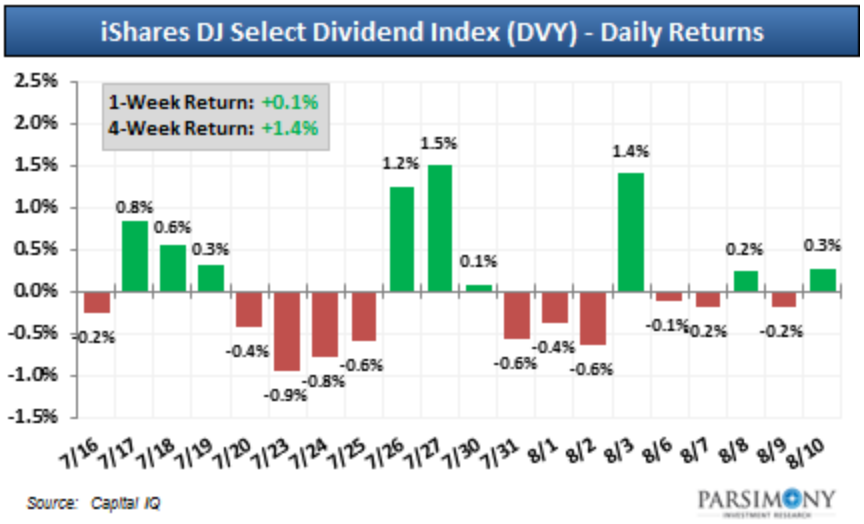
THE BUY ZONE

PLAN RESEARCH INVEST

www.parsimonyresearch.com | info@parsimonyresearch.com | 512.828.7525 August 13, 2012

MARKET UPDATE

Despite the 1.1% increase in S&P 500 for the week ended 8/10/12, the Dow Jones Select Dividend Index Fund was essentially unchanged for the week. Dividend stocks seemed to have cooled off a bit as 10-year Treasury rates have rallied.



As shown in the table below, stocks in defensive sectors like utilities, consumer staples, and healthcare fared the worst last week. **We believe that that these sectors have some of the best long-term dividend growth stocks and we recommend that DIY Dividend investors consider buying into any meaningful pullbacks.** That said, we are targeting several high-rated utility stocks this week that are either in or getting close to their respective "buy zones".

Sector Performance Analysis

Sector ETF	Ticker	YTD Return	Last Week
Energy Select Sector SPDR	XLE	5.6%	2.7%
Materials Select Sector SPDR	XLB	8.6%	2.7%
iShares DJ U.S. Telecommunications Sector	IYZ	17.0%	2.5%
Technology Select Sector SPDR	XLK	19.2%	2.0%
Industrial Select Sector SPDR	XLI	9.7%	1.4%
Financial Select Sector SPDR	XLF	15.8%	0.8%
Consumer Discretionary Select Sector SPDR	XLY	15.1%	0.7%
Health Care Select Sector SPDR	XLV	12.7%	0.5%
Consumer Staples Select Sector SPDR	XLP	11.0%	-0.3%
Utilities Select Sector SPDR	XLU	6.3%	-0.8%

Source: S&P Capital IQ PARSIMONY

INSIDE THIS REPORT

1 **Market Update**

2 **"Buy Zones" to Watch This Week**

- Cleco Corp. (CNL)
- Southern Company (SO)
- Wisconsin Energy Corp. (WEC)

Top Performing Stocks Last Week (1)

Company	Ticker	Return %
Homeowners Choice, Inc.	HCII	14.4%
Sturm, Ruger & Co. Inc.	RGR	4.3%
Hasbro Inc.	HAS	4.1%
CA Technologies	CA	3.1%
Kinder Morgan Energy Par	KMP	2.6%
CenturyLink, Inc.	CTL	2.5%
Chevron Corporation	CVX	2.2%
Raytheon Co.	RTN	1.6%
Watsco Inc.	WSO	1.5%
Magellan Midstream Part	MMP	1.4%

(1) Only includes stocks in the Parsimony 50. (Source: Capital IQ)

WHAT IS A "BUY ZONE"?

We scan the charts of our top-rated stocks daily looking for strong levels of support (both technical and fundamental). These levels of support form what we call our "Buy Zones", which are points at which long-term dividend investors should feel comfortable starting to build a position in the respective stocks. We focus on four key levels of support when determining a "Buy Zone":

- **Technical** – Support from short and long-term trend lines
- **Volatility** – Target correction levels based on historical volatility and draw down
- **Valuation** – Support level based on historical valuation multiples
- **Yield** – Support level based on forward dividend yield

