Private Wealth Advisory

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Special Presidential Report

For the last year, I've steered clear of commenting on the US Presidential election for the simple reason that I wanted us to be closer to the actual date before I went through the process of explaining what's to come.

The reason for this is that elections by their very nature are conflicting processes. Most people vote based on emotions when we are in fact electing someone to fulfill a role that is economic in nature.

This is evident in the fact that the political hot issues being promoted (abortion, gay marriage, etc.) are in fact peripheral (they directly impact a small minority of the population) while the larger more pressing issues (the US deficit, the debt, the US Dollar, the Fed) receive very little airtime.

I didn't want to get sucked into this because frankly, there's no point. The US is facing much bigger issues than whether or not someone wants us to pay for their birth control or whether people of the same gender want to be married.

I apologize if this offends anyone, but this is the truth. Today, the US is running its fourth $1+trillion deficit. Our Deficit to GDP ratio is nearly 10%. Our "official" Total Debt to GDP is well over 100% though when you include the debt hidden in various Government entities and unfunded liabilities we're well over a Debt to GDP ratio of 300% at this point.

To put these numbers into perspective, Greece had a Deficit to GDP ratio of 12% and a Debt to GDP ratio of 150% when it first entered its sovereign debt crisis. It's since seen a GDP collapse of 20%: one of the largest economic collapses worldwide in the last 30 years.

Of course, you cannot simply compare economies by just two numbers. The US has many advantages Greece does not, including:

1) The US has never defaulted on its sovereign debt
2) The US has its own Central Bank that can print Dollars (Greece's Central Bank cannot print Euros)
3) The US is the largest most dynamic economy in the world and the provider of the world's reserve currency: the US Dollar.

Because of this, the US gets a pass where other countries (Greece, Spain, Ireland, Portugal, Italy and soon France and Germany) do not. However, this will not always be the case. Once the debt implosion finishes in the EU, it will then spread to the UK, China, Japan, and finally the US.

At that point, the US will experience something very similar to what Greece has experienced.

Timing this in advance is virtually impossible. But we get clues as to when it might happen. Last year, the US Federal Reserve monetized over 70% of all debt issuance. The recipe for hyperinflation and a currency collapse has been the same throughout history: the rampant monetization of deficits.

Thus far, we've managed to get away with this for the reasons I listed above. However, this will not always be the case. And if the US does not deal with its debt problems now, we're guaranteed to go the way of the PIIGS, along with an episode of hyperinflation.

That is THE issue for the US, as this situation would affect every man woman and child living in this country.

With that in mind, we have two very different candidates running for the job of President. I will refrain from addressing their various social views and will instead focus on their economic and monetary policies.

The Obama Administration thus far has proven itself in favor of increased Government control and Central Planning. That is, the general trend throughout the last four years has been towards greater nationalization of industries (first finance, then automakers and now healthcare and insurance), as well as greater reliance on our Central Bank to maintain our finances.

Last year the US Federal Reserve bought over 70% of all US debt issuance. During this period we saw decreased buying from both China and Russia. That is a big problem because as noted before, hyperinflation unfolds when a country loses credibility in the global markets. The fact that foreigners are increasingly shunning US Treasuries is the first step in that direction.

If the Obama administration gets another turn in office, there is no indication that this trend will end. We must recall that regardless of what is said, it was Obama who re-appointed Ben Bernanke as Fed Chairman. And it was under Obama's watch that QE lite, QE 2, Operation Twist 2, and now QE 3 were launched. It was also under Obama's watch that the US reached a Debt to GDP ratio of over 100%.

Indeed, at no point in history has the US had this much debt during peacetime. And the fact that we're overspending by this amount at the exact time that other countries are showing signs of shunning US Treasuries is a formula for disaster.

The line to watch is identified below. Whenever the 30-year Treasuries break below this line, we're in ENORMOUS trouble as the 30+ year bull market in US bonds is over.

The Obama administration has used debt to finance its various programs and overspending. If Obama wins a second term, I see no indication that this will change. There have been no actionable plans proposed by the Obama administration on how to tackle the debt or deficit issues. And it's highly likely that should Obama win in 2012, he will surround himself with the same Keynesian economists who believe that a country can spend its way back into growth.

With that in mind, it is highly likely that the US would enter a currency crisis during Obama's second term should he win. In preparation for this, investors will want to focus on the following investment themes:

1) Inflation hedges based on continued spending and money printing.
2) Gold and Silver as an alternate currency based on the US Dollar falling further.
3) Productive assets (foreign real estate, apartments in specific markets, businesses, essentially anything that produces cash).
4) Preparing for an eventual US Debt Default.

