

December 2010

TWM Market Commentary

Monthly Strategy Returns

Strategy	December Return
TWM Income	0.27%
TWM IncomePlus	1.49%
TWM Capital*	0.77%
TWM Tactical Balanced	3.69%
TWM All Weather	2.11%
TWM Endowment	5.41%
TWM Core Tactical	3.51%
TWM Global Tactical	3.52%
TWM Market Masters	6.86%
TWM Alpha	0.21%
TWM 500	1.17%
TWM NASDAQ	0.72%

*Formerly TWM Low Volatility

Current Strategy Allocations

TWM Income

TIPS	32.50%
Barclay's Aggregate Index	32.50%
Cash	35.00%

TWM IncomePlus

Cash	100.00%
------	---------

TWM Capital

PIMCO All Asset	6.00%
PIMCO All Asset All Auth	6.00%
Ivy Asset Strategy	5.00%
Blackrock Global	5.00%
Rydex L/S Commodity	4.00%
Leuthold Asset Allocation	4.00%
Alpha Strategies	4.00%
Permanent Portfolio	15.00%
Rydex Managed Futures	7.00%
PIMCO Unconstrained	15.00%
PIMCO Total Return	10.00%
Rydex L/S Interest Rates	5.00%
Direxion/Wilshire Dynamic	5.00%
Cash	9.00%

TWM Tactical Balanced

S&P 500	6.25%
NASDAQ	6.25%
EAFE	12.50%
REITs	12.50%
Commodities	10.50%
Barclay's Aggregate Index	17.00%
Cash	35.00%

TWM All Weather

NASDAQ	17.00%
REITs	17.00%
Commodities	17.00%
TIPS	17.00%
Cash	32.00%

TWM Endowment

S&P 500	11.25%
NASDAQ	11.25%
EAFE	22.50%
REITs	20.00%
Barclay's Aggregate Index	17.00%
Commodities	15.00%
Cash	3.00%

TWM Core Tactical

Livestock ETF	10.00%
Global Water ETF	5.00%
Dividend Stocks	10.00%
Inverse Treasury Bonds	20.00%
Asia (excluding Japan)	10.00%
S&P 500 Large Cap Value	10.00%
Preferred Stocks	10.00%
Cash	25.00%

TWM Global Tactical

Livestock ETF	10.00%
Global Water ETF	5.00%
Dividend Stocks	10.00%
Inverse Treasury Bonds	20.00%
Asia (excluding Japan)	10.00%
S&P 500 Large Cap Value	10.00%
Preferred Stocks	10.00%
Cash	25.00%

TWM Market Masters

Commodities	22.00%
REITs	25.00%
S&P 500	12.50%
NASDAQ	12.50%
EAFE	25.00%
Cash	3.00%

TWM Alpha

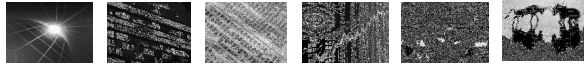
S&P 500	25.00%
NASDAQ	25.00%
Cash	50.00%

TWM 500

S&P 500	50.00%
Cash	50.00%

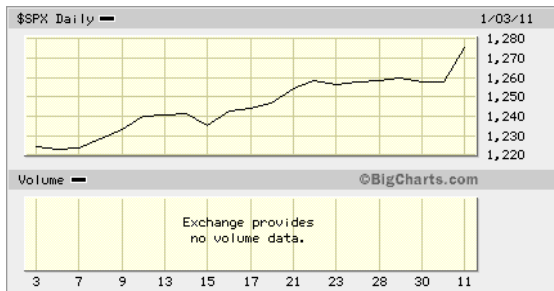
TWM NASDAQ

NASDAQ	97.00%
Cash	3.00%



Markets brushed off the worries about China and Europe which had plagued them last month, and rallied from start to finish in December. Bears now seem to be an endangered species on Wall Street. The stock market seems to have no downside, all the indicators we watch are firmly bullish, and volatility keeps making new 52 week lows. The question now is whether or not this is a real rally (built off of improving economic fundamentals) or whether this is being caused by all of the money flooding into the system from the Fed's QE2.

U.S. Stocks – U.S. stocks rallied from start to finish this month driven by euphoria over the Fed's QE2 program and catch-up buying from money managers who lagged the indexes.



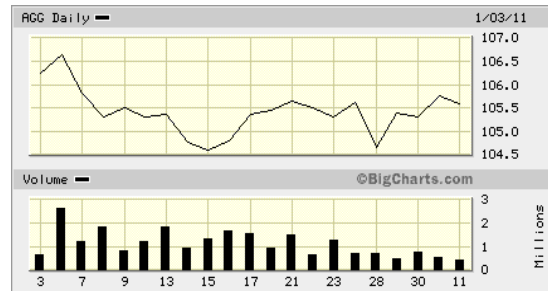
(Monthly chart of the S&P 500 Index courtesy of Bigcharts.com)

International Stocks – Despite a brief hiccup caused when Ireland and Spain fears hit the markets, international stocks also finished the month strongly.



