Foresight
Capital Management Advisors, Inc.

Newsletter 3Q 2014 and Market Summary

FCMA's Model Portfolios have YTD positive earnings outpacing two of the major indices we compare to as of September 30, 2014! The FCMA average results for our mutual fund portfolios were:
Conservative Model +4.02%, Moderate Model +3.63%, and Aggressive Model +3.78%

IRS Contribution Limits rise for 2015! $18,000 deferral max and for 50+ $24,000 deferral.

Foresight Upcoming Events!
Beginning in February and March 2015 Foresight will be hosting 2 educational events through the Saline Community Education. The topics of the courses will be "Utilizing Options to Enhance Return and Reduce Risk in a Portfolio" and "How to Prepare Your Portfolios for Retirement and Transition them from Accumulation to Distribution". If interested please contact Saline Community Education to sign up for these training courses at salineonline.org or call 734-429-8020.

Meet Foresight's Newest Intern! Chelsea Morneau from EMU.

Mark Forgiel Foresight's Newest Employee from U of M.

Kyle is currently a Level II CFA candidate. See our website for Kyle's Bio.

Thank you to all who attended our Open House. We had a full house and shared many thoughts on the economy and new portfolio strategies and education we will be offering soon. Please contact us if you would like the handouts.

Foresight will be rolling out a new upgraded website! It will have many enhanced financial calculators, real time stock quotes, and a library of great articles on many financial topics. Please check out www.fcmadvisors.net

FCMA Model Returns
Sept 30, 2014 YTD

Conservative Model	+ 4.02%
Moderate Model	+ 3.63%
Aggressive Model	+ 3.78%
Indexes:	
S&P 500 Index	+ 6.70%
MSCI EAFE Foreign	- 3.63%
10Yr T-Bond Index	- 0.52%

Future performance is not guaranteed; above returns are 2pt actual averages

Foresight's Portfolio Strategies

Recently the pullback of the market came as a surprise to most, wiping out most of the stock earnings for 2014, but is rebounding by bouncing back as quick as it came. The market never ceases to amaze! Corporate earnings remain strong for 3Q 2014, with the real strength in the balance sheets of most US companies. The US companies have deleveraged and are setting on huge amounts of cash in the banks. Recently I attended the FPA State Conference and heard 3 national economists[1] address our group with similar assessments of the world and strength of the US economy. The Federal Reserve publicly releases information through "Forward Guidance" communication so the market will build in the reaction before the Fed actually implements the move to the financial market. The consensus from these economists was the US pullback in the market was recently caused from anticipation of the Feds ending quantitative easing and eventually raising interest rates. They also believed there is still value left in the equity market and the likelihood of a recession is up to a few years off. Fundamentals show unemployment has lowered to 5.9%, 3Q earnings show 76% of US public companies have beat or met their earnings estimates, GDP is expected to hit 3%+ in 2014, inflation is at bay, and China is recovering. Some negatives are emerging markets have had a slow year and negative earnings, Europe and Japan recently announced they are in need of further quantitative easing, but overall global growth should prosper in 2014 since the US represents 75% of the world's growth! We remain cautiously optimistic and believe this is a bump to ride through.

Foresight remains globally invested and we are happy to have outpaced two benchmark indexes through 3Q 2014. Our balanced approach has positioned our investment portfolios for diverse investment across the world. Some of the stop-losses we placed on stock holdings did their job and sold capturing decent gains when the market turned negative. Stocks that have risen above their targets, we have harvested gains and repositioned in stocks with growth and value. For 4Q 2014, we increased our holdings in technology and utilities. Foresight has reduced allocations in small and mid-caps, market neutral, and commodities. We are maintaining our overall portfolio strategies for 2014, and expect 4Q 2014 to have decent growth due to healthy corporate earnings releases. We look forward to 2014 being a pleasant surprise for the economy and market and we expect that most companies will continue to improve their bottom lines through yearend.

If you have any questions regarding these topics please send us an email to lstegenga@fcmadvisors.net and we will be happy to answer your questions.

[1] Russell Price – Ameriprise, Richard Clarida – Pimco, and James Liu – JP Morgan

Contribution Limits

	2014	2015
401(k), 403(b), or 457 deferral limit	**$17,500**	**$18,000**
401(k), 403(b), or 457 max. deferral if age 50+	**$23,000**	**$24,000**
Total Savings deferral, match, and profit sharing	**$52,000**	**$53,000**
IRA deferral limit	**$5,500**	**$5,500**
IRA maximum deferral if age 50+	**$6,500**	**$6,500**
Simple IRA deferral limit	**$12,000**	**$12,500**
Simple IRA maximum deferral if age 50+	**$14,500**	**$15,500**
SEP IRA deferral limit ***(maximum not to exceed 25% of earnings)***	**$52,000**	**$53,000**
SEP IRA wage limit cap	**$260,000**	**$265,000**
Highly Compensated Employee wage limit	**$115,000**	**$120,000**
HSA –Health Savings Accounts	**$3,300=single $6,550=family**	**$3,350=single $6,650 family**
HSA –Health Savings Accounts 55+	**$4,300=single $7,550=family**	**$4,350=single $7,650 family**

Foresight Planning Ideas

Foresight Community Education Courses Coming Soon: Beginning Tuesdays February 17, 24, and March 3rd Foresight will be teaching an adult education course on "How to turn a Retiree's Accumulation Portfolio into a Distribution Portfolio for Retirement Income. Then beginning Thursdays March 12th and 19th Foresight will be teaching a course on "How to Utilize Options Trading Strategies to Enhance Returns and Reduce Risk of Stock Portfolios". Both courses will be taught through Saline Community Education. Please contact salineonline.org or call 734-429-8020 if interested in signing up for either course.

New Health Savings Accounts-HSAs with Foresight at Schwab and TD Ameritrade: . You can now open an HSA account with Foresight and choose to have the funds invested in our Conservative Mutual fund portfolio! If you have a High Deductible Health Plan then you can consider opening a HSA = Health Savings Account. The HSA will allow you to save in 2015 up to $3,350 for single and $6,650 for a family; if +55 then $4,350 for single and $7,650 for a family. The HSA savings are not subject to Federal Tax and will grow, much like a Roth IRA, with no tax due if used for all qualifying health expenses, note cannot be used to pay health insurance premiums. If you are interested in more information on this strategic investment idea for your healthcare savings please contact us. 2015 HDHP=minimum deductible for single $1,300 and family $2,600 and out of pocket maximum for single $6,450 and family is $12,900.

Roth IRA Ideas if interested in additional savings ideas consider opening a Non-deductible IRA. This will allow you to save the maximum in your 401(k) and also save an additional $5.5k in a Non-deductible IRA, and $6.5k if age 50+. Then convert the Non-deductible IRA to a Roth IRA! It is a way to obtain Roth IRA funds even if you are not able to save directly into a Roth IRA.

Consider Covered Calls with Stock Portfolios: We offer this strategy for personal investment strategies that have or would like a portfolio of stocks, and add a strategy that helps to reduce the risk and add additional income. This strategy works best in a slightly upward trending market or sideways market. If you are interested in obtaining more information regarding this strategy please email lstegenga@fcmadvisors.net and we will send you a write up on the Covered Call Strategy.

New IRA One-Rollover-Rule-Per Year beginning 2015: There are only two times this will impact anyone and they are when you actually take money out of your IRA and put it in a taxable account then decide within 60 days you want it put back into your IRA. The other is if you take money out of an IRA and put it into a taxable account then write a check to fund an IRA at another institution. It will be a rare case where this will actually impact anyone. The law was written to eliminate abuse in the IRA world where people were opening multiple IRAs and rolling monies between them every 60 days and actually living on the money without paying the Federal taxes for an IRA distribution.

Auto-Enrollment and Auto-Increment Options for Retirement Plans: Please consider adding both or one of these important options to your company's retirement plan. They allow every employee who is eligible to be automatically enrolled at the beginning of the year, and if Auto-increment is added the company can increase the savings of each employee by 1% each year. The employee has the ability to opt out of the "Auto", but history has shown few do. Therefore the company has accomplished something good for the employee by automatically setting up savings for their retirement! Please contact us if you are interested in pursuing these features. They are very inexpensive to amend and add to your current company plan. We recommend adding them by October 2014 to implement by January 2015.

