Rethink Wealth™

Helping you grow wealth with a purpose....

January 2012
Volume 104 Issue #1

www.faithbasedinvestor.com

New Recommendations:

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Inside:

Got Questions?

Have subscription questions email info@jayperoni.com or Call 866-594-9919.

Welcome!

RethinkWealth VIP MEMBERSHIP

Happy New Year!

Another year has come and gone. Doesn't it seem like this was a LONG year? For most investors, 2011 was quite a challenging year. We were not immune from the wild up and down swings the market brought us. Some of our portfolios fared much better than others.

Now as we look forward to the 12 months ahead, we believe 2012 will bring us some additional trials and tribulations. Now more than ever you need a solid game plan! As we enter our 4th year of bringing you this monthly newsletter, I want you to know we remain committed to find morally and financially sound investment opportunities to help you survive whatever storm may be brewing! Let us know how we can help you.

Your Friend,

Jay Peroni

Jay Peroni, CFP®

Five Faith-Filled Portfolios Strategies

Dueling Duo Portfolio (DDP)

- Our two best ideas each month
- 20 stock portfolio based on our momentum ranking system,
- Growth oriented for investors with at least a 5-year time horizon.
- Higher volatility portfolio

All-Weather Portfolio (AWP)

- The portfolio designed for rain or shine (good or bad markets) over the next 5+ years.
- Lower volatility
- Focus on higher quality, dividend paying stocks
- Combines stocks, bonds, and alternative investments

Tomorrow's Treasures Portfolio (TTP)

- 20 Smaller, lesser known companies
- Focus on companies that may grow to be leaders within their industry some day
- Much higher volatility but more growth potential than other three portfolios
- Designed for those who have a 10 year plus time horizon.


Contrarian Strategies

Contrarian Strategies Portfolio (CSP)

- 20 companies "written off" by much of Wall Street with good rebound potential
- Designed as a "value play" for companies and sectors that have fallen out of favor
- 5-7 year time horizon
- May have slighter higher volatility due to the speculative nature of the portfolio


Global

Global Income Portfolio (GIP)

- 20 companies yielding 3% or higher
- Low beta stocks (low-risk profile)
- 5-7 year time horizon
- Diversified portfolio consisting of stable industries and companies who historically have raised dividends.
- Focus on generating portfolio income

A note from Jay…

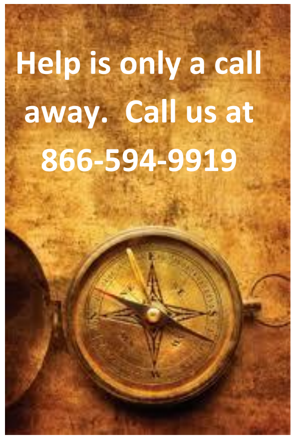
2011 was a tough year for many of our portfolios in the second half of the year. The volatility was fast and wild and it was difficult at best to gage how things would shake out. We were much more optimistic to start 2011 and things fared much worse than expected.

This year we are predicting that things will get really tough in the year ahead. We hope we are wrong, but we would rather be safe than sorry.

For 2012, we are recommending a solid mix of stocks, bonds, gold, and cash. If you don't own any physical gold, we recommend you start there.

Gold exchange traded funds (ETFs) are fine for trading, but nothing beats REAL gold. : We recommend you purchase gold ETFs AFTER purchasing physical gold. Our recommended precious metal dealer is Tom Cloud. Give him a call at 800-247-2812 or 912-638-3511. Ideally ALL gold would be held in the physical format, but we realize some investors do not have the ability or desire to do this. Though paper gold via ETFs is not a substitute for physical gold, it is better than not having any gold exposure at all. Our favorites remain IAU, GLD, and PHYS.

For all the volatility in 2011, we ended up essential where we started!



2011 had a definite downside. Statistically, 2011 may end up being characterized as the year stocks stood still: the S&P 500 lost .003%, its smallest year-over-year change of any kind since 1947. Yet it was hardly a placid year; every week seemed to feature big rallies and selloffs, and seemingly every time we checked in on a financial website or TV program, some new anxiety had emerged.

If it wasn't the debt crisis in the European Union, it was legislators on Capitol Hill. If it wasn't the housing market, it was the job market (and in truth, the two were inescapably linked). Investors were jittery, and as emotions affect stocks as much as earnings and fundamental indicators, the great broad index of the American stock market wound up generating a less than thrilling return.

However, there was also an upside. Is the glass half-empty or half-full at this point? That's a good question. Bulls were heartened by the way U.S. stocks held up in 2011. Comparatively speaking, the rest of the world may be marveling at how well we did:

- DJIA: +5.53%
- S&P 500: -0.003% (+2.11% with dividends)
- NASDAQ: -1.80%
- Russell 2000: -5.45%

> "The U.S. markets held up rather well in 2011 despite the U.S. credit downgrade, debt ceiling battles, and out of control deficits!" – Jay Peroni, CFP®

Now look at how these foreign indices fared in 2011, according to performance data from the Wall Street Journal's website:

- DAX (Germany): -14.7%
- CAC 40 (France): -17.0%
- Bovespa (Brazil): -18.1%
- All Ordinaries (Australia): -15.2%
- Shanghai Composite (China): -21.7%
- Hang Seng (Hong Kong): -20.0%
- Nikkei 225: -17.3%

The DJIA was a member of the "fortunate five," one of just five consequential benchmarks around the world that managed a 2011 advance. The others? Indonesia's Jakarta Composite (+3.2%), Malaysia's Kuala Lumpur Composite (+0.8%), the Manila Composite in the Philippines (+4.1%) and Venezuela's Caracas General (+79.1% in a nation where inflation is running at 26%).

So the evidence points to a degree of decoupling taking place last year. Stateside, investors may have been distracted and troubled by news about EU debt and a slowdown in manufacturing in the Asia-Pacific region, but there was still some residual confidence, which was bolstered in the fourth quarter by some positive news about consumer spending and retail sales, a declining jobless rate, a bit of life in what had seemed a moribund real estate market, and banks being more open to commercial loans.

Will our relative good fortune continue?

In 2012, will Wall Street pay more attention to domestic indicators and earnings than the headaches plaguing other economies?

2012: Doomsday? Or Booms-day?

