Newsletter 4Q 2014 and Market Summary

FCMA's Model Portfolios have YTD positive earnings averaging:
Conservative Model +5.81%, Moderate Model +6.03%, and Aggressive Model +6.51%

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.

Welcome our Newest Intern! Corey Boller

A New Accredited Asset Management Specialist (AAMS)
Congratulations to Mark!

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 later in January 2015.

FCMA Model Returns
Dec 31, 2014 YTD

Conservative Model	+ 5.81%
Moderate Model	+ 6.03%
Aggressive Model	+ 6.51%
Indexes:	
S&P 500 Index	+11.39%
MSCI EAFE Foreign	- 7.35%
10Yr T-Bond Index	- 0.87%

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

Foresight's Portfolio Strategies

The market ended 2014 with a wild mixed ride for the market and globally diversified portfolios produced earnings, but not as robust as most would have expected. Most of the earnings were gained in the last two weeks of 2014. The main reason for diversification is to mitigate risk as it is impossible to know what sectors will outperform in the market. There were as many winners as losers in 2014. Some of the winning sectors in 2014 were Large Cap US companies +11%, Real Estate +28%, Industrials +9%, Technology +13%, and Healthcare +27%. The losers in 2014 were Energy -17% (with Oil losing 45.9%), Commodities -11%, Foreign Stocks -4%, Small Caps +2% (Russell 2000 stocks), Emerging Stocks -3%, and High Yield Bonds +1%. It was a great year if you had all your money invested in large US Companies, but a portfolio that also held small cap stocks, foreign/emerging markets, precious metals, and energy stocks didn't return nearly as much. The economy is considered in its mid-cycle phase and at this time technology and industrials normally perform decently well as they did in 2014. The "Goldilocks Economy" is poised to take the stage in 2015. This means it is not too hot or not too cold, but just right for sustained economic expansion with low inflation. Unemployment lowered to 5.6% (keep in mind full employment is near 5%), inflation is at bay near 1.3% as of November 2014, and with gas prices at 20 year lows this all means positives for the US consumer. With all this said we expect 2015 to be a more volatile year and diversification is still the best way to continue to invest and win in the long run.

The Foresight portfolios remain globally invested and we are cautiously optimistic that 2015 will be a decent year in the market despite the strong likelihood the Federal Reserve will raise interest rates later in 2015. The bond yield curve has recently flatten, but we do not expect this to continue and interest rates should rise in 2015. For clients with stock portfolios we continue to have many stop-losses in place as a defensive measure to hold onto gains that have been earned in the stock holdings should the market decide to fall abruptly. For the 1Q 2015 we have increased our holdings in technology, small caps, and foreign/emerging markets. Foresight reduced our holdings in financials, utilities, high yield bonds, and energy. We are maintaining our overall portfolio strategies for 2015, and expect strong corporate earnings and a healthy US economy to continue into 2015. According to Liz Ann Sonders, chief economist for Charles Schwab, we should expect more volatility in 2015 as "mini crisises" happen across the globe. Remember the US is not too hot or not too cold, but is just right at this point!

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 26th 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: . Coming soon you can 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.

Did you Know?: You can take a distribution from your 401(k) or 403(b) prior to age 59 ½ without a 10% penalty; if you have separated from service no earlier than age 55. Funds must be in a 401(k) or 403(b) and cannot be in an IRA.

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.