Regarding #1, there are several areas to consider. They are:

1) Precious metals (bullion)
2) Natural resources, particularly timber

3) (last *and* least) Blue chip businesses or companies with pricing power that can maintain profits during periods of inflation

As far as precious metals go, you *need* to:

1) Own Bullion
2) Store it yourself (not in a bank)

I do not recommend owning a paper gold-based ETF because frankly the custodial risk is high (that is, there's no telling if the Gold is even there *or* who would get it if the ETF is liquidated).

In comparison, physical bullion, stored outside a bank, is literally money in hand. You know where it is and you can find out what it's worth. Compare that to a Gold ETF in which you're *hoping* that the bank actually *has* the Gold and that it could actually *send* it to you if you requested (fat chance).

In terms of actual gold coins, there are three coins that comprise the bulk of the bullion market. They are Kruggerands, Canadian Maple Leafs, and American Gold Eagles. I've been told to avoid Maple Leafs by both a trader and a bullion dealer as they can easily be scratched which damages the gold and reduces the coin's value.

In terms of silver, the easiest way to get it is via pre-1965 coins (often termed "junk" silver). You can also get silver one-ounce rounds (coin-like medallions) and 10-ounce bars. Or you can buy Silver Eagles coins.

I cannot tell you which dealer to go with, but look for someone who's been dealing for years (not a newbie). You should always ask for references from the dealer (former clients you can talk to about their purchases/ experiences).

Some warning signs to avoid are dealers who try to **store your bullion**. Never, I repeat, never store your bullion with someone else. Always store it yourself. Also, be sure to talk to the dealer for some time and ask him or her numerous questions about the industry, the coins, etc. (feel free to test him or her on the information I've provided you with e.g. the three most liquid Gold coins, etc.). If they can answer everything you ask in a knowledgeable fashion, their references check out, and you verify everything they say with a 3rd party, you should be OK.

Personally I have placed orders with Camino Coins in California. They've been dealing bullion for over 50 years and I've been very happy with their services. I receive no compensation in any form for mentioning them here. They're just dealers from whom I have personally bought bullion and trust.

Camino Coins
1301 Broadway
Burlingame, CA 94010

Phone: 800-348-8001 or 650-348-3000
Fax: 650-401-5530

In terms of other natural resources, the best assets to own are the actual resources themselves. However, not everyone can go out and buy timberland or a lead mine. So for that reason, we're primarily left with undervalued natural resource companies such as the ones included in our inflation portfolio.

On that note, despite all the trouble in Egypt, Centamin is breaking out.

We may see a brief correction here, but we're on our way to $2.50+.

With that in mind, it's time to add to this position:

Action to Take: Buy Centamin Mining (CEE.TO).

Another natural resource play I like is Vista Gold (VGZ).

VGZ is a junior gold mining company with six projects located in the US, Mexico, Indonesia, and Australia. Combined these projects have 5.4 million ounces of Gold in proven and probable reserves.

With Gold currently trading over $1,700 per ounce, this puts VGZ's proven and probable reserve value over $9 billion.

And it's currently trading at a market cap of just $260 million.

At this price alone, VGZ is a prime take-over target. However, the company *also* has an additional 11.1 million ounces of Gold in Measured and Indicated reserves for a total of **nearly 17 million ounces of potential gold lying in the ground.**

Now, Gold lying in the ground is not the same as Gold in hand. However, if VGZ can get even 10% of this out of the ground, it's worth more than time times its current market cap.

The potential here is tremendous. The company has one of the best management teams in the mining space: all members of senior management have industry experience between 25 and 40 years. Altogether they've been involved in 18 different mining projects.

And they have a history of finding Gold. Between 2008 and 2010, the company found an additional 4.4 million ounces of resources at just one of its projects. It just added another 1.02 million ounces of Gold to its Measures and Indicated resources in the last 12 months too. I expect this number to rise in the coming months and years.

Oh and as an added bonus, the company has 9.4 million ounces of Silver in Indicated and Inferred resources as well.

And again, its market cap is just $260 million in size.

At this valuation, VGZ is a prime takeover target for any large Gold producer looking to increase its reserves. With all of its projects located in politically friendly countries (US, Mexico, Indonesia, Australia) the political risk here is minimal. And as I stated before, VGZ's management has a history of making great deals (they've already spun off one project for $110 million).

The potential for triple digit gains here is relatively high whether they come from a takeover *or* VGZ's management simply producing their expected returns within the next 18 months.

The chart is great too:

As you can see, VGZ has spent the last 14 years putting in a solid base. These types of charts have a tendency of exploding sharply higher (see 2006). I also want to point out since 2009, VGZ has put in a series of higher lows and higher highs.