Renewable Secured Debentures: there is a new debt instrument coming to market and are expected to be available at TD Ameritrade and Schwab soon. The concept is universal life insurance policies are being sold back to insurance companies because elderly insureds cannot afford to pay the premiums and really do not need the UL life policy because the risk they once covered with the policy does not exist anymore. They can sell the policy back and receive a "life settlement" in lieu of owning the life policy. These life policies are kept active by the life settlement company continuing to pay the premiums as the new owner of the policy. Then the life policies are securitized into a Renewable Secured Debenture. The Renewable Secured Debenture is an investment that can be invested in with terms that resemble a CD in that is has terms of 6 months to 7 years. They currently pay interest ranging from 4.75% to 9.5%, are securitized by the life insurance policies, and have risk associated with the ability of the life insurance company to make its claims payments. These investments are not guaranteed but do have a history of paying off since they are associated with UL policies of elderly insureds that are laddered based on the life expectancy of the original insureds. If you are interested in more information regarding these investments please contact us a Foresight.

Target Date Funds-The Next Retirement Dilemma: Foresight completed a white paper on Target Date Funds-The Next Retirement Dilemma. This is now published on a national website at fi360.com. It contains research related to TDFs and is quite eye-opening. Please email us at consultant@fcmadvisors.net if you would like a copy to read.

Feeonlynetwork.com: Foresight is now a published advisor on-line at www.feeonlynetwork.com. This is a website to locate fee-only advisors in your communities. Check it out and see a video from the AIF® national conference when Laurie was interviewed about our investment processes at Foresight!

Foresight's New WebPortal Reporting: Are you getting your quarterly reporting from us? If not please let us know so we can help you access it online through our web portal or send you a copy in the mail. We want our communication to be timely and beneficial to you. If you have any access issues please call or email us at 1-877-429-4690 or mgallagher@fcmadvisors.net. Soon we will be sending you a survey to get feedback on the use of the WebPortal.

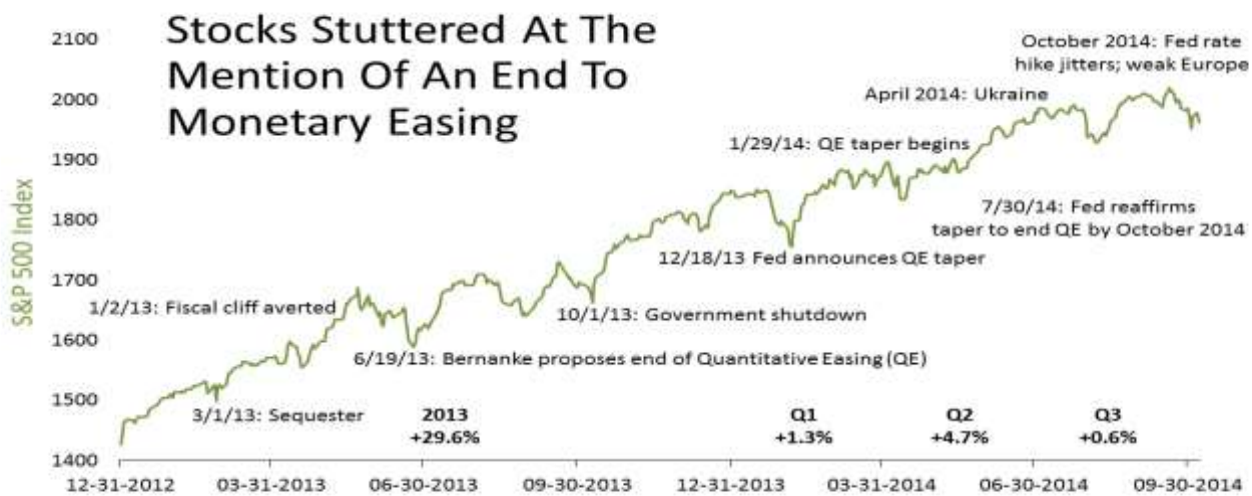
On-line Access each year we encourage everyone to test your on-line access to your account(s) at the custodian or third party administrator for your plan. Please visit **Journeyrps.com** or **Noblepension.com** if a retirement participant. For individual clients at TD Ameritrade access **Advisorclient.com** for Schwab Institutional Clients access **Schwaballiance.com.** If you have any difficulty accessing your account, please email or contact us for assistance.

Quarterly Market Summary 3Q 2014

Periodic jitters over the Federal Reserve's "taper" — the winding down of longstanding monetary policy liquefying economy — caused volatility in the third quarter. Nonetheless, at quarter's end stocks ended higher, driven by a stream of improving economic data.

Past performance does not guarantee your future results.

With the historic post-financial crisis bull market now in its sixth year, Europe's slower-than-expected growth cast new doubt on the strength of the global economy, and the bears became vociferous. However, positive U.S. economic data continued to support forecasts for growth in corporate earnings — the key driver of stock prices — defying the naysayers.

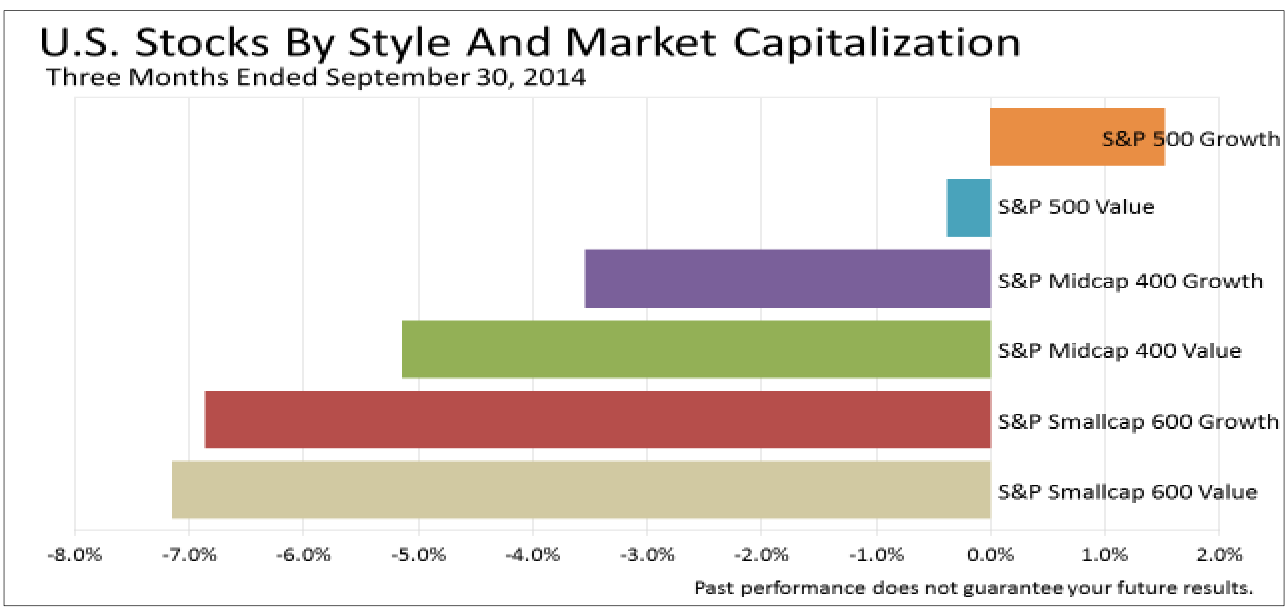


Source: Standard and Poor's, through October 7, 2014. Past performance does not guarantee your future results.

Volatility and derision over the strength of the economy seemed to grow over the quarter and is likely to become a bigger concern in the months ahead. Expect more fear, bears, and ups and downs. Keep in mind, however, that no one can be sure when the U.S. stock bull market will lose steam.

Former Fed Chairman Alan Greenspan famously warned of "irrational exuberance" in 1996 — four years before the stock market peaked. If you had listened to the Fed chair back then and sold all your stocks, you would have missed one of the great bull markets of the century. Moreover, when the third quarter ended, stock prices were nowhere near frothy.