Will the BULL or BEAR appear?

The world markets are all interconnected; The world is a relatively small place. It is very possible that the big market swings characteristic of 2011 will repeat in 2012; currently, few things move the market up or down like news from the EU. However, with many of the EU economies veering toward recession and emerging markets cooling down, a U.S. economy that might realize but a small percentage of growth may start to look very strong indeed to the rest of the world, and that offers hope that our financial markets may perform better next year than some analysts expect!

So what should you do?

We are taking a cautious approach for the first few months of the year. We would rather give up some upside potential to protect the downside risk. There are four assets we like right now:

1. **Dividend paying companies.** We like stocks paying dividends in excess of 3% right now. What is our best portfolio to do this? Check out our Global Income Portfolio.
2. **Precious metals.** We especially like gold and silver for 2012.
3. **Cash.** We believe in keeping a healthy amount of liquid money ready for opportunity.
4. **High quality, shorter-term bonds.** We would like to have some safety right now.

You may have a higher appetite for risk than we do and can certainly deviate from our conservative approach. However, we believe a balanced mix of these four asset classes will help you fend off potential storms in the year ahead. If our outlook changes and we believe it's time to be more aggressive, we'll let you know!

If you are looking for a portfolio that combines all 4 of these asset classes look at our All-Weather Strategy.

So the game plan for 2012 is to proceed with caution. We like defensive companies in strong industries. Our favorite plays continue to be consumer staples (food, toilet paper, household products), utilities (water, gas, electric), and health care (real estate, medicine, food and water safety, and medical equipment).

Here is our sector outlook for 2012:

Sector	S&P500	Faith-Based Investor
Basic Materials	3.8%	10% (+6.2% overweight)
Consumer Cyclical	10.2%	12% (+1.8 overweight)
Consumer Defensive	11.0%	14% (+3.0% overweight)
Energy	11.8%	12% (neutral)
Financial Services	14.6%	7% (-7.6% underweight)
Health Care	11.3%	14% (+2.7% overweight)
Industrials	12.2%	10% (-2.2% underweight)
Technology	17.2%	11% (-6.2% underweight)
Telecom	4.2%	3% (-1.2% underweight)
Utilities	3.7%	7% (+3.3% overweight)

Dueling Duos

These are our best two ideas each month. We try to help you separate the wheat from the chafe...

This portfolio currently allocates 100% to twenty stocks (split equally). The allocation is subject to change on a monthly basis.

Stocks 100%   (allocate 5% to each)

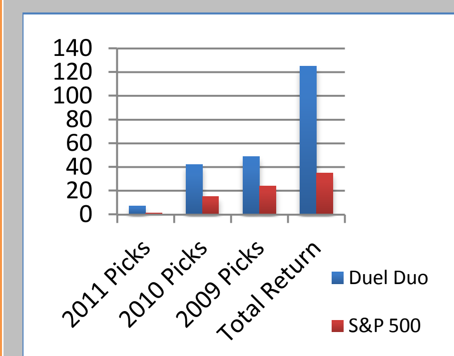
Company	Symbol	Date Added	Return*
Varian Medical	VAR	12/29/2011	1.85%
Intuitive Surgical	ISRG	12/29/2011	1.18%
Noble Energy	NBL	12/1/2011	-3.28%
Novo Nordisk	NVO	12/1/2011	3.93%
Parker Hannifin	PH	11/1/2011	-2.87%
Red Hat Inc.	RHT	10/3/2011	2.05%
IAMGold Corp.	IAG	9/1/2011	-23.32%
Biogen Idec Inc.	BIIB	7/1/2011	2.73%
Coach Inc.	COH	6/1/2011	-2.13%
W.W. Grainger	GWW	6/1/2011	29.27%
Open Text	OTEX	5/2/2011	-17.24%
Bed, Bath & Beyond	BBBY	5/2/2011	3.33%
Chile Chem & Mining	SQM	1/3/2011	-8.81%
Eldorado Gold	EGO	11/1/2010	-19.82%
Panera Bread Co.	PNRA	11/1/2010	58.04%
Fortinet	FTNT	10/1/2010	78.04%
Cognizant Tech.	CTSH	2/1/2010	46.93%
Deckers Outdoors	DECK	6/1/2009	289.79%
National Oilwell	NOV	3/2/2009	183.56%
Neogen	NEOG	3/2/2009	129.17%

Sell: 100% of KMT (Cutting loss)
100% of FDS (ranked a sell rating)

Buy: 5% of Varian Medical (VAR) - See page 10
5% of Intuitive Surgical (ISRG) - See page 11

Commentary: Dueling Duo had a rough December and subpar year. What worked the first half of the year fizzled out in the second part of the year. No need to fear, we see some good upside potential with this mix of companies.

DUELING DUOS Performance



	2011	2010	LIFE
DDP	0.63%	42.2%	112.8%
S&P500	-.003%	15.1%	35.0%
+ or - Index	+0.63%	+27.1%	+77.8%

Past performance is no guarantee of future results. Results are from 1-1-09 thru 12-31-11.

Strategy Focus: This portfolio is suitable for more cautious investors, those with time horizons of five to seven years, and those who are close to or in retirement. The goal is to protect against losses in a down market and take advantage of the markets when they rise. This portfolio typically outperforms in down and flat markets while it may underperform during fast-rising markets due to its more conservative approach (holding bonds).

This portfolio is designed to help you weather the storm

Performance

(1-1-09 to 12-31-11)

	2011	2010	LIFE*
AWP	1.8%	29.7%	98.0%
S&P500	-0.0%	15.1%	35.0%
+ or - Index	+1.8%	+14.6%	+63.0%

Current Allocation:

40% Stocks
28% Alternative Investments
20% Bonds
12% Cash

Sell:

100% Royal Gold (RGLD)
100% TC Pipelines (TCP)
100% Agriculture (DBA)
100% Ultra Short Financial (SKF)

Buy:

5% Ishares Gold (IAU)
5% Sprott Physical Gold (PHYS)
2% Costco Wholesale (COST)
2% Sherwin Williams (SHW)

Past performance is no guarantee for future results.