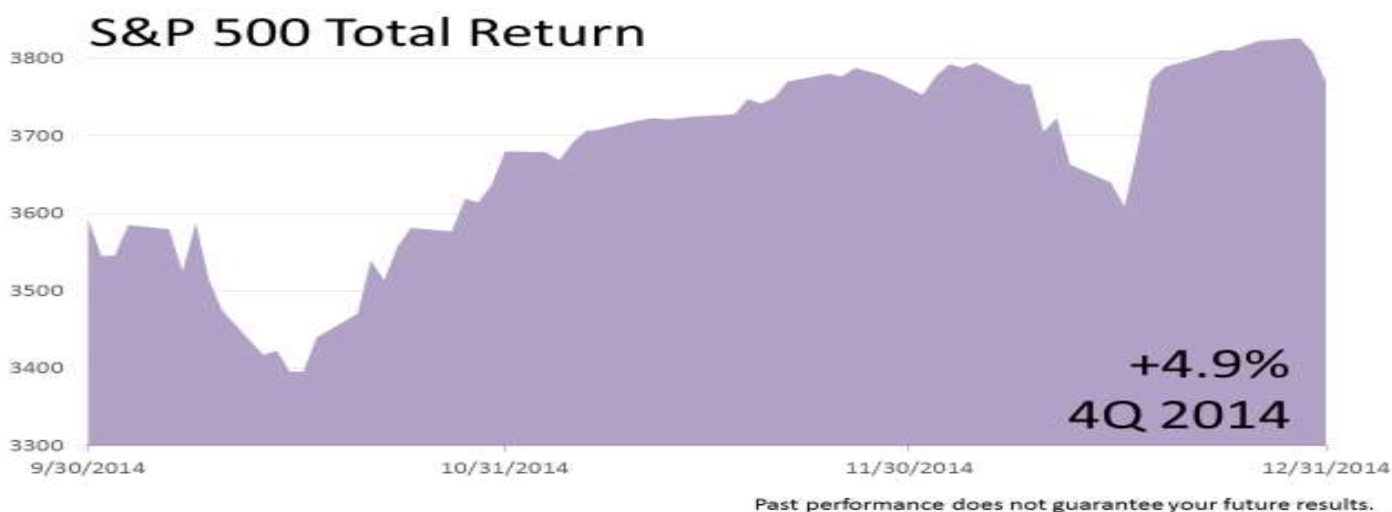
Target Date Funds-The Next Retirement Dilemma: Foresight completed a white paper on Target Date Funds-The Next Retirement Dilemma. This is now published on a national website at fi360.com. It contains research related to TDFs and is quite eye-opening. Please email us at consultant@fcmadvisors.net if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

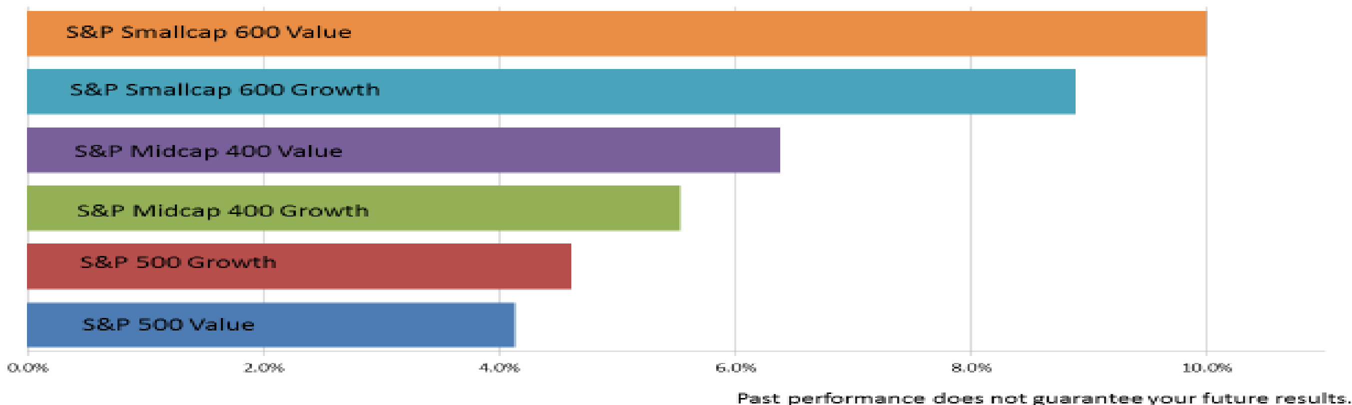
On-line Access each year we encourage everyone to test your on-line access to your account(s) at the custodian or third party administrator for your plan. Please visit **Journeyrps.com** or **Noblepension.com** if a retirement participant. For individual clients at TD Ameritrade access **Advisorclient.com** 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 4Q 2014



The fourth quarter of 2014 was volatile. Two major swoons hit stocks in the quarter, attributed to the Federal Reserve's monetary stimulus program of quantitative easing.

Despite these two setbacks, stocks wound up 2014 with a very strong +4.9% gain for the quarter, driven by a steady stream of strong economic data.



Small- and mid-caps substantially outperformed large-caps in the fourth quarter ended December 31, 2014.