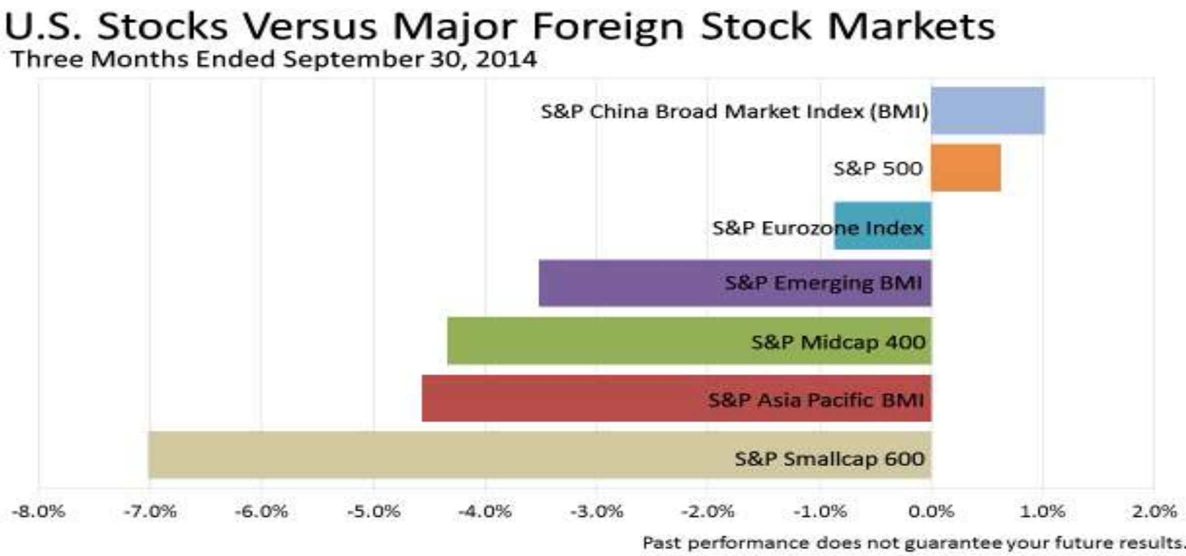
At September 30, 2014, the S&P 500 had appreciated in price by +0.6% for the quarter, which amounted to a 1.1% total return when dividends are included.



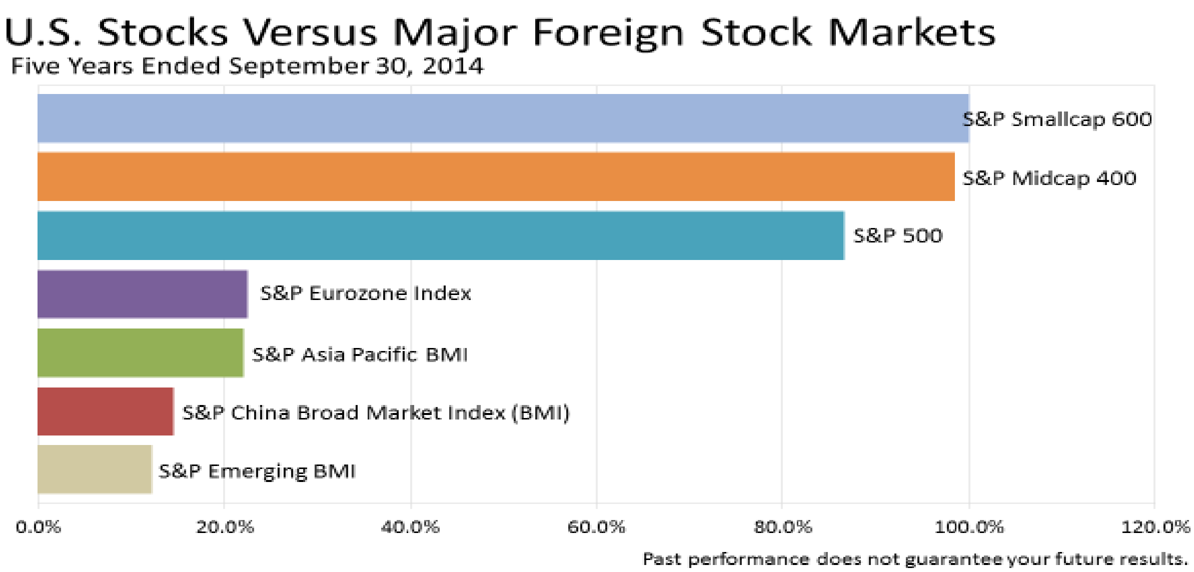
The blue-chip index of America's largest publicly held companies was up +6.7% for nine months, an 8.3% total return.

The broad index of large American stocks was up +17.3% for the 12 months ended September 30, 2014, a 19.7% total returns. The stock market hasn't experienced even a -10% correction in over three years.

Looking globally at major foreign stock market indices, for the three months ended September 30, 2014, China and the U.S. rose just fractionally.



The Eurozone, Asia Pacific, and Emerging Markets all lost ground. For the five-year period ended September 30, 2014, the U.S led the global economic recovery and is notably up +87%, compared to just +23% for the Eurozone, +22% for Asia Pacific, +15% for China, and +12% for Emerging markets.



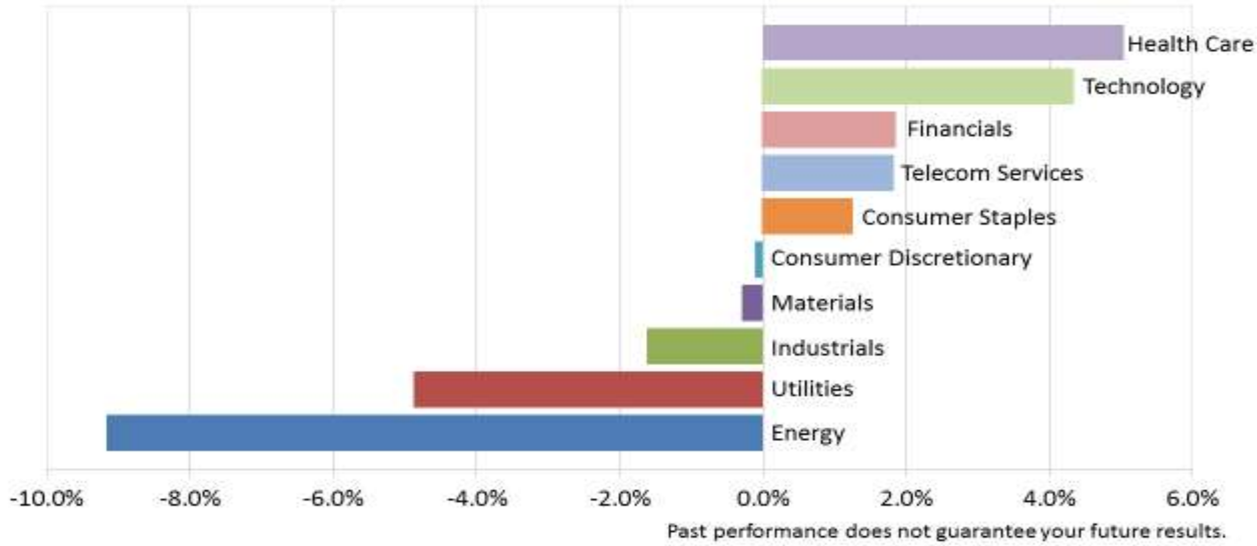
It's a stunning display of what many regard as "American exceptionalism," the theory that the U.S. is different from all other nations; not just because of the sheer size of its economy, but because of its fundamental strength owed to uniquely American traits like freedom, respect for human rights, and a history of ingenuity and entrepreneurship.

In the U.S. stock market, for the three months ended September 30, 2014, large-caps eked out a fractional gain of +0.6%, whereas mid-caps and small-caps lost -4.3% and -7.0%, respectively. That's a reversal from the trend of the five years ended September 30, 2014 in which small-caps led with a +100% gain, followed by mid-caps with a +98% gain and the S&P 500's +87% gain.

Among the S&P 500's 10 sectors for the three months ended September 30, 2014, health care and technology led with gains of +5.0% and +4.3%, respectively. Big losers were utilities, which lost -4.9%, and energy, which declined in value by -9.2%.