The next big move should see us going to $5.00. Indeed, as the below chart shows, VGZ is lagging Gold and due for a big catch up.

Action to Take: Buy VGZ if you haven't already done so.

A final play I like is First Majestic Silver.

At a market cap of $2.6 billion AG is one of the largest pure Silver plays in the world. The company has four producing Silver mines in Mexico with an annual production rate of over seven million ounces of year.

This is a growth play *and an* asset play. Regarding growth, production has doubled since 2006 and is expected to double again by the end of 2014. Despite this growth, the company has managed to keep its production costs below $9 per ounce.

If it can maintain these margins (pretty likely) while growing production (the company is completely unhedged), the company's 2013 profits could be well north of $200 million in 2013 (making it trade at a forward P/E of less than 13… an astonishing valuation for a Silver producer)

As an asset play, AG has proven and probable reserves are north of 5.4 million ounces with another **127 million ounces** in measured and indicated reserves. So this is also an asset play as AG's P&P reserves alone are worth many multiples of the company's current market cap.

Best of all, AG's business is located in Mexico, so political risk is relatively low.

AG looks to be consolidating here at $22.50.

If we can hold here, we're going to new highs. Let's wait and see before adding to this position.

Another inflation hedge worth considering is Timber. Between 1960 and 2007, Timber outperformed every asset class with an average annual return of 12% (the S&P 500 only saw average annual returns of 10%).

The easiest means of getting exposure here is via the Timber ETF (CUT).

CUT is an ETF comprised of a number of Timber and Timberland related companies. The ETF's to ten holdings are:

Top 10 Holdings (50.13% of Total Assets)		
Company	Symbol	% Assets
Weyerhaeuser Company Common Sto	WY	5.67
West Fraser Timber	WFTBF.TO	5.23
Rayonier Inc. REIT Common Stock	RYN	5.1
Plum Creek Timber Company, Inc.	PCL	5.08
Fibria Celulose SA ADR	FBR.SA	5.06
Svenska Cellulosa AB	SCA B	4.94
SMURFIT KAPPA	SK3.IR	4.81
Morgan Stanley Pnote 6/23/14	N/A	4.8
International Paper Company Com	IP	4.79

Meadwestvaco Corporation Common	MWV	4.65

The chart shows CUT has broken above resistance and that resistance is now support. The next step should be a rally to $20 then $22.

Action to Take: Buy the Timber ETF (CUT)

A final inflation hedge is large cap blue chips stocks or companies that are able to pass on rising costs to consumers (at least in part). I'm talking about well-defined brands that offer goods and services which consumers are willing to pay more for as prices rise due to increase operational costs and commodity prices.

This inevitably leads to defensive non-cyclical industries: tobacco, beverages, medicine, energy, etc. In the large-cap space, the following are worth consideration.

Company	Symbol	Industry	Price to Cash Flow	Dividend Yield
Kraft Foods	KRFT	Food	10	N/A
Nestle	NSRGY	Food	15	2.6%
Coke	KO	Beverage	17	2.6%
McDonalds	MCD	Fast Food	13	2.9%
Exxon Mobil	XOM	Oil	8	2.2%
Clorox	CLX	Cleaning Supplies	16	3.2%
Colgate-	CL	Oral Health	18	2.2%

Palmolive				

Smaller companies I would consider if you need to remain long in the stock market are:

Company	Symbol	Industry	Price to Cash Flow	Dividend Yield
Smith and Wesson	SWHC	Guns	10	N/A
Sturm, Ruger & Company	RGR	Guns	14	2.3%
WD 40	WDFC	Lubricant	22	2.2%
Hormel	HRL	Spam	17	1.9%

I want to stress that even though these companies all have considerable pricing power, during an inflationary collapse *all* companies will be hit as costs rise. This is why stocks are listed as the *last* inflation hedges from our list at the beginning of this issue: they do not offer the same protection against inflation as bullion, and natural resources assets/ companies do.

I am not recommending any of these companies here. But if Obama wins and you need to have exposure to stocks to the long side, these are some of the companies I would consider.

We've now addressed Silver, Gold, natural resources, and other inflation hedges to consider if Obama wins a second term. However, I also want to suggest that you look *outside* the stock market at producing assets: opportunities that offer strong cash yields.

I'm talking about apartments, office real estate, foreign real estate, hard assets with cash flows, small business, etc.

Consider apartments…

While the housing market in general remains in the doldrums, there are many opportunities in real estate in which you can see a cash yield of 6-8% on rental properties.

Let's say you can acquire a house at $150K in a market where rent is $1500 per month. If you buy the house in cash, you will make $18K per year in rental income. That's a 12% cash yield (it'd be lower than this after taxes, but you get my point).

