

**November 2011**

## TWM Market Commentary

### Current Monthly Strategy Returns

#### TWM Institutional Strategies

Low Volatility	1.07%
Balanced	0.65%
Growth	0.64%

#### TWM Core Strategies

Tactical Balanced	0.58%
All Weather	0.82%
Endowment	0.12%
Market Masters	-0.18%
Tactical Multi-Strategy	0.56%
Momentum Series: Tactical Allocation	0.05%
Momentum Series: Tactical Growth	0.32%

#### TWM Income Strategies

Income	0.35%
Momentum Series: Tactical Income	-0.17%
IncomePlus	-0.48%

#### TWM Specialized Strategies

Capital	-0.61%
Momentum Series: Tactical All Asset	-0.45%
Black Swan	0.69%
Core Tactical	0.62%
Global Tactical	0.55%
Alpha	0.82%
500	3.82%
NASDAQ	-6.02%

#### TWM Selected Stock Strategies

Flagship	1.04%
Legends	1.32%
Beta	-3.38%

**S&P 500 COMPARISON** -0.51%

## Current Strategy Allocations

### TWM Tactical Balanced

Mid Cap Value	9.75%
Large Cap Value	9.75%
Small Cap Blend	9.50%
Small Cap Value	9.75%
Small Cap Growth	9.75%
High Yield	24.00%
Treasury Bonds	23.00%
Cash	4.50%

### TWM All Weather

Inverse S&P 500	14.00%
TIPS	14.00%
Dividend Stocks	14.00%
Treasury Bonds	14.00%
Russell 3000	14.00%
Cash	30.00%

### TWM Endowment

Mid Cap Value	15.60%
Large Cap Value	15.60%
Small Cap Blend	15.20%
Small Cap Value	15.60%
Small Cap Growth	15.60%
High Yield	9.50%
Treasury Bonds	9.50%
Cash	3.40%

### TWM Market Masters

Mid Cap Value	19.50%
Large Cap Value	19.50%
Small Cap Blend	19.00%
Small Cap Value	19.50%
Small Cap Growth	19.50%
Cash	3.00%

### **TWM Tactical Multi-Strategy**

Inverse S&P 500	12.00%
TIPS	12.00%
High Yield Bonds	12.00%
Treasury Bonds	12.00%
Russell 3000	12.00%
Mid Cap Value	12.00%
Cash	16.00%

### **Momentum Series: Tactical Allocation**

Russell 3000	25.00%
Commodities	25.00%
Cash	50.00%

### **Momentum Series: Tactical Growth**

10 Year Treasury Bonds	24.25%
Gold	24.25%
Mid Cap Value	24.25%
Small Cap Value	24.25%
Cash	3.00%

### **TWM Income**

TIPS	10.00%
Long Term U.S. Treasury Bonds	30.00%
Cash	60.00%

### **Momentum Series: Tactical Income**

30 Year Treasury Bonds	24.00%
Emerging Market Bond	24.00%
Dividend Stocks	24.00%
High Yield Bond	24.00%
Cash	4.00%

### **TWM IncomePlus**

TIPS	23.00%
Treasury Bonds	24.00%
Cash	53.00%

### **TWM Capital**

Energy	10.00%
Russell 3000	10.00%
Dividend Stocks	10.00%
High Yield Bonds	10.00%
Commodities	10.00%
Cash	50.00%

### **Momentum Series: Tactical All Asset**

Mid Cap Value	20.00%
Small Cap Value	20.00%
Oil	8.50%
Gold	8.50%
Chinese Yuan	10.00%
Dollar	10.00%
High Yield Bonds	10.00%
Treasury Bonds	10.00%
Cash	3.00%

### **TWM Core Tactical**

Russell 3000	25.00%
Gold	5.00%
10 Year Treasury Bonds	5.00%
Commodities	20.00%
TIPS	5.00%
Cash	40.00%

### **TWM Global Tactical**

Gold	5.00%
10 Year Treasury Bonds	5.00%
Inverse S&P 500	9.60%
TIPS	14.60%
High Yield Bonds	9.00%
30 Year Treasury Bonds	9.60%
Russell 3000	14.60%
Mid Cap Value	9.60%
Cash	13.40%

## TWM Alpha

Inverse S&P 500	50.00%
Cash	50.00%

## TWM 500

Cash	100.00%
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## TWM NASDAQ

Cash	100.00%
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## TWM Black Swan

Russell 3000	24.25%
Gold	24.25%
TIPS	24.25%
10 Year Treasuries	24.25%
Cash	3.00%

## TWM Flagship

Russell 3000	9.70%
Commodities	9.70%
Cisco	6.60%
Home Depot	6.60%
Intel	6.60%
Oracle	6.60%
Google	6.60%
HP	6.60%
MSCI EAFE	10.00%
Cash	31.00%