Standard & Poor's 500 Industry Indexes

Three Months Ended September 30, 2014



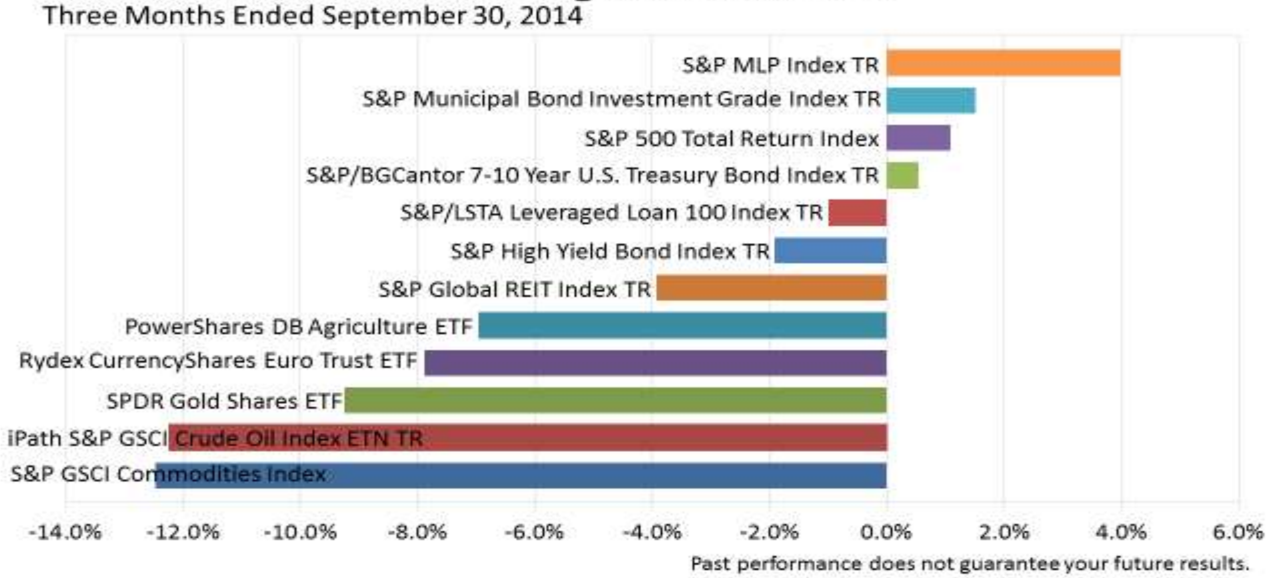
The strong +10.8% gain in prices of utilities in the first nine months of 2014 was a big surprise. Wall Street's top strategists, just before the start of 2014, had publicly panned the sector, citing an expected rise in bond yields. Similarly, the +15.2% gain in health care industry stocks through the first three quarters of 2014 was also a surprise to the seers. The consensus of Wall Street's "top" strategists, polled in a December 2013 Barron's cover story, had called for the sector to perform in line with the S&P 500.

To their credit, Wall Street's strategists did get one prediction right: they said the technology sector would outperform the S&P 500 this year, and indeed it did so during the first nine months of the year. However, the strategists had been predicting that tech would outperform other industries for the last several years, leading critical thinkers to recall that a broken watch is accurate twice a day.

When comparing third-quarter returns of a broad range of asset classes, master limited partnerships (MLPs) stood out again with a +4.0% gain, followed by municipal bonds with a +1.5% gain, and the S&P 500 total return index (including dividends) with a gain of +1.1%.

ETFs And Indexes Tracking Asset Classes

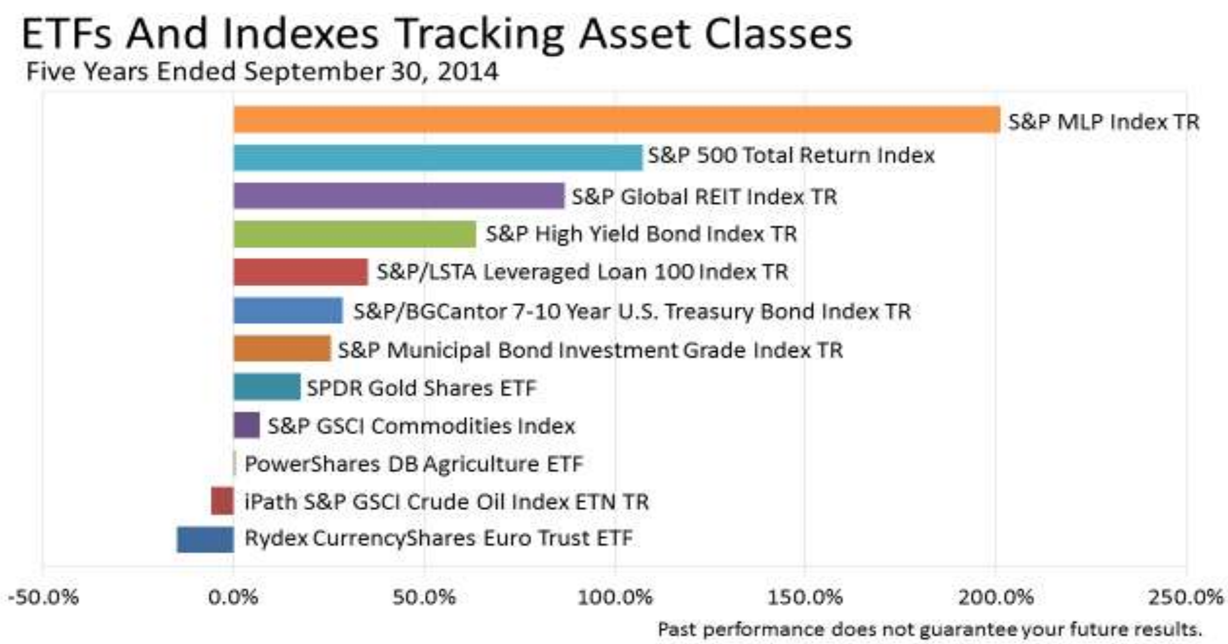
Three Months Ended September 30, 2014



The S&P GSCI commodities index lost a whopping -12.5%, crude oil lost -12.2%, and agricultural commodities lost -7.0%.

Over the one-year period ended September 30, 2014, MLPs and the S&P 500 led with gains of +29.6% and +19.7%, respectively, followed by global REITs and municipal bonds with gains of +10.9% and +7.9%, respectively. Laggards over the one-year period ended September 30, 2014 were gold with a loss of -9.3%, the GSCI commodities index with a loss of -7.8%, crude oil with a loss of -7.4%, and the euro currency with a loss of -7.0%.

Over the five-year period ended September 30, 2014, the dispersion in returns across asset classes is stark. The disparity in returns — with one asset class tripling in value over five years while one declined -15% — indicates how risky it can be to make bets on which asset classes will outperform. If you get it wrong, you could pay a dear price. This is the risk that broad diversification shields investors from.

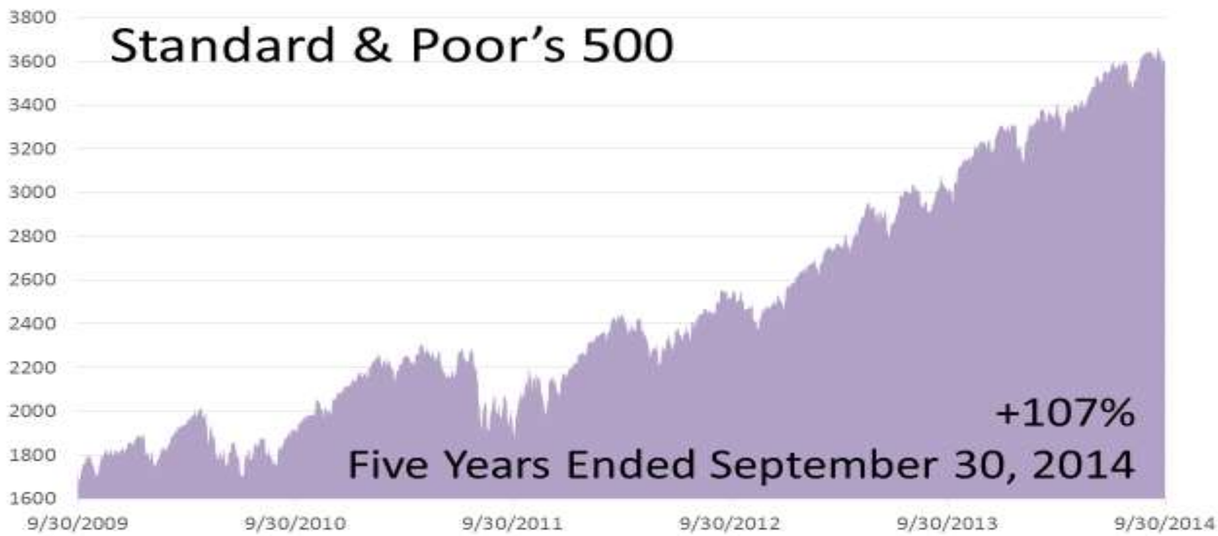


At the top of the asset class heap over five years are MLPs, global REITs, and the S&P 500, with gains of +201%, +107% and +87%, respectively. At the bottom are the euro currency, which declined -15% in value versus the U.S. dollar over the five years, followed by the flat performance of crude oil and other commodities.