All-Weather Portfolio

Our focus in 2011 for this portfolio will be on high quality, dividend paying stocks and assets that will stand up through the tough times ahead…

Current Portfolio (Returns as of 12-31-2011)

Allocation	Company	Symbol	Date Added	Return
2%	Deere & Co.	DE	4/1/2010	30.81%
2%	Stryker Corp.	SYK	12/1/2010	-2.11%
2%	Hormel Foods	HRL	12/1/2010	18.46%
2%	J.M. Smucker	SJM	1/3/2011	19.23%
2%	Exxon Mobil	XOM	2/1/2011	4.45%
2%	VF Corporation	VFC	2/1/2011	52.80%
2%	Blackbaud Inc.	BLKB	4/1/2011	1.69%
2%	Colgate-Palmolive	CL	5/1/2011	9.45%
2%	Fastenal Co.	FAST	8/1/2011	33.16%
2%	Occidental Petroleum	OXY	8/15/2011	9.37%
2%	AutoZone	AZO	10/3/2011	4.20%
2%	American Water Works	AWK	10/3/2011	8.85%
2%	Ross Stores	ROST	10/3/2011	24.42%
2%	McCormick & Co.	MKC	12/1/2011	3.87%
2%	Johnson Controls	JCI	12/1/2011	0.51%
2%	Covidien	COV	12/1/2011	-0.79%
2%	Xilinx	XLNX	12/1/2011	-2.49%
2%	DTE Energy	DTE	12/1/2011	3.44%
2%	Costco Wholesale	COST	12/29/2011	-1.21%
2%	Sherwin Williams	SHW	12/29/2011	0.07%
4%	ETFS Physical Silver	SIVR	7/1/2011	-18.22%
5%	SPDR Gold Shares	GLD	7/1/2010	29.86%
5%	Proshare Short S&P500	SH	10/3/2011	-12.85%
5%	Ishares Gold	GLD	12/29/2011	1.87%
5%	Sprott Physical Gold	PHYS	12/29/2011	1.85%
4%	Powershares Dollar Bull	UUP	12/1/2011	2.04%
5%	Ishares Barclays TIPs	TIP	1/2/2009	19.83%
5%	Powershares Em. Mkt	PCY	7/1/2011	0.81%
5%	iShares Emrg Mkt Bnd	EMB	7/1/2011	1.00%
5%	SPDR DB Int Gov Infl	WIP	2/1/2010	2.68%
12%	Money Market	N/A	1/2/2009	N/A

Tomorrow's Treasures Portfolio

Tomorrow's Treasures

Current Portfolio (Returns as of 12-31-11)

Company	Symbol	Date Added	Return*
Cabela's	CAB	10/1/2009	97.05%
CVR Energy	CVI	4/1/2011	-19.65%
Tractor Supply Co.	TSCO	4/1/2011	16.86%
Hi-Tech Pharm.	HITK	9/1/2011	38.55%
Smithfield Foods	SFD	9/1/2011	12.46%
Akorn Inc.	AKRX	9/1/2011	38.14%
SodaStream Intl	SODA	10/3/2011	12.26%
American States Water	AWR	10/3/2011	7.58%
Herbalife Limited	HLF	10/3/2011	1.77%
Air Methods Corp.	AIRM	10/3/2011	35.12%
Sturm Ruger & Co	RGR	10/3/2011	35.85%
Dentsply Intl.	XRAY	10/3/2011	20.28%
Men's Warehouse	MW	11/1/2011	9.20%
National Instrument	NATI	11/1/2011	0.89%
Service Corp.	SCI	12/1/2011	4.51%
American Railcar	ARII	12/1/2011	2.75%
NetQin Mobile	NQ	12/1/2011	-12.02%
Ametek Inc.	AME	12/29/2011	0.77%
Bunge Ltd.	BG	12/29/2011	-0.05%
CF Industries	CF	12/29/2011	1.92%

Portfolio Philosophy

This portfolio seeks to find high-quality, undiscovered smaller companies that may one day grow into larger, more recognized and profitable companies. Please keep in mind; this portfolio is not for the faint of heart. This will consist of stocks handpicked to help you try to maximize your investment dollars without sacrificing your principles.

Time Horizon and Risk

This portfolio is higher risk because it invests in smaller, lesser-known companies. Investors who choose this portfolio should have at least a ten-year time horizon.

Due to its higher risk nature, this portfolio does carry a higher reward potential.

Past performance is no guarantee of future results.

Portfolio Changes

Sell:

Sell 100% of Gold Fields (GFI)
Sell 100% of Peet's Coffee (PEET)
Sell 100% Cardtronics (CATM)

Buy:

5% of Ametek (AME)
5% of Bunge Ltd. (BG)
5% of CF Industries (CF)

Performance (10-1-09 to 12-31-11)

	2011	2010	LIFE
TTP	-0.2%	32.4%	47.8%
R2000	-5.5%	27.8%	20.8%
+ or - Index	**+5.3%**	**+4.6%**	**+27.0%**

Commentary: We are shifting out of a few positions here as we come to the end of the year. We are locking in gains on PEET and CATM and reducing our exposure to mining (GFI).

To replace these three companies we are adding Ametek (AME), Bunge Ltd (BG) and CF Industries (CF). We like the prospects of these three companies in the coming year, as we believe times will remain tough in 2012. Our game plan is to look for areas that offer above average returns.

"We look to bring you the best of our ideas and strategies. We look to help your portfolio stand out in the crowd!"

Contrarian Strategies

Getting the most from our research and analysis in 2011 and beyond!

This month, we sold THOR, PAAS, ABX, CEO, and ARB). We bought:

1. **Aflac (NYSE: AFL)** sells health and life insurance in the U.S. and Japan
2. **Dr. Pepper Snapple (NYSE: DPS)** a partially vertically integrated brand owner, bottler, and distributor of nonalcoholic beverages in North America
3. **Cracker Barrel (NASDAQ: CBRL)**. engages in the development and operation of the Cracker Barrel Old Country Store restaurant and retail concept in the United States. Its restaurants provide breakfast, lunch, and dinner.
4. **Websense (NASDAQ: WBSN)** provides unified web security, email security, and data loss prevention solutions.
5. **AmerisourceBergen (NYSE: ABC)** is one of three national pharmaceutical distributors. The company's activities include procurement, packaging, inventory management, reimbursement consulting, physician education, and logistics services.