## TWM Legends

Caterpillar	6.60%
Pultegroup	6.60%
Valeant Pharmaceuticals	6.60%
Allegheny Tech	6.60%
Abiomed	6.60%
Williams Cos	6.60%
10 Year Treasury Bonds	18.60%
Gold	18.60%

30 Year Treasury Bonds	5.00%
Oil	5.00%
Cash	13.20%

## TWM Beta

CBRE Group	12.00%
Pultegroup	12.00%
Abiomed	12.00%
Eaton	12.00%
Oneok	12.00%
Oil	27.75%
30 Year Treasury Bonds	9.25%
Cash	3.00%

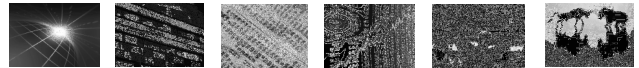
## TWM Institutional Series: Growth

Small Cap Value	6.79%
Energy	6.79%
Global Energy	6.79%
South Korea	6.79%
Regional Bank	6.79%
BlackRock Income Trust	2.25%
BlackRock Income Opportunity	2.25%
High Yield Bonds	2.25%
30 Year Treasury Bonds	2.25%
Gold	5.75%
Chinese Yuan	7.25%
Dollar	7.25%
Oil	10.50%
30 Year Treasury Bond Fund (1.2x)	4.75%
Cash	21.55%

## Institutional Series: Balanced

Small Cap Value	5.50%
Energy	5.50%
Global Energy	5.50%
South Korea	5.50%
Regional Bank	5.50%
BlackRock Income Trust	7.25%
BlackRock Income Opportunity	7.25%
High Yield Bonds	7.25%
30 Year Treasury Bonds	7.25%

Gold	3.25%
Chinese Yuan	5.00%
Dollar	5.00%
Oil	8.00%
30 Year Treasury Bond Fund (1.2x)	4.75%
Cash	17.50%



By looking at market data only at the beginning of November and at the end, you could be led to believe the markets didn't move very much last month. This does not come close to telling the whole story of what happened in November. The market continued to be moved by events in Europe: good news resulted in massive rallies and bad news launched massive selloffs.

Even though we continue to see severe volatility, the trend is showing signs of reversing. We tested some very important lows on the S&P 500 during Thanksgiving week. The week following, action bounced near the high end of the current trading range.

### Institutional Series: Low Volatility

Small Cap Value	2.50%
Energy	2.50%
Global Energy	2.50%
South Korea	2.50%
Regional Bank	2.50%
BlackRock Income Trust	7.25%
BlackRock Income Opportunity	7.25%
High Yield Bonds	7.25%
30 Year Treasury Bonds	7.25%
Gold	8.25%
Chinese Yuan	10.00%
Dollar	10.00%
Oil	14.00%
30 Year Treasury Bond Fund (1.2x)	4.75%
Cash	14.00%



### Key Points:

- 1) The risk in the markets right now is still high but the trend is showing signs of moving upwards
- 2) The back and forth of the European crisis will likely keep volatility high.
- 3) We are in a news-driven market that can trump any technical, fundamental or economic data.
- 4) Tactical Asset Allocation (TAA) protects in these environments, and if the picture changes, TAA will adjust to participate in a recovery.

Above is a daily chart of the S&P 500. As you can see, the S&P has popped well above its 100-day moving average, and is very close to the highs of the trading range (near 1275). The weekly chart below also shows some signs of the market resuming the uptrend it started in 2009.





This upward momentum has caused us to add to our equity positions across many of the strategies. Some of the main areas we have been moving into are value stocks, mid-cap stocks, small-cap stocks, regional banks, and energy. We continue to avoid anything international as those markets are still in pronounced downtrends.

The chart above is a comparison of the S&P 500 (solid line) and the EFA ETF (Europe, Asia, Far East). The S&P 500 has significantly outperformed since the beginning of the crisis.

There is still significant risk in the market from the European crisis and we will continue to be vigilant and move accordingly.

## Current Risks

- Headlines outweigh any other data; can cause large moves
- Europe must contain the problem soon, or the markets will force the issue
- The U.S. has its own debt issues
- Europe is showing signs of dipping into a recession regardless of debt issue

## Positives

- Lots of cash on the sidelines can accelerate any rally quickly
- U.S. economic data confirming no double dip, stagnate growth

- Unemployment getting a little better
- Market rally showing some confidence

As always, feel free to call us if you have any comments or questions.

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