Bond total return indices, both U.S. Treasury and municipals, have gained fractionally more than +25%, or about +5% per year. Leveraged loans have gained +35%, or about +7% per year. And high yield bonds have gained +64%, or about +13% per year.

Gold, in this five-year period, shot from approximately $1,000 an ounce to $1,800 before settling at its recent level of about $1,200. What caused this wild ride in gold? Gold bulls had expected the winding-down of the Fed's liquidity program to trigger inflation and "debase" the U.S. dollar. That story came undone as inflation and bond yields trended much lower than investors, including the Federal Reserve, had expected.

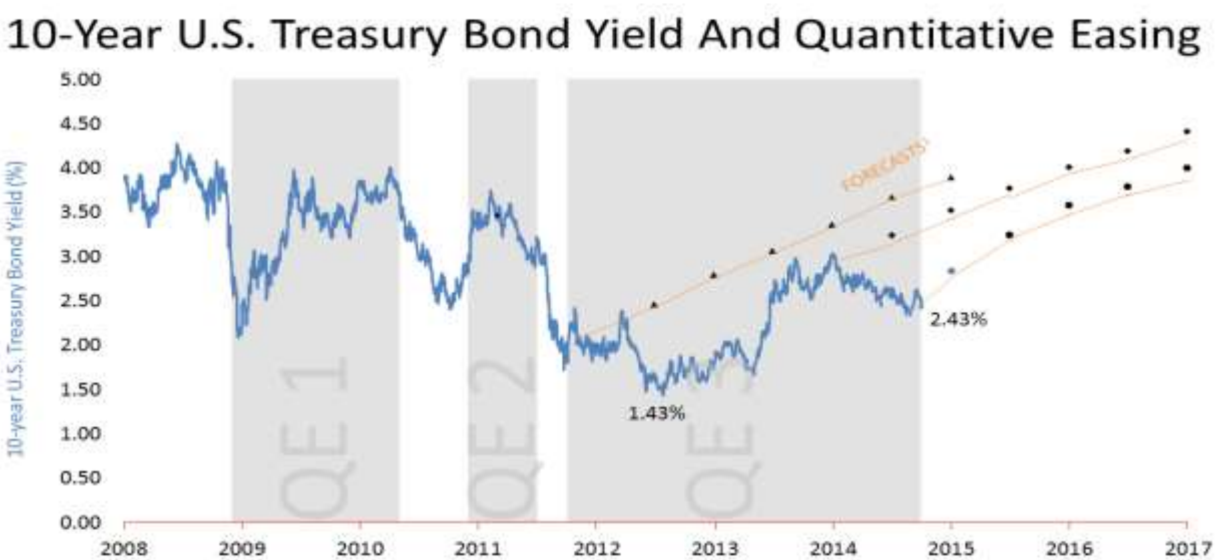
The end of the third quarter 2014 marked the bull market's five and one-half year anniversary. From the S&P 500's intraday low of 666 on March 9, 2009, stocks are 1% away from *tripling* in the last five years.



Past performance does not guarantee your future results.

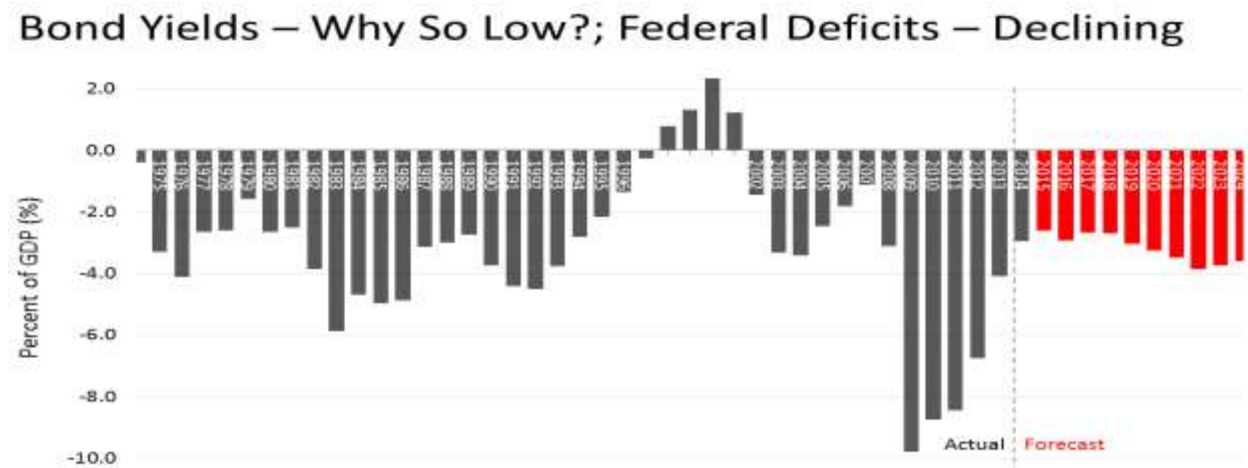
Since 1900, only three of 23 bull markets have lasted six years or longer. The likelihood of a bear market — a correction of at least -20% — increases as the bull market grows older. But fundamental economic conditions that have accompanied bear markets in the past are not present as the end of 2014 nears. Restrictive Fed policy, stock market overvaluation, and irrational exuberance — traditional early-warning signs of recession — are not to be found.

The big surprise so far in 2014 has been low bond yields. The world's most famous bond investor, Bill Gross, is emblematic of how bonds fooled so many investors who have been expecting higher interest rates. In March of 2011, Gross predicted yields would go "higher, maybe even much higher" upon the end of the Fed's monetary easing policy. At the end of the quarter, Gross, made famous for his market calls, quit the mutual fund company he built, PIMCO, reportedly to avoid being fired. Gross' crystal ball was shattered, along with his credibility as a seer.



Source: Federal Reserve, through October 6, 2014.
¹Average of ~50 economists' forecasts from *The Wall Street Journal* survey taken November 2011, January 2014 and September 2014.

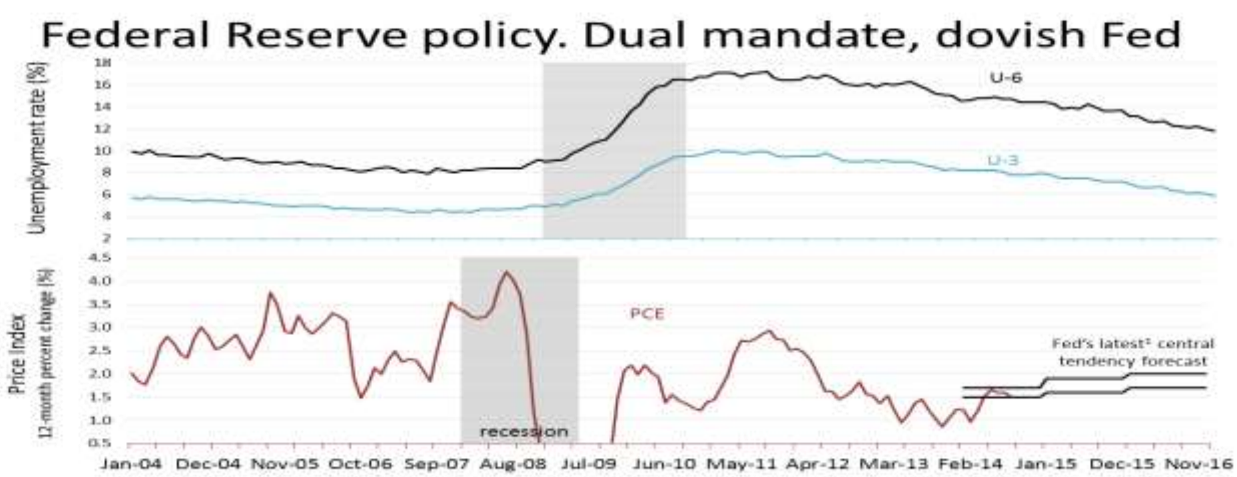
The two most obvious reasons for lower-than-expected bond yields are: the net new supply of U.S. Treasury bonds has contracted dramatically with falling federal deficits as global demand for bonds has steadily risen, and inflation slumped below predictions of the Fed and private economists and remained dormant. Net new supply of U.S. Treasury bonds, meanwhile, recently was slashed from the federal government's funding requirements. The recovery has closed Federal deficits. From record deficit spending in 2009 of 10%, the U. S. Government now has a debt equal to about 3% of gross domestic product, and that figure is expected to go lower through 2019, according to a Congressional Budget Office forecast released August 27, 2014.



