VOLATILITY RESUMES… WHAT'S NEXT?

We suspect over the next few weeks there will be additional zigzagging as market leadership shifts take place.

Temporary stock market declines are a normal fact of life for investors. Over the past eight decades, the S&P 500 index has averaged over 3 declines of 5% or more every year and at least one decline of 10% or greater. Typically, periodic shorter term declines within a cyclic bull market allow the stock market time to catch its breath, reorganize and reenergize before the primary trend can ultimately take stock prices to new highs. As stated in our April newsletter we anticipated a temporary market correction and prepared portfolios by taking a more defensive stance. Taking a more defensive stance simply means to take some profits, raise cash levels, and partially hedge portfolios with inverse ETF's. Other protective steps included adding bonds and precious metals companies which typically have appreciated in value as the overall stock market stumbles.

Quality companies with dependable dividend income are hallmarks of Pring Turner's conservative investment strategy.

The reality is this past quarter we got it wrong. Looking back, we had the right forecast of expected market turbulence but our tactics did not work out as planned. Instead of helping to dampen portfolio volatility, this time bonds and the metals stocks (the typical "safe-havens") actually led the way with sharp declines. Notwithstanding recent underperformance we can still report our typical client (*Pring Turner Conservative Growth & Income Composite*) achieved new benchmark highs (adjusting for deposits and withdrawals) in 13 of the past very challenging 14 years. Our challenge today is to better align portfolios to the realities of the current market environment.

We are confidently looking forward to seeing your portfolio at new recovery highs (adjusting for any deposits or withdrawals) as the market rebounds.

What's next? The correction that began in May is likely only partially over. ***We suspect over the next few weeks there will be additional zigzagging as market leadership shifts take place.*** This presents the first real opportunity since late last year to add new investment themes to portfolios on any market weakness. Having earlier taken pro-active defensive steps in portfolios we are now in a position to observe and take advantage of any leadership changes. The business cycle is progressing in a normal fashion and we expect to see a visible shift to favored sectors that usually take place later in this business cycle expansion. At Pring Turner we define this financial environment as Stage 4 of a six stage business cycle which is characterized by leadership coming from energy, materials, and industrial sectors of the stock market.

Our job is to continually survey the investment landscape and look for opportunities to create attractive returns with reasonable levels of risk. As always, our focus is searching for superior companies paying good dividend income and showing solid value characteristics. ***Quality companies with dependable dividend income are hallmarks of Pring Turner's conservative investment strategy.*** Over the years and through many ups and downs, this important risk management discipline has allowed us and you to sleep better at night.

SECULAR AND CYCLICAL ASSET CLASS UPDATE

Another risk management control we utilize in portfolios is to pay careful attention to both the ***Secular*** (15-25 years) and ***Cyclical*** (4-5 years) trend for each major asset class (bonds, stocks, and inflation sensitive securities). Understanding the background environment for each helps us decide what asset allocation is optimal in portfolios while seeking the best balance between both risk and reward. Our book released last year, *Investing in the Second Lost Decade*, extensively explored this subject for each asset class. Taking into consideration the fact that stocks recently traded at all-time highs, bond market volatility has increased and commodity prices have shown weakness we thought it would be a good idea to review our outlook through these two important timeframes.

First, bonds starting from record high levels of interest rates in 1981 have appreciated in value for the last 32 years, indeed experiencing the greatest secular bull market for bonds in history. But from recent historic low interest rate levels we believe another important secular turning point is nearing, if not already passed. Bonds have been perceived as a "safe-haven" asset all these years, but recent weak price action as interest rates spiked higher is challenging that safe-haven complacency. For portfolios, our tactics have been to limit exposure to the bond market and emphasize shorter term high yield corporates and floating rate securities.