Contrarian Strategies

One man's trash is another man's treasure. This portfolio strategy looks at down and out companies and sectors that have a great chance for rebound.

Notes:

The Contrarian Strategies Portfolio (CSP) has had a tough 2011. Some of our "out of favor" picks have fallen even further out of favor. That can happen in volatile markets like we have seen. Though we have confidence in this strategy long-term, it has been tough buying unloved companies. We believe these companies will turn around.

Current Portfolio (Returns as of 12-31-11)

Company	Symbol	Date Added	Return
Pegasystems Inc.	PEGA	12/1/2010	-6.64%
Entergy Corp.	ETR	12/1/2010	1.50%
Seacor Holdings	CKH	3/1/2011	-5.37%
Brazil Foods	BRFS	6/1/2011	5.16%
Continental Resources	CLR	8/1/2011	-0.73%
Randgold Resources	GOLD	8/1/2011	14.01%
F5 Networks	FFIV	8/15/2011	26.51%
Precious Castparts Corp.	PCP	9/1/2011	0.57%
Titanium Metals	TIE	9/1/2011	-4.04%
NetApp Inc.	NTAP	10/3/2011	7.82%
Infosys Limited	INFY	10/3/2011	2.68%
Analog Devices	ADI	11/1/2011	0.99%
American Eagle	AEO	12/1/2011	9.92%
Rio Tinto	RIO	12/1/2011	-7.26%
JB Hunt Transportation	JBHT	12/1/2011	-0.86%
Websense	WBSN	12/29/2011	-1.00%
AmerisourceBergen	ABC	12/29/2011	0.87%
Aflac	AFL	12/29/2011	1.67%
Dr. Pepper Snapple	DPS	12/29/2011	-0.15%
Cracker Barrel	CBRL	12/29/2011	0.34%

Performance (12-1-10 to 12-31-11):

	2011	LIFE
CSP	-3.1%	4.9%
S&P500	-0.0%	4.4%
+ or - Index	-3.1%	+0.5%

This Month's Buys:

Buy 5% of WBSN, ABC, AFL, DPS, & CBRL

This Month's Sells:

Sell 100% of THOR, ABX, PAAS, CEO, & ARB

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Global Income Strategies

Helping you find more income in a low yield environment!

Portfolio as of 12-31-11:

Symbol	Company	Sector	Yield	Return
CEL	Cellcom Israel	Telecom	9.66%	0.72%
BCE	BCE Inc.	Telecom	4.83%	10.82%
TCP	TC Pipelines	Energy	6.49%	0.76%
NSH	NuStar Holdings	Energy	5.95%	3.10%
TRP	TransCanada Corp.	Energy	3.76%	-0.09%
NLY	Annaly Cap. Mgmt.	REIT	14.29%	-10.59%
HCN	Health Care REIT	REIT	5.24%	14.666%
WPC	WP Carey	REIT	5.50%	15.26%
NHI	National Health Investors	REIT	5.91%	-0.86%
AEC	Associated Estates	REIT	4.26%	0.31
VTR	Ventas Inc.	REIT	4.17%	0.29%
SYY	Sysco Corp.	Consumer	3.68%	0.20%
KMB	Kimberly Clark	Consumer	3.81%	11.02%
ABT	Abbott Laboratories	Healthcare	3.41%	6.92%
TNH	Terra Nitrogen Co.	Materials	9.43%	55.73%
CNP	Centerpoint Energy	Utilities	3.93%	-0.35%
DUK	Duke Energy	Utilities	4.55%	16.83%
D	Dominion Resources	Utilities	3.71%	10.31%
CPL	CPFL Energia	Utilities	5.84%	9.68%
WR	Westar Energy	Utilities	4.45%	0.00%

TOTAL PORTFOLIO YIELD (as of 12-31-11): 5.6%

(Source Morningstar®)

Profile:

This is a portfolio with both foreign and U.S. investment opportunities. In order to find high quality investments that meet our faith and values, we use the following criteria:

- 20 companies yielding 3% or higher
- Low beta stocks (low-risk profile)
- 5-7 year time horizon
- Focus on generating portfolio income

Performance (5-1-11 to 12-31-11):

	2011	LIFE
GIP	10.7%	10.7%
S&P500	-8.4%	-8.4%
+ or - Index	+19.1%	+19.1%

Sells:

Sell 100% of TU, BPT, RDS-A, BMY, SO, O and LNT

Buys:

We are allocating 5% each to: CNP, TCP, NSH, CEL, HCI, VTR, and WR

Comments:

This was by far our best performing strategy this year and we believe it will continue to shine in 2012. Our active approach to income investing is working well in a tough market.

Varian Medical Systems (NYSE: VAR) Price as of 12-30-11: $67.39

Varian Medical Systems (NYSE: VAR)

Varian Medical Systems manufactures and sells technology systems for treating cancer through radiation therapy. The company also designs and sells equipment for X-ray imaging. The firm offers its oncology systems primarily to hospitals and cancer clinics that treat patients through intensity-modulated radiation therapy and image-guided radiation therapy. The company's X-ray products are used in a number of applications, including computed tomography scanning and mammography.

Now the main reason this company is one you can be "proud to own" is the fact that Varian focuses their energy on saving lives. By partnering with customers and others, the people of Varian develop leading solutions for advancing cancer treatment, radiosurgery, X-ray imaging, and security.

More than 6,000 of Varian's medical linear accelerators for cancer radiotherapy and radiosurgery are in service around the world, treating tens of thousands of patients per day. The company also produces advanced brachytherapy systems for treating cancer.

Varian X-ray tubes are sold to most major diagnostic equipment manufacturers and cover a range of applications including advanced mammography and CT scanning. The company also produces the PaxScan line of real-time, digital X-ray image detectors, which are incorporated in many types of diagnostic imaging systems. The company's Security and Inspection group is the market leader in high-energy X-ray devices for non-destructive testing and cargo screening.

They have strong reach as well. They are based in Palo Alto, California, but have worldwide sites in North America, Europe, and China as well as approximately 70 sales and support offices around the world. They have over 5,500 employees who work at manufacturing sites in North America, Europe, and China and sales and support offices around the world.