Source: Congressional Budget Office, *An Update to the Budget and Economic Outlook: Fiscal Years 2014 to 2024*, dated August 27, 2014.

Investors must be cognizant of the impact smaller Federal deficits are expected to have on the supply of bonds of different maturities. The total stock of outstanding 5-10 year maturities, through 2024, is expected to be flat. This lack of additional new supply will come at a time of growing global demand for U.S. Treasury bonds, along with shrinking yields on the No. 2 global sovereign credit, Germany. The global nature of the bond market and the relatively attractive U.S. bond yield, when coupled with the perception of a strengthening U.S. dollar, suggests continued downward pressure on U.S. Treasury yields. U.S. economic outperformance of other nations after the global debt crisis makes the U.S. more attractive to foreign investors, which means U.S. bonds won't have trouble finding buyers and financing lower interest rates.

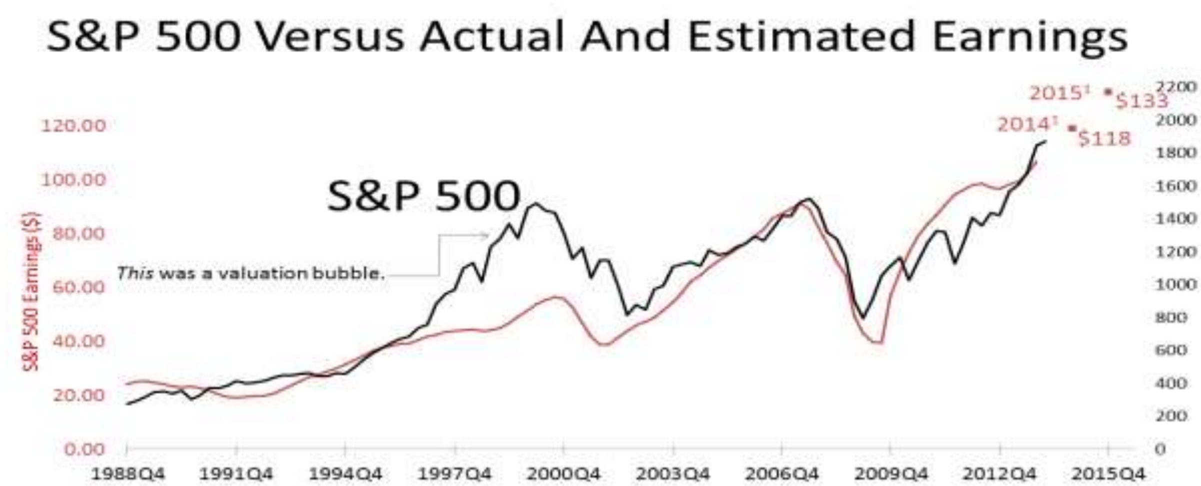
In the lower panel of the following chart below, note how the red line, representing the personal consumption expenditures deflator, dropped far below the Fed's predicted lower bound. In a sign that the low inflation of recent years is not likely to change anytime soon, the PCE deflator in September stood at +1.5%, hovering just above the lower bound of the rate the Fed had expected.



Source: Federal Reserve, Monetary Policy Report submitted to Congress on July 15, 2014.

Fed chair Janet Yellen has said she does not expect inflation to pick up appreciably, as long as slack remains in the U.S. labor market. Unemployment measures are still well above what is considered to be "full" employment. Extrapolating U-6, the broadest measure of unemployment, along its five-year downward trajectory indicates the unemployment rate might not fully normalize until well into 2016. Hence, the Fed is apt to maintain a very accommodating monetary policy. It means short- and long-term interest rates, along with bond yields, are likely to remain low for some time.

In the short-term, many things influence stock prices. In the long-term, however, it is earnings that drive stock prices. Apply a price/earnings multiple to the red line (earnings) in the chart below, and you get the black line (the S&P 500 index). The dramatic earnings recovery from the 2009 bottom accounts for the stock market climbing a wall of worry over the last five years. This chart below also shows how dramatically stretched the market's price-earnings ratio became at the peak of irrational exuberance in the late 1990s.



[1] Estimated 2014 and 2015 bottom-up S&P 500 earnings per share as of October 2, 2014: for 2014, $118.28; for 2015, $132.91. Sources: Yardeni Research, Inc. and Thomson Reuters I/B/E/S survey of consensus estimates. Standard and Poor's for index price data through October 7, 2014; and actual earnings data through June 2014.

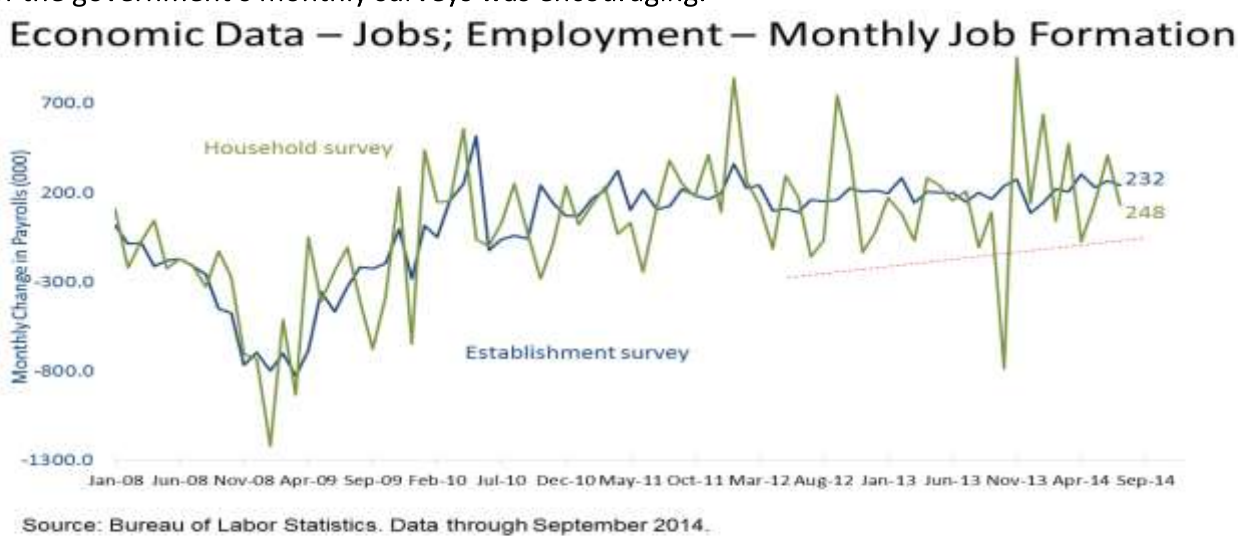
As the fourth quarter was about to begin, Wall Street analysts' gave estimates for S&P 500 earnings for 2014 and 2015 that are indicated in the red squares. Even if Wall Street analysts prove to be only ballpark-accurate, stock prices would be pulled higher by rising earnings in the period ahead. World events and crises could throw investors sentiment into a tailspin anytime, but barring such a "black swan" event, the very positive trajectory of stock prices is indicated in the red squares. This chart also illustrates that despite the terrific run stocks have had for over five years, valuations are not high compared to underlying earnings.