Compare this to having that same $150K in the bank collecting less than 1% and you'll see why I suggest there are better opportunities in producing assets.

Of course, I'm not suggesting that you go out and buy any property or invest in whatever you can find from a small business perspective. Any investment needs to be carefully researched. But my point is that there are opportunities out there in which you can earn a decent return on your capital.

If you know of one or would like to share it with others, feel free to write to us at contact@phoenixcapitalresearch.com.

Finally, the last item to consider if Obama is re-elected is the eventual US debt default. As noted earlier, Obama has added more debt than any other President in history. And there is no indication that this will change if he wins a second term.

To be clear, the US had already reached the point of no return as far as debt is concerned. However, a second Obama term will definitely speed up the process of default. As noted before, the timing for this will be short US Treasuries around the time that the 30-year breaks its long-term trend line.

For individual investors, the best, easiest, and most liquid means of playing the US debt default is the **UltraShort 20+ Year Treasury ETF (TBT).**

TBT trades 2X the inverse of an ETF that tracks the performance of long-term (20+ years) Treasuries. So if long-term Treasuries fall 5%, TBT should to return 10%. And if long-term Treasuries fall 10%, TBT should to return 20%. As such it's a great means of playing a drop in long-term Treasuries with a little extra "juice."

I cannot say when the time will come to buy this investment. It might be in a year, two years or later. But at some point the US *will* default. And a second Obama term will move us towards this eventuality much faster.

Now let's assess what impact a Romney Presidency would have on the US economy and financial markets.

For starters, Romney has already stated that he would fire Fed Chairman Ben Bernanke if he wins office. While this doesn't represent the real shakeup that the Fed needs, it's definitely a step in the right direction.

With that in mind, if Romney wins and makes good on this promise to fire Bernanke, then we need to consider that any market rally that occurs based on the perception that the US economy would strengthen would be short-lived.

The reason for this is that the primary driver of stock prices over the last four years has been the hope and promise of Fed intervention. So if Bernanke were to be fired (or more likely step down as Fed Chairman) the market would lose one of its biggest props.

What would follow would be a potentially hellacious correction as the markets adjusted to the underlying realities of the US economy. Based on the business cycle, this would put the S&P 500 down near 1,000 or so (and that's ignoring any other negative items developing).

This was the very problem with the Fed intervening so heavily to begin with: by attempting to prop the markets up, the Fed didn't let the bad debts clear out of the system. As a result, the big reset has been pushed down the road.

If Romney wins the Presidency, it's quite possible he would let that reset finally hit. After all, he could easily fire the economists at the BLS who have massaged the data, fire Ben Bernanke, and then blame the subsequent market correction and bad, but realistic economic data on Obama (much as Obama has blamed the bad economy he inherited on Bush).

If this were to occur, I would recommend using UltraShort ETFs to profit from the market correction.

If you're unfamiliar with UltraShort ETFs, these are investments that return 2X the inverse of a particular Exchange Traded Fund.

Let's take an example, the UltraShort Financials ETF (SKF).

SKF returns 2X the inverse of the Financials ETF (IYF). So if Financial Stocks (IYF) falls 5%, SKF rises 10%. If IYF falls 10%, SKF rises 20%. And so on.

In this sense, SKF is a great "hedge," or means of playing for a collapse in Financial stocks.

However, there's an added bonus to UltraShort ETFs like SKF: these investments ALSO trade based on demand from the marketplace. So if financial stocks collapse 30%, SKF might actually see produce gains GREATER than 60% (2X the inverse) due to investors piling in as they seek to profit from the collapse.

Consider SKF's performance in 2008, for example. In 2008, financial stocks (as measured by the Financials ETF: IYF), fell roughly 50%.

However, if you'd bought SKF once the Crisis really took hold (late September), you could have made MUCH MORE than 100% in two month's time:

This is what makes UltraShort ETFs so handy when a Crisis hits: because they can truly skyrocket as investors stampede like elephants into safety.

However, I must stress that these are not investments to "buy and hold". Instead, these are short-term trades you should ONLY make if and when stocks begin to collapse.

There are quite a few of these UltraShort ETFs out there. Among the more popular are:

- UltraShort Financials ETF (SKF)
- UltraShort Russell 2000 ETF (TWM)
- UltraShort S&P 500 (SDS)
- UltraShort NASDAQ (QQQQ)
- UltraShort Consumer Services (SZK)
- UltraShort Real Estate (SRS)

Another issue to consider is that if Romney wins and *does* fire Bernanke and cuts back on spending, then the "inflation trade" could take a hit.