Varian's financial health and financial flexibility are quite strong. Varian Medical has historically achieved stable cash flow and minimal leverage. They had $584 million in cash on its balance sheet against debt of roughly $198 million as of September 2011. Based on a healthy balance sheet, strong sales pipeline, and needed products, Varian should be a winner in 2012.

This is an attractive buy under $75/ share.

Four Reasons I like Varian:

1. Varian Medical is the market leader in radiation technology globally, with almost 70% share in the U.S. and 50% internationally.
2. Demographic trends, including the aging of the population, should support continued demand for the company's technology, as people older than 55 make up more than 75% of all cancer cases.
3. Varian Medical has substantial growth potential overseas because these markets are currently underserved by radiation technology.
4. Demand for the company's products remains strong; Varian Medical had a healthy sales backlog of $2.5 billion as of September 2011.

Intuitive Surgical (NASDAQ: ISRG) Price as of 12-30-2011: $464.39

Intuitive Surgical (NASDAQ: ISRG)

Intuitive Surgical develops, produces, and markets a robotic system for assisting minimally invasive surgery. The da Vinci system allows a surgeon to control up to three endoscopic instruments from a remote console while a dual camera provides a 3-D view of the operation. Intuitive Surgical also provides the instrumentation, disposable accessories, and warranty services for the system. The firm has placed more than 2,000 da Vinci systems in hospitals worldwide.

Surgical robotics were little more than a medical curiosity until 1999, the year Intuitive Surgical introduced the da Vinci® Surgical System. Today, Intuitive Surgical is the global leader in the rapidly emerging field of robotic-assisted minimally invasive surgery. Since its inception, the company has consistently provided surgeons and hospitals with the tools needed to improve clinical outcomes and to help patients return to active and productive lives.

With its corporate headquarters located in Sunnyvale, California, Intuitive Surgical serves customers throughout the United States and internationally, providing technology and procedural innovation across cardiac, thoracic, urology, gynecologic, colorectal, pediatric and general surgical disciplines.

Since its first da Vinci System shipment, Intuitive Surgical has expanded its installed base to more than 1,450 academic and community hospital sites, while sustaining growth in excess of 25% annually. Not only that, but Intuitive Surgical carries no debt and held $1.9 billion in cash and investments at the end of September 2011. The firm can easily fund future expansion from its large cash flows, so we'd expect this cushion to grow in future years unless it returns excess cash flows to shareholders or makes an acquisition. Earnings have been growing strong, cash flow has looked great, and there are abundant opportunities with their equipment.

So it’s a company that is saving and enhancing lives and has a great upside potential. This one is a match made in Heaven!

Intuitive Surgical is a great buy under $500!

THREE reasons I like

Intuitive Surgical:

1. The da Vinci system can assist multiple types of surgeries, allowing hospitals to quickly utilize a new machine. This diverse usage base also insulates Intuitive Surgical from potential specialized rival devices.
2. Intuitive Surgical's large installed base generates ongoing instrument sales and service revenue while providing the clinical case history sought by surgeons and hospital administrators.
3. Intuitive Surgical has no significant rivals, a strong set of patents, and, perhaps most importantly, a growing base of users who are building their careers on proficiency with da Vinci. Those factors keep Intuitive Surgical's future bright.

These are the top 100 stocks that we currently follow as of 12-31-11:

Software Companies 9%
Blackbaud (BLKB) – WEATHER
Cognizant Technologies (CTSH) -DUO
Infosys Ltd (INFY) -CONTRARIAN
National Instr. (NATI) -TREASURE
NetApp Inc. (NTAP) -CONTRARIAN
NetQin Mobile (NQ) - TREASURE
Open Text (OTEX) –DUO
Pegasystems (PEGA) –CONTRARIAN
Red Hat Inc. (RHT) -DUO

Hardware Companies 4%
Analog Devices (ADI) - CONTRARIAN
F5 Networks (FFIV) - CONTRARIAN
Fortinet Inc. (FTNT) -DUO
Xilinx Inc. (XLNX) - WEATHER

Telecommunications Companies 2%
BCE Inc. (BCE) -GLOBAL
Cellcom Israel. (CEL) –GLOBAL

Business Services – 1%
Websense (WBSN) -CONTRARIAN

Financial Services Companies – 7%
Aflac (AFL) –CONTRARIAN
Annaly Capital Mgmt. (NLY) -GLOBAL
Associated Estates -GLOBAL
Health Care REIT (HCN) -GLOBAL
National Health Inv (NHI) –GLOBAL
Ventas Inc. (VTR) -GLOBAL
WP Carey (WPC) -GLOBAL

Utilities Companies – 9%
American Water (AWK) -WEATHER
Am. States Water (AWR) -TREASURE
Centerpoint Energy (CNP) -GLOBAL
CPFL Energia (CPL) - GLOBAL
Dominion Resources (D) - GLOBAL
DTE Energy (DTE) _WEATHER
Duke Energy (DUK) -GLOBAL
Entergy Corp. (ETR) –CONTRARIAN
Westar Energy (WR) -GLOBAL

WEATHER = In All-Weather Portfolio
DUO = In Dueling Duo Portfolio
TREASURE = In Tomorrow's Treasures
CONTRARIAN = In Contrarian Portfolio
GLOBAL = In Global Income Portfolio

Consumer Defensive – 12%
Bunge Ltd (BG) -TREASURE
Brazil Foods (BRFS) - CONTRARIAN
Colgate-Palmolive (CL) –WEATHER
Costco Wholesale (COST) -WEATHER
Dr Pepper Snapple (DPS) CONTRARIAN
Herbalife Ltd. (HLF) -TREASURE
Hormel Foods (HRL) -WEATHER
J.M. Smucker (SJM) -WEATHER
Kimberly Clark (KMB) -GLOBAL
McCormick & Co. (MKC) –WEATHER
Smithfield Foods (SFD) - TREASURE
Sysco Corp (SYY) -GLOBAL

Consumer Cyclical – 16%
American Eagle (AEO) -CONTRARIAN
AutoZone Inc. (AZO) – WEATHER
Bed, Bath, & Beyond (BBBY) - DUO
Cabela's (CAB) -TREASURE
Coach Inc. (COH) -DUO
Cracker Barrel (CBRL) –CONTRARIAN
Deckers (DECK) –DUO
Johnson Controls (JCI) - WEATHER
Men's Warehouse (MW) – TREASURE
Panera Bread (PNRA) –DUO
Ross Stores (ROST) -WEATHER
Service Corp (SCI) –TREASURE
SodaStream Intl (SODA) - TREASURE
Sturm Ruger (RGR) -TREASURE
Tractor Supply (TSCO) –TREASURE
VF Corporation (VFC) –WEATHER