One frequently expressed concern about the U.S. stock market is the stronger U.S. dollar. The concern is that a rising dollar will hurt U.S. corporate earnings and stocks prices by making U.S. exports more costly to foreign buyers, and by making earnings from outside the U.S. worth less in U.S. dollars. Both arguments may have merit. However, a look at the historic relationship between the S&P 500 index and the dollar suggests that, in fact, there is no clear correlation between the two.

From 1995 to 2000, for example, the S&P 500 more than doubled in value even as the dollar gained +25% in value. From 2003 to 2007, the S&P 500 almost doubled while the dollar lost -27% in value. From the dollar's last bottom in July of 2011, it has gained +16% while stocks are up +70%. The two key arguments for continued strength in the dollar — stronger U.S. economic growth and earnings compared to Europe and higher yields on U.S. bonds — both seem likely to occur. That means U.S. stocks could benefit from a rising dollar in 2015 as growing global funding flows into the U.S. and away from slower-growing and lower-yield economies.

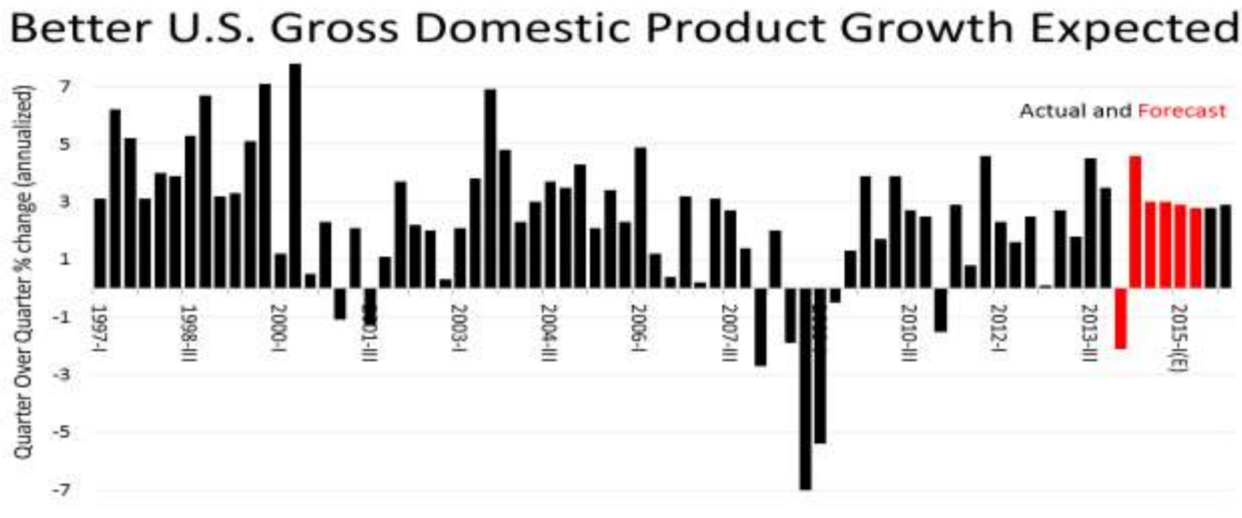
Much of the key economic data in the third quarter of 2014 pointed to accelerating economic momentum. In September, the two purchasing manager indices tracked by the Institute of Supply Management (ISM) were both above 55. Sub-indices focused on new orders, and the forward-looking aspect to these monthly surveys of purchasing managers were at 60 or better. These are extremely strong readings and suggest healthy production in manufacturing and non-manufacturing ahead.

Car sales surged during the summer and home construction is gradually trending higher. Household net worth has fully recovered to slightly above its longer-term growth trend and, believe it or not, the Federal Reserve's key measure of consumers' ability to spend money — the financial obligations ratio — shows that the American consumer's ability to cover the monthly nut has rarely been better. Household deleveraging, since the debt crisis, is completed. Personal income and spending have been trending steadily higher, gasoline prices dropped $.40 per gallon during the summer, and bank lending surged. September's new jobs data on both of the government's monthly surveys was encouraging.



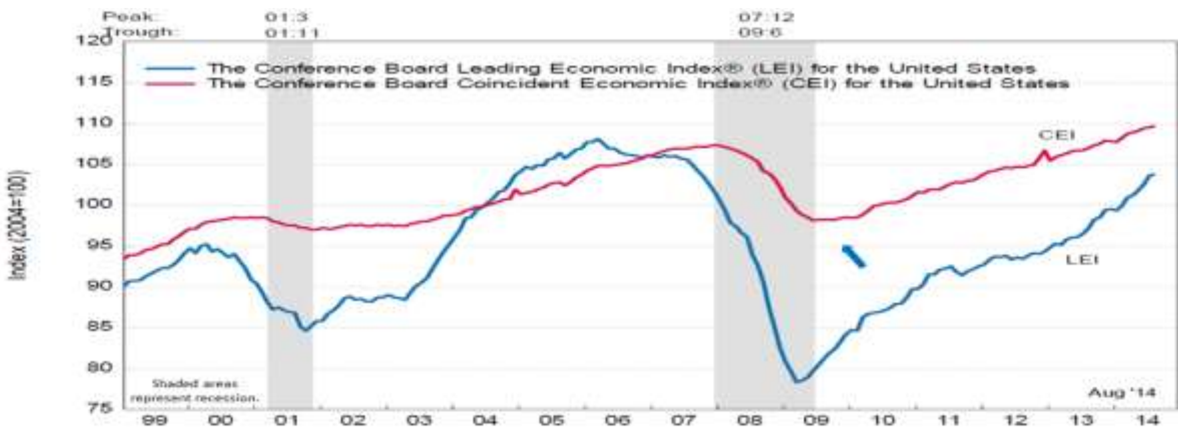
Source: Bureau of Labor Statistics. Data through September 2014.

In early September, The Wall Street Journal surveyed approximately 50 economists on their quarterly GDP growth forecast through 2015. The resulting consensus forecast is illustrated in the following chart. Economists generally see close to 3% gross domestic product growth ahead.



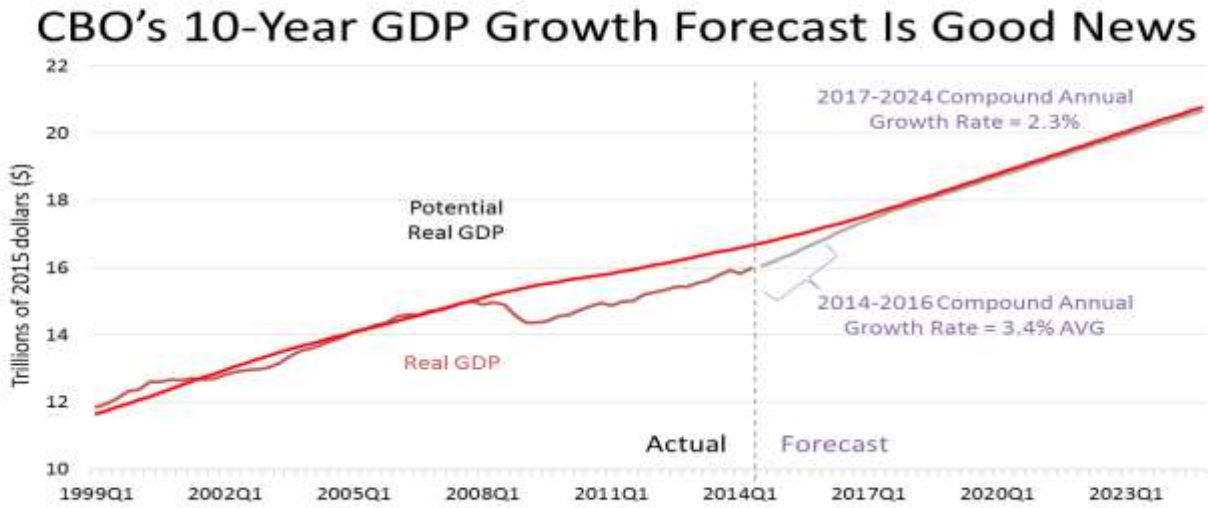
Source: Bureau of Economic Analysis, actual data through June 2014; *The Wall Street Journal* survey taken Sept., 2014.