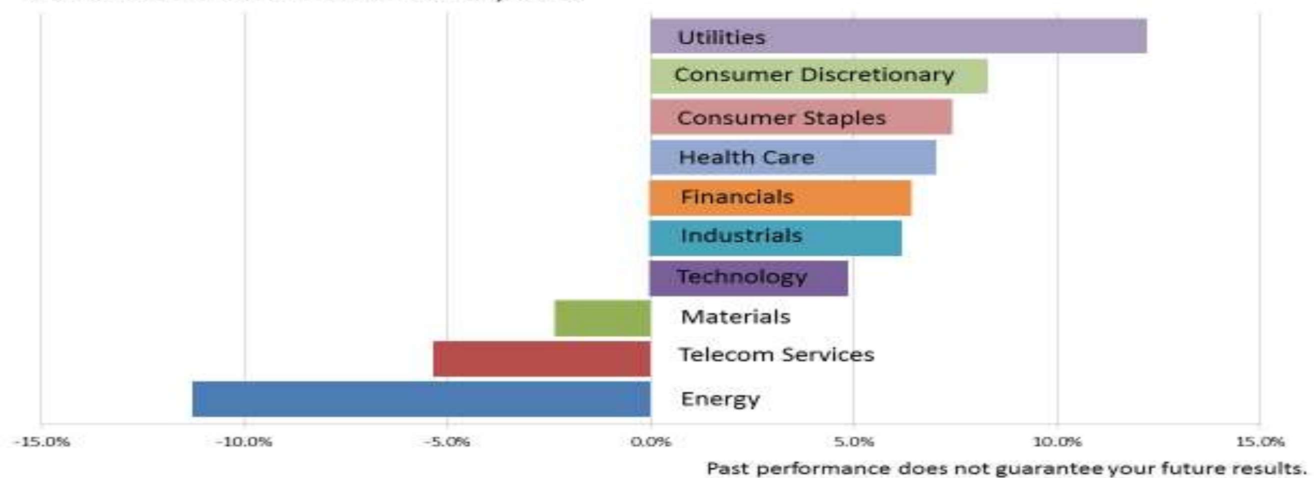
This was a dramatic turnaround from the first three quarters of the year, when small- and mid-caps trailed the S&P 500 index.

Though major market pundits on cable TV had predicted that lagging small- and mid-caps signaled that the broader market would head lower, this never happened.

Instead, small- and mid-caps snapped back in Q4 and surged in value over the quarter.

Looking at major foreign stock market indices over the three months ended December 31, 2014, the U.S. stock market's strength stood out for yet another quarter.

China's stock market also had a good quarter, but the Eurozone, Asia and Emerging markets across the world lost value.



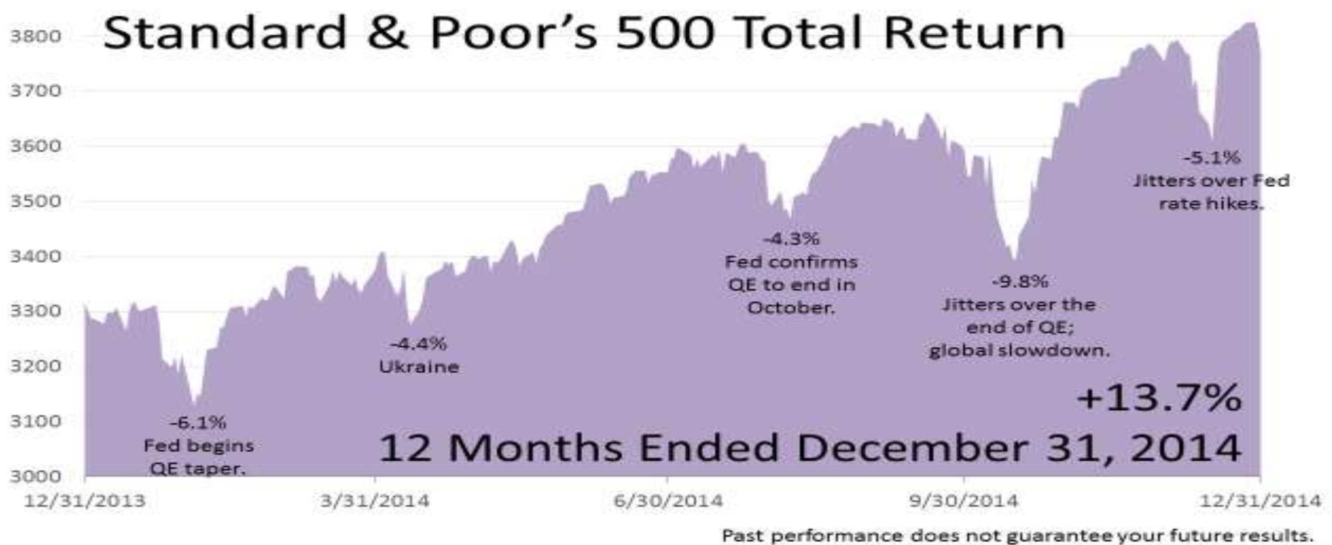
Of the 10 sectors indexed by Standard & Poor's, seven posted very strong returns of 5% or more, for the three months ending on December 31, 2014. Energy stocks lost 11.3% of their value as crude oil prices collapsed. The No. 1 performing industry sector for quarter were utilities, which came as a big surprise to most Wall Street strategists, as bond yields continued lower, which also defied the consensus expectations of Wall Street's top strategists.