Health Care Services – 12%
AmerisourceBerg (ABC) – CONTRARIAN
Akorn Inc. (AKRX) - TREASURE
Abbott Labs. (ABT) - GLOBAL
Biogen Idec (BIIB) -DUO
Covidien Ltd (COV) – WEATHER
DENTSPLY Intl (XRAY) -TREASURE
Hi-Tech Pharm. (HITK) - TREASURE
Intuitive Surgical (ISRG) -DUO
Neogen (NEOG) – DUO
Novo Nordisk (NVO) - DUO
Stryker Corp (SYK) –WEATHER
Varian Medical (VAR) - DUO

Energy Companies – 10%
Continental Res. (CLR) - CONTRARIAN
CVR Energy (CVI) –TREASURE
ExxonMobil (XOM) -WEATHER
National Oilwell Varco (NOV) –DUO
Noble Energy (NBL) -DUO
NuStar Holdings (NSH) –GLOBAL
Occidental Petroleum (OXY) -WEATHER
Seacor Holdings (CKH) – CONTRARIAN
TC Pipelines (TCLP) - GLOBAL
TransCanada Corp. (TRP) -GLOBAL

Basic Materials - 9%
CF Industries (CF) – TREASURE)
Eldorado Gold (EGO) -DUO
IAMGold Inc. (IAG) - DUO
Randgold Res. (GOLD) -CONTRARIAN
Rio Tinto (RIO) – CONTRARIAN
Sherwin-Williams (SHW) -WEATHER
SQM Chile Chemical (SQM) -DUO
Titanium Metals (TIE) -CONTRARIAN
Terra Nitrogen (TNH) - GLOBAL

Industrial Companies – 9%
Air Methods (AIRM) -TREASURE
American Railcar (ARII) -TREASURE
Ametek Inc. (AME) -TREASURE
Deere & Co. (DE) –WEATHER
Fastenal Co. (FAST) -WEATHER
JB Hunt Trans. (JBHT) – CONTRARIAN
Kennametal (KMT) - DUO
Parker Hannifin (PH) – DUO
Precision Castpart (PCP) -CONTRARIAN
W.W. Grainger (GWW) -DUO

Faith-Based 100 Index

- Must operate in a moral and ethical fashion.
- Must provide value to society.
- Must have good financial upside potential or provide attractive cash flow.

Top 20 Picks

We wanted to provide you a list of our top 20 picks that are in our buying range as of 12-31-11:

Company	Ticker	Optimal Buy Price	Current Price	Target Sell Price	Portfolio	Notes
Occidental Petroleum	OXY	$90-$100	$93.72	$160-$180	AWP	BUY
VF Corporation	VFC	$100-$150	$128.67	$200-$210	AWP	BUY
Hormel Foods	HRL	$25-$35	$29.43	$60-$70	AWP	BUY
Fastenal	FAST	$30-$50	$44.32	$60-$70	AWP	BUY
JB Hunt Transportation	JBHT	$40-$50	$45.53	$60-$70	CSP	BUY
American Eagle	AEO	$12-$20	$15.31	$30-$40	CSP	BUY
Rio Tinto	RIO	$45-$60	$48.21	$80-$85	CSP	BUY
Pegasystems	PEGA	$20-$35	$29.41	$60-$70	CSP	BUY
Panera Bread	PNRA	$120-$150	$141.62	$200-$225	DUO	BUY
Biogen IDEC	BIIB	$90-$120	$110.64	$150-$160	DUO	BUY
Noble Energy	NBL	$85-$105	$96.03	$150-$160	DUO	BUY
Fortinet Inc.	FTNT	$18-$25	$21.66	$50-$60	DUO	BUY
Service Corp.	SCI	$8-$12	$10.65	$20-30	TTP	BUY
American Railcar	ARII	$20-$30	$23.93	$50-$60	TTP	BUY
Men's Warehouse	MW	$28-$40	$32.98	$60-$70	TTP	BUY
National Instruments	NATI	$20-$30	$26.15	$50-$60	TTP	BUY
NuStar Holdings	NSH	$25-$35	$33.25	$50-$60	GIP	BUY
Cellcom Israel	CEL	$15-$22	$16.90	$30-$40	GIP	BUY
TC Pipelines	TCP	$40-$50	$47.43	$80-$90	GIP	BUY
Centerpoint Energy	CNP	$15-$22	$20.09	$30-35	GIP	BUY

AWP = All-Weather **DDP** = Dueling Duo **TTP** = Tomorrow's Treasures
CSP = Contrarian **GIP** = Global Income

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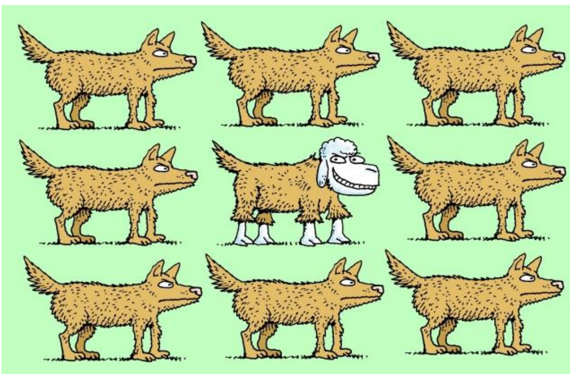
12 Companies We Seek to AVOID at Faith-Based Investor

"I am sending you out like sheep among wolves. Therefore be as shrewd as snakes and as innocent as doves."
- Matthew 10:16 NIV



Once a year, we like to check in and help our investors take a look at some of the companies that do not make the moral cut when we go through our screening process. Though we know that no company or person is perfect (this side of heaven), there are clearly companies that oppose biblical values. We wanted to highlight twelve of these companies that may be a part of your investment portfolio or you may be buying their products and services and are unaware of what values they support.