Bear in mind, Gold and Silver would continue to see increased demand based on investors fleeing the Euro and from Central Banks buying. However, a Romney win, accompanied by cuts in Government spending, *would* result in a powerful US Dollar rally, especially when you consider the state of affairs in other major world currencies (the Euro, Yen, and Yuan will all likely collapse before the US Dollar).

Indeed, the US Dollar has the making of a massive falling wedge pattern. These patterns usually predict enormous breakouts to the upside.

For the US Dollar to breakout to the upside like this, we would not only need to see Romney win, cut spending, *and* fire Bernanke… we would *also* need another major world currency to collapse… forcing investors to flee to the most liquid market in the world: the US Dollar.

That currency will most likely be the Euro.

I have noted, as I am sure you have, that both Mitt Romney and Paul Ryan have mentioned that if the US does not get its deficit and debt in check, it will end up like "Greece." The Obama camp has made no such statements and in fact never refers to the European disaster.

I also want to draw your attention to the fact that several EU leaders have stated that the Obama administration has asked for them to keep things calm until after the election.

> **Troika report on Greece may come after U.S. vote**
>
> **"The Obama administration doesn't want anything on a macroeconomic scale that is going to rock the global economy before November 6," a senior EU official told Reuters**, adding that previous troika reports had also slipped.

The European Commission's representative on the troika, Matthias Mors, denied that the report could be delayed, and an official at Greece's finance ministry said he had been assured that there would be no slippage.

A U.S. official said the United States had made clear to European officials that it wanted to avoid any "downside" economic surprises because of the fragile U.S. recovery, but denied that it had anything to do with the U.S. election.

Several sources in Germany described those conversations with their U.S. counterparts and said the message had been that the Americans didn't want surprises before the election.

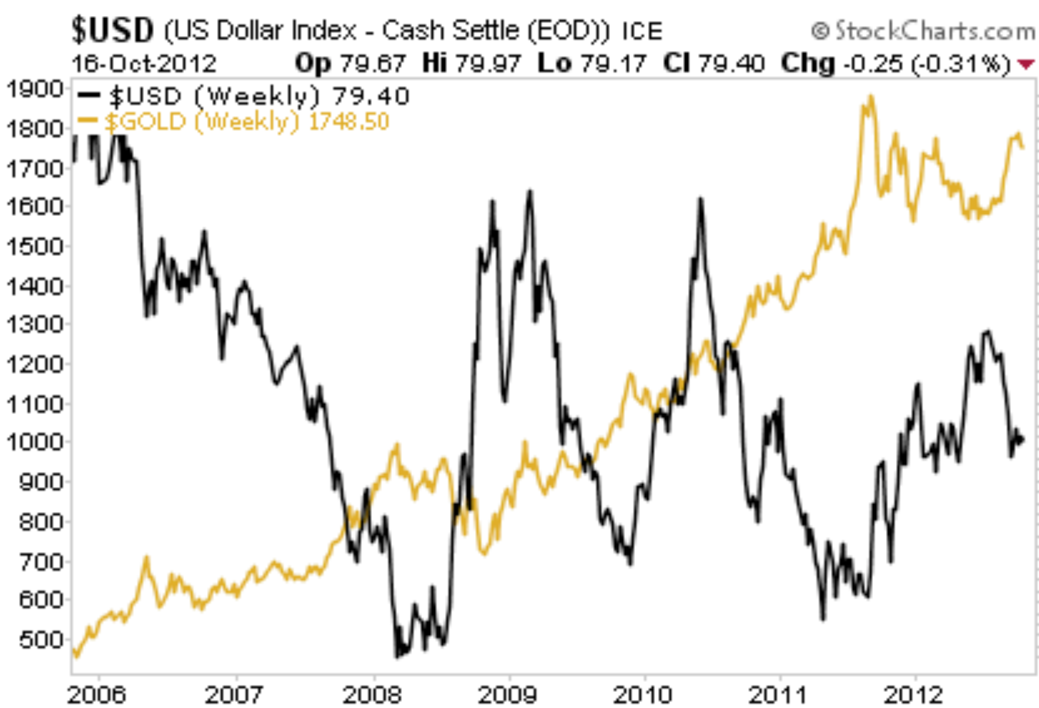
http://uk.reuters.com/article/2012/09/21/uk-eurozone-greece-report-idUKBRE88K0OQ20120921

This, combined with reports that EU leaders do not like Romney indicates that they perceive Romney as a threat. Given that the EU is only being held together by Central Bank intervention, this threat can only be based on the idea that Romney will not move to help Europe with its financial difficulties (and will be anti-Fed intervention)

Which means that if Romney wins the Presidency, Europe will likely be on its own. On that note, 120 is the “line in the sand.” If the Euro breaks this, it’s going to new lows.

