middle section highlights the fund's dynamic adaptation strategy. The bottom section features the AdvisorShares logo and tagline, and the distributor's name.

dbiz.advisorshares.com