ABORTION:

1. Teva Pharmaceuticals (NASDAQ: TEVA) is one company we wish to avoid, as they are the manufacturer of the Plan B morning-after pill. We at Faith-Based Investor screen for those producing abortion related drugs. Many mutual funds own TEVA in their portfolios. According to Morningstar®, as of Dec 31, 2011, some of TEVA's largest fund holders included the American Funds Europacific, Hartford Capital Appreciation, Powershares QQQ, Vanguard Wellington, and the CREF Stock fund.

2. AstraZeneca PLC (NYSE:AZN): AZN is involved in fetal tissue research. We at Faith-Based Investor believe "that human life warrants protection from the time of fertilization because it bears the image of God. Medical interventions that involve the unborn child should be permitted only with the intent of providing diagnostic information or fetal therapy, and only when the potential benefits clearly outweigh the potential risks to both child and mother." The use of fetal tissue for experimentation and transplantation introduces the opportunity for the gross abuse of human life, such as conception and abortion for the sole purpose of obtaining fetal tissue.

AstraZeneca's research does not meet our requirements. According to Morningstar®, as of Dec 31, 2011, some of AZN's largest fund holders included the Vanguard Wellington, Hartford Dividend and Income, CREF Stock fund, Allianz NFJ International, and Vanguard Windsor Funds.

3. Aetna Inc. (NYSE: AET) is one of the country's leading health benefits companies. They provide benefits such as medical, dental, pharmacy, behavioral health, group life and disability plans to their employees. Aetna offers coverage for abortions in its health insurance plans. Aetna will reimburse the costs of any abortion at any point during the pregnancy. There is no requirement that the abortion be necessary to save the life of the mother. Indeed, any reason for the abortion is sufficient to earn a payment for the procedure from Aetna. AET as of 12-31-11 was found in the American Funds Growth, Vanguard 500, and the Oppenheimer Global Fund.

These are just three examples of the types of companies we avoid as we seek to find companies promoting the sanctity of human life. We want companies saving not ending lives.

DISTRIBUTION AND PRODUCTION OF IMMORAL ENTERTAINMENT:

4. Marriot International (NYSE: MAR) remains one of the largest distributors in the world of pornographic, sexually explicit materials. As a sizable portion of their revenue comes from these adult services, this is not the type of company we want to invest in. As of 12-31-11, some of the largest fund holders included T Rowe Price Growth, Janus Twenty, American Funds Fundamental Investors, and JPMorgan Mid Cap Value.

5. Viacom (NYSE: VIA) is the owner of MTV and VH1 music channels, which produce a wide variety of morally questionable content. Some of the topics they promote include homosexuality, promiscuity, foul language, graphic sexuality, and foul language. As one of the largest entertainment companies in the world, they also own Paramount and MTV Films and produce media that does not line up with biblical values. In addition to their immoral content VIA also chooses to advertise on pornographic channels and in porn magazines. VIA as of 12-31-11 was owned by the Permanent Portfolio, Gabelli Value, and James Balanced Funds to name a few.

6. Verizon (NYSE: VZ) is a company we seek to avoid, as they are a large distributor of pornography through their Fios TV network. They have an assortment of regular channels dedicated to pornography. This is clearly not a company we could be "proud to own". Verizon is a major holding for mutual funds such as the American Funds Washington Mutual, Vanguard Total Market Index, SPDR S&P500, Franklin Income, and Blackrock Equity Dividend Investor funds as of December 31st, 2011.

These are three of the many types of companies we seek to avoid that offer immoral entertainment. We look at TV, magazine, movie, gaming, and live entertainment companies to make sure they line up with our biblical values and beliefs. We also examine a company's advertising and online presence: do they promote positive family values and support programming that is wholesome in nature. We seek out those companies promoting sound moral entertainment and seek to avoid those producing morally corrupt materials!

Proud to Own Companies™

1. Avoid companies that violate your faith and values. Some of the types of companies we can avoid include those involved in: The abortion industry; Producing explicit entertainment and pornography; Embryonic stem cell and fetal tissue research; Homosexual activism; Producing alcohol and tobacco; The gambling industry; Environmental abuse

2. Seek out those companies that complement your faith and values. This involves finding companies: Helping the poor and defenseless; Protecting the sanctity of human life; Producing morally sound entertainment; Finding cures for life threatening diseases; and Improving the society we live in…

PROMOTING HOMOSEXUAL LIFESTYLES

7. Home Depot (NYSE: HD) has been a major boycott target of American Family Association (AFA) for the past year or so because of Home Depot's heavy stance on the promotion of homosexuality. According to AFA, "For several years, The Home Depot has given its financial and corporate support to open displays of homosexual activism on main streets in America's towns.

Rather than remain neutral in the culture war, The Home Depot has chosen to sponsor and participate in numerous gay pride parades and festivals. Most grievous is The Home Depot's deliberately exposing small children to lascivious displays of sexual conduct by homosexuals and cross-dressers, which are a common occurrence at these events." Because of these many other violations, Home Depot is not the type of company we would encourage our investors to shop at or own their stock.

Home Depot was owned by American Funds Growth Fund, American Washington Mutual, American Income Fund of America, Vanguard 500 Index, and Dodge & Cox stock Fund as of Dec 31, 2011 according to Morningstar®.

8. JPMorgan Chase (NYSE: JPM) has been one of the largest and most powerful financial companies in the world. Instead of using its influence to improve the world around us, JPM has been one of the most active promoters of homosexuality.

According to OpenSecrets.org, "New York-based JP Morgan Chase earned a 100 percent rating from Human Rights Campaign in the group's annual "corporate equality index," which assess corporate policies on things such as offering benefits to same-sex partners of employees and prohibiting discrimination in the workplace based on sexual orientation and gender identity."

The firm has embraced the rating: "JP Morgan Chase has been proud to take its place among those companies who provide fair and equal treatment to LGBT [lesbian, gay, bisexual and transgender] employees, consumers and investors," a company official told Human Rights Campaign. Major JPM shareholders include Vanguard Total Stock Market Index, Vanguard 500 Index, MFS Value, Fidelity Disciplined Equity, and T Rowe Price Equity Income.