Given that the Euro makes up 56% of the US Dollar Index, a currency crash of this magnitude would result in the US Dollar breaking out of its falling wedge pattern and rallying hard as investors fled Euros for Dollars.

A move of this size *would* have a negative impact on Gold and Silver.



While Gold has continued to reach new highs in spite of US Dollar rallies, it is worth noting that during the 2008 Crash, the precious metal fell from $1000 to $700 per ounce.

So, if Romney wins the election and pulls back from aiding Europe (Europe will collapse at some point no matter who wins, but it's clear that Obama would be more lenient in terms of providing help) then a Euro collapse would certainly have a negative impact on precious metals.

However, this move would be short-lived as investors would increasingly turn to Gold and Silver once major paper currencies began to fail.

So if Romney wins the election and makes good on his promises to cut spending, rein in the debt, and fire Bernanke we would very likely see another round of deflation.

However, after this period ends, the US stock market and economy would begin to actually put in a sound base from which to grow. At that point we would have a truly extraordinary opportunity to buy many high quality companies at truly insane prices.

So… make a wishlist of companies you'd like to own in case of a Romney victory. Watch and wait for Romney to actually fulfill his promises (if he doesn't the outcome will be very similar to if Obama wins: more debt, more spending, and more inflation). If he does, the markets will correct sharply. But after the smoke clears, it will be time to buy in a big way.

This concludes this Special Report. The Presidential Election is in just a few weeks. While I cannot say who will win, this report has laid out the basic framework with which to view each candidate's impact on the US economy and stock market.

Best Regards,

Graham Summers

OPEN POSITIONS

Inflation Portfolio (OPEN BUYS NOW)					
Company	**Symbol**	**Buy Date**	**Buy Price**	**Current Price**	**Gain/ Loss**
Gold bullion	N/A	3/17/10	$1,120	$1,750.00	56%
Silver bullion	N/A	3/17/10	$17.50	$33.21	90%
Centamin Mining	CEE.TO	5/25/11	$2.01	$1.62	-19%
Corn ETF	CORN	8/8/12	$51.61	$47.46	-8%
Rogers Agriculture ETN	RJA	8/17/12	$9.80	$9.56	-2%
Vista Gold	VGZ	9/24/12	$3.66	$3.55	-3%
First Majestic Silver	AG	10/1/12	$23.17	$23.08	0%

Deflation Portfolio (OPEN BUYS NOW)					
Company	**Symbol**	**Buy Date**	**Buy Price**	**Current Price**	**Gain/ Loss**
Dollar ETF	UUP	5/23/11	$21.79	$21.64	-1%
Rydex Dollar 2x Strategy	RYSDX	12/14/11	$14.39	$13.20	-8%
UltraShort Euro ETF	EUO	6/25/12	$21.45	$20.12	-6%
UltraShort China ETF++++	FXP	6/25/12	$28.97	$21.38	-26%
Russia ETF (SHORT)	TRF	6/25/12	$13.21	$15.50	-12%
UltraShort Consumer Goods*	SZK	7/25/12	$72.96	$63.97	-12%
Italy ETF (SHORT)	EWI	9/28/12	$12.03	$13.23	-7%
France ETF (SHORT)	EWQ	9/28/12	$20.98	$22.43	-5%

++++ Averaged in second price of $26.77 on July 5 2012 at 10:57AM
*** Announced a four to 1 reverse split on September 20 2012.**

Previous Closed Positions

Investment	Symbol	Buy Date	Buy Price	Avg. buy price	Sell Date	Sell Price	Gain
UltraShort Euro ETF	EUO	7/28/11	$17.32		9/12/11	$18.87	9%
UltraShort China ETF	FXP	8/9/11	$36.58	$34.63	9/21/11	$37.60	9%
(Added to)		9/2/11	$32.68				
UltraShort Emerging Markets ETF	EEV	8/9/11	$40.30	$37.27	9/21/11	$39.60	6%
(Added to)		9/2/11	$34.23				
UltraShort Brazil ETF	BZQ	8/9/11	$23.40	$20.72	9/21/11	$21.90	6%
(Added to)		9/2/11	$18.03				
IamGold	IAG	5/25/11	$20.95		9/21/11	$23.10	10%
UltraShort Russell 2000 ETF	TWM	8/9/11	$62.75	$57.36	9/22/11	$58.79	2%
(Added to)		9/2/11	$51.97				
UltraShort Real Estate ETF	SRS	8/9/11	$19.50	$17.31	9/22/11	$17.33	0%
(Added to)		9/2/11	$15.11				
UltraShort Financials ETF	SKF	8/9/11	$88.73	$82.59	9/22/11	$87.63	6%
(Added to)		9/2/11	$76.44				
UltraShort China ETF	FXP	9/28/11	$41.04		9/30/11	$45.02	10%
UltraShort Emerging Markets ETF	EEV	9/28/11	$42.90		9/30/11	$46.00	7%
UltraShort Brazil ETF	BZQ	9/28/11	$24.07		9/30/11	$26.28	9%
Bank of American (Short)	BAC	9/28/11	$6.46		10/3/11	$6.06	6%
Citigroup (Short)	C	9/28/11	$26.84		10/3/11	$24.90	7%
Goldman Sachs (Short)	GS	9/28/11	$98.97		10/3/11	$93.60	5%
JP Morgan (Short)	JPM	9/28/11	$31.64		10/3/11	$30.19	5%
Bank of America (Short)*	BAC	11/1/11	$6.48		11/14/11	$6.09	6%
Citigroup	C	11/1/11	$29.19		11/16/11	$27.46	6%