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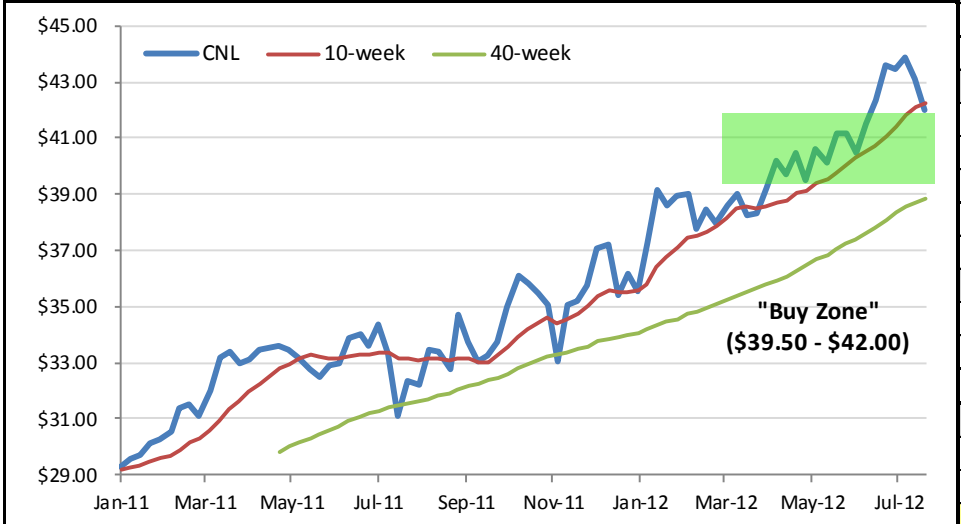
CLECO CORPORATION (NYSE:CNL) - UTILITIES (ELECTRIC UTILITIES)

Risk/Reward	88	Stability	72	Div. TR	90	Div. Sustain.	39	RS	90	Parsimony	97

DIVIDEND-ADJUSTED PRICE GRAPH (WEEKLY) — $42.03



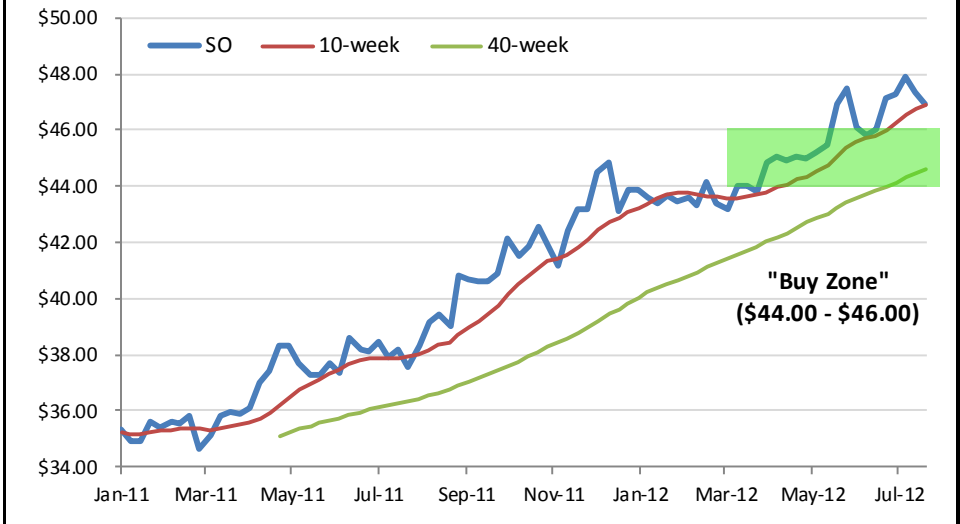
MARKET DATA (as of 8/10/12)	
52-Week High (8/1/12)	$45.30
52-Week Low (10/4/11)	$32.36
VALUATION DATA	
Trailing P/E (LTM)	14.69x
Forward P/E (FYE 12/31/12)	17.51x
3-Year Avg. P/E (Trailing)	11.81x
3-Year High P/E (Trailing)	18.40x
3-Year Low P/E (Trailing)	6.16x
VOLATILITY DATA	
Historical Volatility (1-year)	18.9%
Historical Volatility (5-year)	22.9%
Max. Drawdown (5-year)	29.7%
DIVIDEND DATA	
Last Ex-Dividend (8/3/12)	$0.34
Annual Dividend (Forward)	$1.35
Forward Dividend Yield (%)	3.21%

Support	Description	Low Zone	High Zone	Notes
Technical	Support from short & long term trend lines	$39.00	$42.25	10-week/40-week = ~$42.25/$39.00
Volatility	Target correction level based on historical volatility	$40.00	$41.75	Target correction = 8%-12% (from high)
Valuation	Valuation support level based on historical P/E	$40.00	$43.00	Est. P/E range: 14.0x-15.0x (trailing)
Yield	Support level based on forward dividend yield	$38.50	$41.50	Est. dividend yield range = 3.25%-3.50%

SOUTHERN COMPANY (NYSE:SO) - UTILITIES (ELECTRIC UTILITIES)