For the stock market, headlines in May of all-time highs are comforting until investors realize prices first approached these levels in the year 2000, now nearly 14 years ago. Fourteen long years going nowhere but with plenty of ups and downs in between. In fact, in inflation adjusted terms, prices would need to appreciate more than 20% from here to set new *inflation adjusted* all-time highs. We continue to believe the secular bear market for stocks is still in force but the cyclical advance since 2009 will continue higher. Stocks can still do well even with rising interest rates, but only for so long. Typically, business cycles and cyclical bull markets end with much higher interest rates and inflation—so while the cyclical bull is getting long in the tooth there is still more upside potential ahead for common stocks.

Speaking of inflation, commodity prices have been in the news recently but for a different reason. Prices for some are hitting two-year lows and put into question the health of the secular bull market in commodities that began in the early 2000's. Our view is the long-term strong period for commodity prices is still in force, but a cyclical decline that began in 2011 may be about to change for the better. If this business cycle ends like all others, we would expect to see a strong rally in the commodity markets (including energy and metals). Look for these sectors to take over market leadership as the next stock market advance re-ignites.

Asset Class	Secular	Cyclical	Comments
Bonds	Late Bull or Early Bear?	Bear	The 32+ year secular bull market for bonds may be nearing an end. Bond prices have peaked for this business cycle.
Stocks	Bear	Bull	The secular bear trend since 2000 is still in force. The cyclical bull market since 2009 is aging, but has further upside potential.
Inflation Sensitive	Bull	Late Bear or Early Bull?	The secular bull trend since 2002 is still positive. The two year cyclical bear market since 2011 may be ready to reverse to the upside.

Investing is a process best described in probabilities, there is no certainty to the future. Over the years, we have managed portfolios through numerous both good and bad periods. There are times when we can feel pretty smart and other times where the market humbles us and we don't feel so smart. Nobody has a perfectly clear crystal ball into an always unknown future. Our job as conservative investment managers is to continually weigh the risks vs. reward for each asset class and proactively re-allocate portfolios. With decades of experience and a carefully thought out investment discipline Pring Turner has delivered consistent returns while taking much less risk than the market. ***We are confidently looking forward to seeing your portfolio at new recovery highs (adjusting for any deposits or withdrawals) as the market rebounds.***

Thank you for your confidence and placing with us the important responsibility of protecting and growing your wealth. Please let us know if your circumstances should change or if you should have any questions regarding your portfolio.

DISCLOSURES

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References herein to the "Strategy" generally refer to the Pring Turner Conservative Growth & Income Composite investment strategy employed by Advisor in its management of separately managed accounts

This document does not constitute an offer to sell or the solicitation of an offer to purchase interests in the Pring Turner Business Cycle ETF (DBIZ). Such an offer or solicitation can only be made pursuant to a current prospectus. For more information, including a prospectus with charges and expenses, visit the Fund's website at www.AdvisorShares.com or call 877.843.3831. Foreside Fund Services, LLC, distributor. Investors should read the prospectus carefully before investing.

Pring Turner Capital Group

CONSERVATIVE GROWTH & INCOME COMPOSITE

Year End	Total Assets (Millions)		Number of Accounts	Composite Performance Net	S&P 500 Total Return	Annualized 3-Year Standard Deviation		Internal Composite Dispersion
	Firm	Composite				Composite	S&P 500	
2012	144	99	189	6.31%	16.00%	9.3%	15.1%	1.9%
2011	129	93	190	(0.79%)	2.12%	11.9%	18.7%	3.7%
2010	126	90	172	15.31%	15.06%	13.1%	21.9%	3.5%
2009	104	74	156	16.80%	26.45%	11.9%	19.6%	4.3%
2008	77	58	143	(17.92%)	(37.00%)	8.9%	15.1%	5.8%
2007	93	69	141	7.41%	5.50%	4.0%	7.7%	3.0%
2006	76	54	133	14.87%	15.79%	4.2%	6.8%	4.2%
2005	67	49	132	4.76%	4.89%	5.4%	9.0%	3.5%
2004	59	43	116	12.03%	10.87%	7.8%	14.9%	3.8%
2003	52	37	109	16.63%	28.69%	8.4%	18.1%	5.7%
2002	44	31	99	(6.19%)	(22.11%)	8.2%	18.6%	4.8%
2001	19	14	27	1.26%	(11.88%)	--	--	3.3%
2000	17	12	24	15.79%	(9.09%)	--	--	3.6%

January 1, 2000- June 30, 2013	PTCG Conservative Growth & Income Composite Return	S&P 500 Total Return
**Average Annual Return	6.53%	3.87%
Average Annual Standard Deviation	8.71%	15.77%
Beta	0.48	1.0

** Average Annual Return is calculated by averaging all monthly returns and then annualizing that monthly average return figure.