(short)*							
Goldman Sachs (Short)*	GS	11/1/11	$106.64		11/14/11	$98.73	8%
JP Morgan (Short)	JPM	11/1/11	$32.65		11/17/11	$30.84	6%
Deutsche Bank (Short)*	DB	11/1/11	$37.45		11/21/11	$34.90	7%
Santander (Short)*	STD	11/1/11	$7.91		11/17/11	$7.32	8%
HSBC (Short)*	HBC	11/1/11	$42.03		11/16/11	$38.95	8%
UltraShort Emerging Markets ETF*	EEV	11/1/11	$34.78		11/21/11	$38.12	10%
UltraShort Real Estate ETF*	SRS	11/1/11	$40.09		11/21/11	$44.03	10%
UltraShort Financials ETF*	SKF	11/1/11	$65.13		11/21/11	$71.41	10%
UltraShort Emerging Markets ETF*	EEV	11/1/11	$34.78		11/23/11	$39.50	14%
UltraShort Brazil ETF*	BZQ	11/1/11	$19.04		11/23/11	$21.37	12%
UltraShort Real Estate ETF*	SRS	11/1/11	$40.09		11/23/11	$46.04	15%
UltraShort Financials ETF*	SKF	11/1/11	$65.13		11/23/11	$75.23	16%
UltraShort Brazil ETF*	BZQ	11/1/11	$19.04		11/25/11	$22.40	18%
UltraShort Real Estate ETF*	SRS	11/1/11	$40.09		11/29/11	$44.45	11%
UltraShort Financials ETF*	SKF	11/1/11	$65.13		11/29/11	$71.47	10%
UltraShort Emerging Markets ETF*	EEV	1/1/11	$34.78		12/14/11	$37.16	7%
Ultrashort Silver ETF	ZSL	12/14/11	$15.57		12/28/11	$17.60	13%
UltraShort Euro ETF	EUO	9/12/11	$19.13		1/5/12	$20.80	9%
Ultrashort Silver ETF	ZSL	3/6/12	$10.27		3/15/12	$10.75	5%
MSCI Euro Financial Fund (Short)	EUFN	3/21/12	$18.37		3/29/12	$17.48	5%
BNP Paribas (Short)	BNPQY.PK	3/21/12	$24.99		3/29/12	$23.70	5%
Societe General (Short)	SCGLY.PK	3/21/12	$6.34		3/29/12	$5.83	9%
Credit Agricole	CRARY.	3/21/12	$3.27		3/29/12	$3.08	6%