Risk/Reward	96	Stability	42	Div. TR	85	Div. Sustain.	40	RS	87	Parsimony	96

DIVIDEND-ADJUSTED PRICE GRAPH (WEEKLY) — $46.92



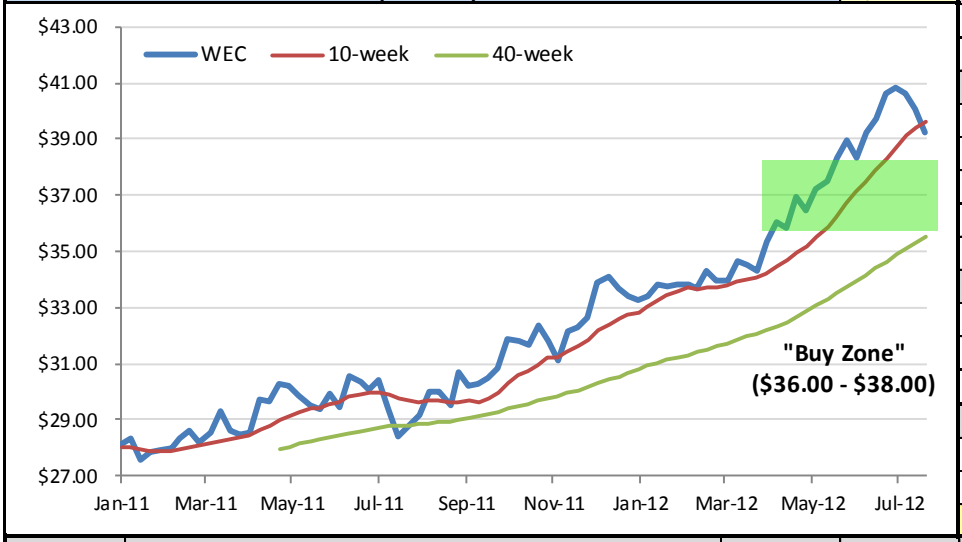
MARKET DATA (as of 8/10/12)	
52-Week High (7/27/12)	$48.59
52-Week Low (8/12/11)	$38.99
VALUATION DATA	
Trailing P/E (LTM)	18.94x
Forward P/E (FYE 12/31/12)	17.73x
3-Year Avg. P/E (Trailing)	16.50x
3-Year High P/E (Trailing)	19.51x
3-Year Low P/E (Trailing)	12.90x
VOLATILITY DATA	
Historical Volatility (1-year)	12.1%
Historical Volatility (5-year)	17.2%
Max. Drawdown (5-year)	30.4%
DIVIDEND DATA	
Last Ex-Dividend (8/2/12)	$0.49
Annual Dividend (Forward)	$1.96
Forward Dividend Yield (%)	4.18%

Support	Description	Low Zone	High Zone	Notes
Technical	Support from short & long term trend lines	$44.50	$47.00	10-week/40-week = ~$47.00/$44.50
Volatility	Target correction level based on historical volatility	$43.75	$45.75	Target correction = 6%-10% (from high)
Valuation	Valuation support level based on historical P/E	$42.25	$44.75	Est. P/E range: 17.0x-18.0x (trailing)
Yield	Support level based on forward dividend yield	$43.50	$46.00	Est. dividend yield range = 4.25%-4.50%

WISCONSIN ENERGY CORP. (NYSE:WEC) - UTILITIES (MULTI-UTILITIES)

Risk/Reward	93	Stability	42	Div. TR	78	Div. Sustain.	33	RS	96	Parsimony	93

DIVIDEND-ADJUSTED PRICE GRAPH (WEEKLY) — $39.26



MARKET DATA (as of 8/10/12)	
52-Week High (8/1/12)	*$41.48*
52-Week Low (8/12/11)	*$29.59*
VALUATION DATA	
Trailing P/E (LTM)	*17.15x*
Forward P/E (FYE 12/31/12)	*16.92x*
3-Year Avg. P/E (Trailing)	*15.71x*
3-Year High P/E (Trailing)	*18.79x*
3-Year Low P/E (Trailing)	*13.00x*
VOLATILITY DATA	
Historical Volatility (1-year)	*11.7%*
Historical Volatility (5-year)	*17.2%*
Max. Drawdown (5-year)	*24.3%*
DIVIDEND DATA	
Last Ex-Dividend (8/10/12)	*$0.30*
Annual Dividend (Forward)	*$1.20*
Forward Dividend Yield (%)	***3.06%***

Support	Description	Low Zone	High Zone	Notes
Technical	Support from short & long term trend lines	**$35.50**	**$39.50**	10-week/40-week = ~$39.50/$35.50
Volatility	Target correction level based on historical volatility	**$36.50**	**$38.25**	Target correction = 8%-12% (from high)
Valuation	Valuation support level based on historical P/E	**$34.50**	**$36.75**	Est. P/E range: 15.0x-16.0x (trailing)
Yield	Support level based on forward dividend yield	**$36.50**	**$37.50**	Est. dividend yield range = 3.20%-3.30%