9. The Gap Inc. (NYSE: GPS), which owns The Gap, Banana Republic, and Old Navy. Last year Old Navy was seen celebrating gay pride by printing gay pride shirts and a line of pro-homo sexual clothing and donations were given to pro-homosexual organizations. GPS has consistently been given the top rank by HRC for GLBT equality and best places to work. This is not a company that we at Faith-Based Investor want to own. T Rowe Price Mid-Cap Value, Thornburg Value, American Beacon Large Cap Value, Vanguard 500, and Hotchkiss & Wiley Mid Cap Value owned GPS as of 12-31-11.

These are just three of the many companies we weed out of our investment pool because they do not meet our moral criteria. Though we believe in respecting, helping, and loving those in the homosexual lifestyle, we seek to avoid companies encouraging, promoting, and lobbying for homosexuality. We look at corporate sponsorship, advertising, same-sex benefits, lobbying for issues like same-sex marriage, and corporate donations to see if a company is one we can be "proud to own".

"We want to seek out companies that stand for biblical values!" – Jay Peroni

TRAPPING MAN IN ADDICTIVE LIFESTYLES (VICES)

ALCOHOL:

10. Anheuser-Busch Inbev (NYSE: BUD) with top brands such as Budweiser, the Busch and Michelob is one of the largest alcohol producers in the world. It is estimated that over 50% of alcohol sales are to alcoholics and underage drinkers. With a product that lends itself to addiction, violence, drunk driving, and other negative impacts on society, we at Faith-Based Investor choose to avoid investing in this industry.

BUD is a top holding for the following funds as of 12-31-11: Fidelity Contrafund, Waddell & Reed Core Investment, and Victory Diversified Stock.

TOBACCO:

11. Phillip Morris (NYSE: PM) is one of the largest tobacco producers in the world. As tobacco consumption and second hand smoke exposure are considered major contributors to diseases such as cancer, we do not wish to invest in tobacco companies. American Funds Capital Income, Vanguard Total Stock Index, and American Funds Balanced to name a few currently own PM.

GAMBLING:

12. Bally Technologies, Inc. (NYSE: BYI) operates as a diversified gaming company. The company designs, manufactures, operates, and distributes technology-based gaming devices, systems, and server-based solutions worldwide. Gambling addiction can often lead to suicide, crime, massive debts, marital problems, financial ruin, and health issues brought on by stress. Because of these results, gaming companies are not high on our list of desirable investment opportunities.

BYI was owned by Columbia Acorn, Vanguard Explorer, Vanguard Small Cap, and FBR Focus Investor as of December 31, 2011 according to Morningstar®.

These three companies are just a few examples of the many companies we screen out of our portfolios because they trap man in addictive lifestyles. Though the acts of consuming or partaking in alcohol, tobacco, and gambling may or may not be acceptable to you as a Christian, our investors have clearly indicated to us that they want no part in these three industries because of the impact they have on our society.

As you can see, we remain committed to finding companies that meet both our moral and financial criteria. In addition, to these screens we have over one dozen elements we look at BEFORE we ever make a recommendation.

Though our process may not be perfect and we get it wrong from time to time, we are confident that we can help you grow your investments in a way that is pleasing to the Lord. Just as it says in Luke 16:10, we seek to help you "be faithful in little things" so He may put you in charge of "larger ones". (NLT)

Dear Jay

Send your questions to info@jayperoni.com

Will does 2012 have in store for us?

DEAR JAY: *"Jay, as you look to 2012, what are your major concerns?*
- Linda H., Paid up subscriber, Massachusetts
-

JAY: For 2012, we will see some major shifts in the markets, in my opinion. I have been strategizing for some of the major trends I see developing. Of the many, many concerns here are my top seven questions/concerns along with my predictions:

1. **Will the U.S. dollar rally continue?** This is something we have been planning for. With the Euro in crisis, the dollar is back in style and until Europeans figure a way out of their crisis, I think the greenback has more room to go up. That is why we own UUP in the All-Weather portfolio. A stronger dollar hurts U.S. exports and commodities (precious metals, agriculture, oil, etc.).
2. **Will Greece and Portugal abandon the European Union?** I believe we could see this in 2012 and it could collapse the Euro.
3. **Will China slow down?** The signs have been there. You can't keep growing THAT fast for TOO long. China will see major growth, but I believe we have reached the peak (for now). The slowdown will have a ripple effect on natural resource rich economies like Canada, Brazil, and Australia.

4. Will the U.S. continue to be a leading market in 2012? I would say YES! There are few developed or emerging markets I would have money in right now. If you are going to invest internationally – choose the strongest companies with good dividends. Be selective!

5. How will commodities hold up in 2012? Of the major commodities, I see gold and silver going higher in 2012 as the Euro crisis continues unfolding. My top concern is a strong dollar. If the dollar remains strong throughout 2012, all commodities could get hit hard and see a potential 20-30% correction.

6. Will the U.S. Treasury bond bubble pop? I don't think so! There really are three favorable trends stopping U.S. bonds from collapsing: a) they are still considered a safe haven b) I believe we see mild deflation in 2012 as debt liquidation intensifies around the globe c) baby boomers continue to retire and shift from risky asset classes like stocks into less risky assets like bonds.

7. Will the emerging markets recover in 2012? I believe the emerging markets will continue to get hit very hard as China slows down AND credit tightens. Because Europe heavily finances many of the emerging market countries and with a continued flight to safety, I see more tough times ahead for those in emerging markets.

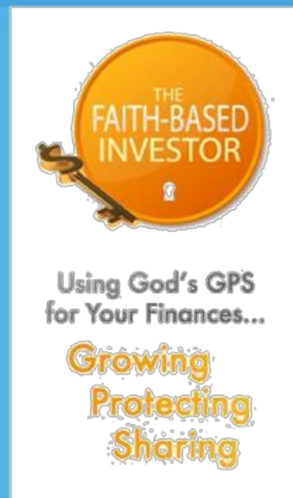
So there are my top concerns and questions, I say remain defensive and be very cautious in the days ahead. Having a balanced approach of stocks, bonds, cash, and gold is how we are approaching 2012. Please let us know how we can help!

Mission Statement

Faith-Based Investor exists to help individuals understand and apply biblically based principles of earning, giving, spending, and investing for the purposes of

1. Strengthening their future financial security, and

2. Multiplying their giving to worldwide missionary efforts for the cause of Christ.



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Helping you grow wealth with a

Purpose

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