(Short)	PK						
Societe General (Short)	SCGLY. PK	3/21/12	$6.34		4/2/12	$5.64	12%
Credit Agricole (Short)	CRARY. PK	3/21/12	$3.27		4/2/12	$2.97	10%
MSCI Euro Financial Fund (Short)	EUFN	3/21/12	$18.37		4/3/12	$17.34	6%
BNP Paribas (Short)	BNPQY. PK	3/21/12	$24.99		4/3/12	$22.78	10%
Santander (Short)	STD	12/14/1 1	$7.11	$7.63	4/4/12	$7.21	6%
(Added to)		1/27/12	$8.15				
BNP Paribas (Short)	BNPQY. PK	4/13/12	$19.96		4/23/12	$18.73	6%
Societe General (Short)	SCGLY. PK	4/13/12	$4.67		4/23/12	$4.38	6%
Credit Agricole (Short)	CRARY. PK	4/13/12	$2.55		4/23/12	$2.33	9%
UltraShort Brazil ETF	BZQ	5/2/12	$16.26		5/10/12	$17.85	10%
Deutsche Bank (Short)	DB	12/14/1 1	$35.33	$39.89	5/15/12	$37.24	7%
(Added to)		1/27/12	$44.44				
Santander (Short)	STD	4/13/12	$6.44		5/15/12	$5.85	9%
MSCI Euro Financial Fund (Short)	EUFN	4/13/12	$16.19			$14.88	8%
UltraShort China ETF*	FXP	11/1/12	$32.64	$27.93	5/17/12	$30.89	11%
(Added to)		1/27/12	$23.22				
UltraShort Materials ETF*	SMN	11/1/12	$20.23	$17.48	5/17/12	$19.00	9%
(Added to)		1/27/12	$14.73				
Barclays (Short)	BCS	12/14/1 1	$10.65	$12.37	5/18/12	$11.28	10%
(Added to)		1/27/12	$14.09				
UltraShort Russell 2000 ETF	TWM	5/16/12	$33.53		5/21/12	$34.88	4%
Spain iShares (Short)	EWP	5/2/12	$25.16		5/21/12	$23.56	6%
UltraShort Euro ETF	EUO	1/27/12	$19.78		5/23/12	$21.32	8%
Banco Sabadell (Short)**	SAB.MC	5/16/12	$1.55		5/29/12	$1.34	14%
Banco Popular (Short)**	POP.MC	5/16/12	$2.00		5/29/12	$1.63	19%

BNP Paribas (Short)***	BNPQY. PK	5/16/12	$16.59		5/30/12	$15.51	7%
Credit Agricole (Short)***	CRARY. PK	5/16/12	$1.90		5/30/12	$1.76	7%
National Bank of Greece (Short)	NBG	5/16/12	$1.55		5/30/12	$1.45	6%
Credit Suisse (Short)	CS	5/30/12	$19.34		6/14/12	$18.02	7%
PowerShares Double Short Oil	DTO	6/12/12	$53.78		6/21/12	$58.93	10%
Junior Gold Miners ETF	GDXJ	6/12/12	$21.10		6/21/12	$19.52	8%
Deutsche Bank (SHORT)	DB	6/25/12	$34.23		7/13/12	$31.38	9%
Santander (SHORT)	SAN	5/30/12	$5.25	$5.77	7/20/12	$5.20	11%
Average In		7/9/12	$6.29				
Spain ETF (SHORT)	EWP	6/12/12	$23.28		7/20/12	$21.39	9%
Italy ETF (SHORT)	EWI	7/11/12	$10.61		7/23/12	$9.52	11%
Credit Suisse (SHORT)	CS	6/25/12	$18.09		7/23/12	$16.46	10%
UBS (SHORT)	UBS	7/11/12	$10.79		7/23/12	$9.90	9%
Barclays (SHORT)	BCS	7/11/12	$10.25		7/24/12	$9.42	9%
Societe General (Short)	SCGLY. PK	5/16/12	$4.00		7/24/12	$3.64	9%
Rogers Agricultural ETN	RJA	6/12/12	$8.19	$8.79	8/8/12	$9.80	-10%
			$9.39				
Soybeans ETC	SOYB	8/8/12	$26.03		8/23/12	$27.80	7%
UltraShort Gold	GLL	12/14/11	$19.76	$19.61	9/5/12	$15.58	-21%
HSBC* (short)	HBC	12/14/11	$37.07			$46.34	-14%
UltraShort Brazil+	BZQ	5/23/12	$85.47			$65.74	-23%
UltraShort Emerging Markets++	EEV	5/23/12	$31.33			$24.72	-21%
EU Financials ETF (SHORT)	EUFN	6/25/12	$14.59			$18.16	-24%
Goldman Sachs (SHORT)	GS	6/25/12	$91.22			$119.99	-32%
Citigroup (SHORT)	C	7/11/12	$25.87			$34.08	-32%

Spain ETF (SHORT)	EWP	7/25/12	$20.15			$29.42	-32%
Italy ETF (SHORT)	EWI	7/25/12	$9.49			$13.19	-27%
France ETF (SHORT)	EWQ	7/25/12	$18.18			$22.14	-14%
UltraShort Russell 2000 ETF	TWM	7/25/12	$32.51			$25.75	-21%
UltraShort S&P 500	SDS	7/25/12	$16.09			$13.41	-17%
Credit Suisse (SHORT)	CS	8/22/12	$19.07			$22.46	-18%

- **Opened 12/14/11 at 11:13AM, averaged in second prices on 1/27/12**

** **Opened 12/14/11 at $19.76 averaged in second price of $19.46 on 5/23/12 at 11:50AM**

+ Averaged in second price of $78.31 on July 5 2012 at 10:57AM

++ Averaged in second price of $28.24 on July 5 2012 at 10:57AM