Monthly chart of the Morgan Stanley EAFE ETF (EFA) courtesy of Bigcharts.com

Bonds – Bonds declined this month as investors “fought the Fed” and sold bonds as the Fed was buying. Better economic news convinced traders to drive interest rates up in the face of QE2 buying by the Fed to drive them down. Municipal bonds also had a tough month as investors began to focus on the poor condition of state and local finances.



(Monthly chart of Barclays Aggregate Bond Index ETF (AGG) courtesy of Bigcharts.com)

Commodities – World commodity markets continued to be highly correlated with stocks as they rallied across the board this month.



(Monthly chart of Goldman Sachs Commodity Index ETF (GSG) courtesy of Bigcharts.com)

Going into 2011: Risks We are Watching

Jobs are Job 1 – Confidence has risen and the employed are more willing to spend. This is good because the U.S. consumer still accounts for as much as 70% of the world GDP. The problem: *confidence will only take us so far*. We must expand employment to provide the growth we will need to maintain and grow the expected PE's the market is currently anticipating. Employment will be left to the private sector, in that our governments are starting to come to the reality that they have a spending problem.

Washington will not have the will or the money to provide additional stimulus packages if we experience a double dip in jobs.

European Union Debt – Problems in Ireland, Portugal and Spain... the EU crises will make headlines all year as Germany decides how much help to give other nations at its own expense. This will also create additional pressure on the currency markets, as well as bond markets and yields worldwide.

Municipal Debt – The *New York Times* reported on Tuesday that some states are now considering legislation to sap labor unions of their power to contest austerity measures. State and local governments across the country are planning a big pushback against labor unions this year as a way of cutting into the huge budget shortfalls. California has a budget shortfall of \$25 billion in the next two years. New Governor Jerry Brown now has to consider austerity budget measures that will tighten one of the 9 largest economic regions of the world.

Real Estate Double Dip – Real estate will continue to be a drag on the economy as banks continue to foreclose, and write off bad debt. FannieMae and FreddieMac will eventually have to be dealt with as our government will not be able to continue to sweep the troubles of these co-public companies under the rug. Continued foreclosures, rising interest rates, and steeper loan qualifications will keep pressure on housing prices for at least the remainder of the year. If prices fall significantly, it would create a huge domino effect on banks, individuals, and the economy.

Political Will – There's a new Sheriff in town, *and he drinks tea*. The Tea Party's affect on everything from the willingness of both the President and the Democratic Party to move more to the center, and the ability of the Republicans to curb the health care bill and

spending could create *headline risk*. We will all need to see how the parties will work together, what will be addressed, and what will be accomplished. The Tea Party has many targets in sight, including limiting what the Fed and Treasury can do (which could affect the length and amount of QE). Also on task: our government's ability to both control interest rates (not affect the housing market) and our ability to pay back our national debt. Lastly, can the FED manufacture a soft landing as it weans us off the stimulus that has been added to the economy?

Money Flow – Gold, commodities, and bonds have all experienced huge inflows of money, resulting from a flight to safety caused by a multitude of scenarios. With the new trading instruments, ETFs and leveraged products Wall Street has created, worries could be justified that perhaps new bubbles are forming. Regardless, one thing is certain: *if and when the money decides to flow out of these sectors, it could happen quickly*. If the economy continues to improve, expect money to flow from bonds into the equity markets. Gold is highly speculative. Many scenarios could be drawn and argued on either the bull or bear side, but the main concern is with the expanded use of leveraged ETFs and options: a move could affect all markets. A healthy market is one where gold remains independent of the other commodities.

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



Matthew Tuttle, CFP®, MBA

CEO / CIO



1 Stamford Plaza, 263 Tresser Blvd. 9th Fl •
Stamford, CT • 06901

Phone: 800-462-1655

Email: MTuttle@tuttlewealth.com

www.tuttlewealth.com

Tuttle Wealth Management, LLC is an investment adviser registered with the U.S. Securities and Exchange Commission. You should not assume that any discussion or information contained in this letter serves as the receipt of, or as a substitute for, personalized investment advice from Tuttle Wealth Management, LLC. It is published solely for informational purposes and is not to be construed as a solicitation nor does it constitute advice, investment or otherwise. To the extent that a reader has questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. A copy of our written disclosure statement regarding our advisory services and fees is available upon request. Our comments are an expression of opinion. While we believe our statements to be true, they always depend on the reliability of our own credible sources. Past performance is no guarantee of future returns.