The bottom line on the whole array of forward-looking economic data, as captured by the latest index of leading economic indicators released September 19, 2014: expect the healthy pace of economic growth to continue for now.



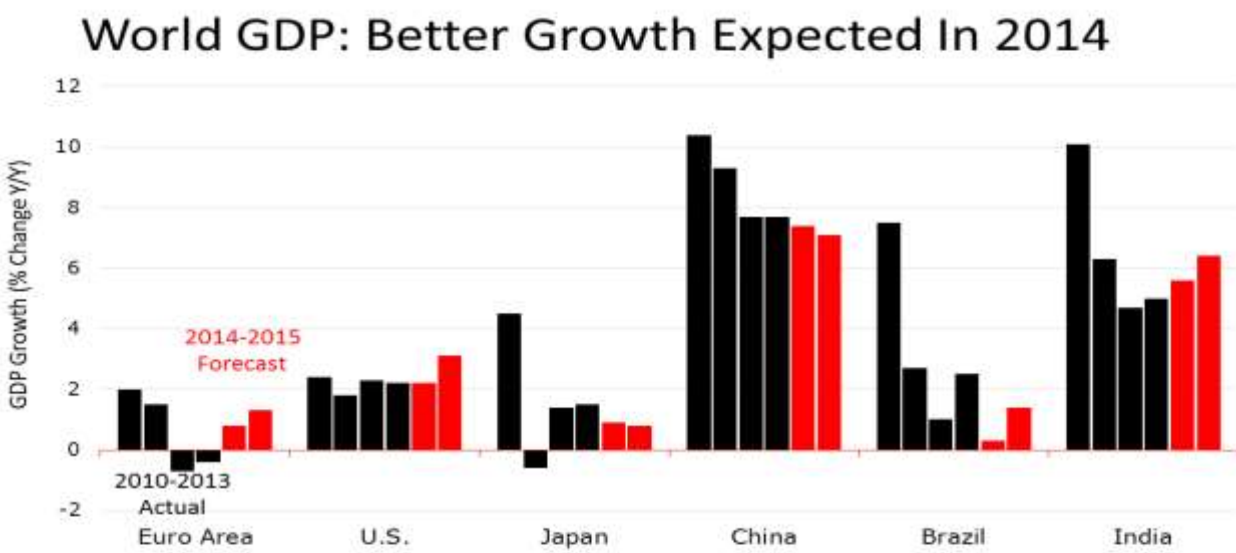
The Conference Board Leading Economic Index® (LEI) components: 1) average weekly hours worked, manufacturing; 2) average weekly initial unemployment claims; 3) manufacturers' new orders – consumer goods and materials; 4) ISM index of new orders; 5) manufacturers' new orders, nondefense capital goods; 6) building permits – new private housing units; 7) stock prices, S&P 500; 8) Leading Credit Index™; 9) interest rate spread; 10-year Treasury less fed funds; 10) index of consumer expectations. Source: ©The Conference Board. Data through August 2014, released September 19, 2014.

Beyond next year, the bigger picture on the economic outlook, according to the Congressional Budget Office's August 2014 release of its 10-year economic forecast, indicates U.S. economic output (GDP) will ultimately revert to its long-term potential growth track as the U.S. gradually returns to full employment. That's significant. If this forecast proves to be on target, it perhaps explains why stocks have run steadily higher without even so much as a -10% correction and why stocks might have further to go. If the GDP comes in at +3% a year, as CBO is predicting, it would fuel continued good times in the economy and stock market. Making economic projections can be very hazardous, of course, but CBO's logic does make sense.



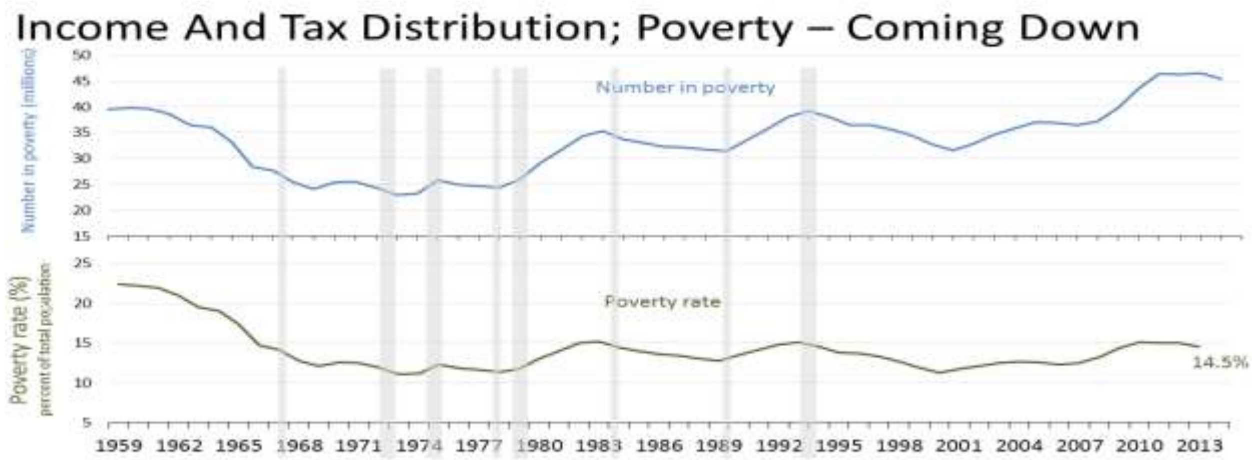
Source: Congressional Budget Office (CBO), *An Update to the Budget and Economic Outlook: Fiscal Years 2014 to 2024*, August 27, 2014. [1]Compound annual growth rate.

Similar to the near-term forecast for U.S. GDP growth, the IMF's October global economic forecast shows expected acceleration in economic growth in 2014 and 2015 in all major regions of the world except Japan and China, with China holding about steady at +7.1%. Significantly, despite the recent headlines about recession possibly returning in Europe, the European economies continue to recover and are expected to return to healthier expansion next year.



Source: IMF, *World Economic Outlook*, October 2014.

Finally, here are some statistics from the U.S. Census Bureau's September release of its 2013 Income and Poverty survey. Post-recession, the number of Americans in poverty is finally starting to recede and the poverty rate is finally coming down. That's good news — five years after the most damaging recession in decades.



Source: U.S. Census Bureau. Income and Poverty in the United States: 2013, issued September 2014.
[1]The Census Bureau's income estimates are based solely on money income before taxes and do not include the value of non-cash benefits such as food stamps, Medicare, Medicaid, public housing and employer-provided fringe benefits.

Disclosures:

Indices are unmanaged and not available for direct investment. Past performance is not indicative of future results. This information is from sources we believe to be reliable, but we cannot guarantee or represent that it is either accurate or complete.

Investments with higher return potential carry greater risk for loss.

Investing in small companies involves greater risks not associated with investing in more established companies, such as business risk, significant stock price fluctuations and illiquidity.

Foreign securities have additional risks, including exchange rate changes, political and economic upheaval, the relative lack of information about these companies, relatively low market liquidity and the potential lack of strict financial and accounting controls and standards.

Investing in emerging markets involves greater risk than investing in more established markets, such as risks relating to the relatively smaller size and lesser liquidity of these markets, high inflation rates, adverse political developments and lack of timely information.

Fluctuations in the price of gold and precious metals often dramatically affect the profitability of the companies in the gold and precious metals sector. Changes in political or economic climate for the two largest gold producers, South Africa and the former Soviet Union, may have a direct effect on the price of gold worldwide.

Data for the CPI, unemployment Rate, and Non-farm Payrolls are from the Bureau of Labor Statistics. Data for the GDP are from the Bureau of Economic Analysis. The Purchasing Managers Diffusion Index is a release of the Institute of Supply Management. Retail spending data are from the Bureau of the Census. Data for Consumer Confidence are from the Conference Board. Historic Treasury yields are from the U.S. Treasury; global and U.S. equity index performance numbers are from the respective index vendors, as are commodity benchmarks. Currency numbers are from OANDA.com. Sector and dividend statistics are from Standard & Poor's.

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