Compliance Statement
Pring Turner Capital Group ("Pring Turner") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Pring Turner has not been independently verified.

Definition of Pring Turner
Pring Turner is registered with the U.S. Securities and Exchange Commission under the Investment Advisors Act of 1940. The firm offers investment management services to individuals, IRAs, family trusts, corporations, corporate retirement plans, foundations and, as sub-advisor, to other investment advisors.

List and Description of the Firm's Composite(s)
A complete list and description of all of the firm's composites is available upon request.

Formal Description of the Composite
The Composite was created on November 2011 and was previously referred to as the "Conservative Growth Composite" up and until October 2011. It is comprised of fee-paying; fully discretionary accounts managed by the firm without substantial liquidity or investment management constraints. The Composite includes portfolios following our conservative investment style that stresses preservation of capital, income, and growth to attain superior returns with low risk through both good and bad market cycles. The minimum account size for this Composite is $50,000.

Currency
Valuations are computed and performance is reported in United States dollars ($). Total firm assets represent the aggregate fair market value of all discretionary and non-discretionary assets managed by the firm and include all fee and non-fee paying assets. Individual portfolios are valued in a manner that is consistent with the definition of fair value and the GIPS valuation principles. We do not use subjective unobservable inputs to value portfolio investments.

Presence, Use and Extent of Leverage or Derivatives
The Conservative Growth & Income Composite does not employ leverage or derivatives.

Benchmark
The benchmark for the Conservative Growth & Income Composite is the Standard & Poor's 500 Total Return Index (i.e., including reinvestment of dividends). The S&P 500 Index is a market-capitalization weighted index containing the 500 most widely held companies chosen with respect to market size, liquidity and industry. The volatility of the S&P 500 Index may be materially different from the strategy depicted, and the holdings in the strategy may differ significantly from the securities that comprise the S&P 500 Index. The S&P 500 Index is calculated on a total return basis with dividends reinvested and is not assessed a management. "Standard & Poor's®" and "S&P 500®" are trademarks of The McGraw-Hill Companies, Inc.

3-yr. Standard Deviation
The 3-Year Standard Deviation represents the annualized standard deviation of actual composite and benchmark returns, using the rolling 36-months ended each year-end.

Measure of Internal Dispersion
The Composite's internal dispersion is measured using an asset-weighted standard deviation of returns in the composite.

Fee Schedule
The investment management fee schedule for the composite is 1.25% on the first $1 Million and 1.00% on amounts over $1 Million. Actual investment advisory fees incurred by clients may vary. Further information regarding Pring Turner's investment advisory fees is described in Part 2A of the firm's Form ADV.

Bundled Fee Portfolios/Other Fees
Clients employ fee-in-lieu-of-commission brokerage accounts or commission-based accounts. The fee paid to the broker-dealer covers the registered representatives' services, brokerage execution, and custody. Various other fees may also be charged by a broker-dealer and/or custodian (e.g., wire fees).

Net performance figures are presented (a) gross of withholding taxes and (b) net of all investment management fees, custodial fees, trading expenses, and other fees. Actual investment management fees paid to the firm are used to calculate investment performance. No account included in the composite has a performance based fee arrangement.

The performance figures include income, realized and unrealized gains and losses. Performance figures also include foreign withholding taxes on dividends, interest income, and capital gains.

Additional Information
Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.
Past Performance is not a guarantee of future results. The investment results shown are not necessarily representative of an individually managed account's rate-of-return.