Examining fourth-quarter 2014's performance across a broad range of asset classes shows why holding concentrated positions in any one particular asset class can be disastrous.

Global REITs, with a 10% gain, and the 4.9% gain on S&P 500 stock, led the 14 asset classes surveyed.

Crude oil stocks were stand-outs, too -- plunging 44.1%. The energy selloff dragged a broader index of commodities index 27.7% drop in value.

Master limited partnerships (MLPs), which had led the pack with an over 20% gain through the third quarter, gave some of that back with a -12% drop in the fourth quarter related to the collapse in crude oil prices.



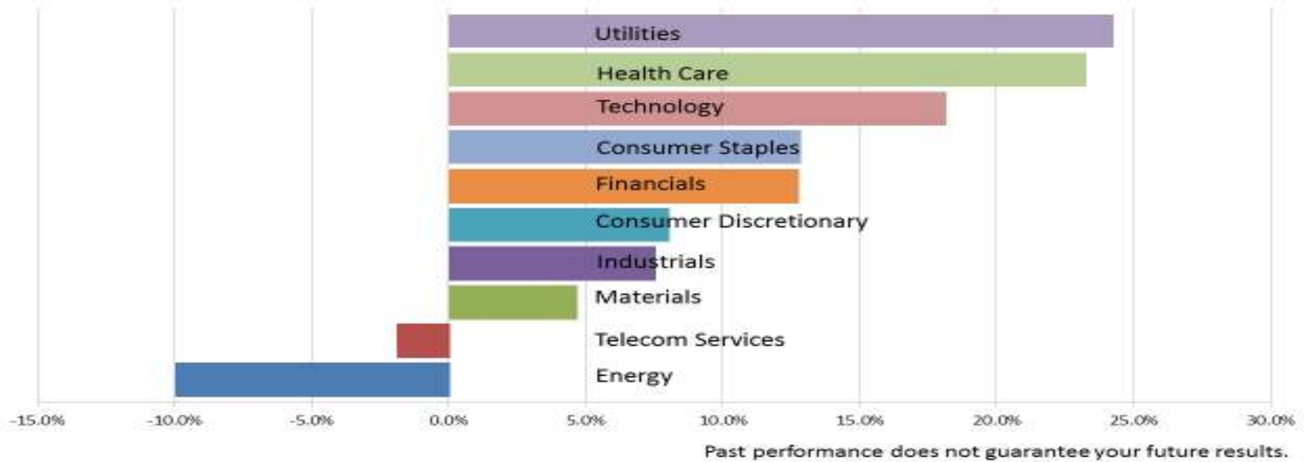
The broad index of large U.S. stocks posted a price gain of +11.4% for the 12 months ended December 31, 2014, and a total return (including dividends) of 13.7%.

The S&P 500's long-term average annual total return has been approximately +10%, making 2014 an exceptionally strong year by historical standards.

2014 was also unusual in that the stock market did not experience even a -10% a correction.

Most of the year's downdrafts were directly related to concerns about the Fed's ending its monetary stimulus program of quantitative easing.

A steady flow of strengthening economic data trumped these worries, driving stocks higher over the course of the year.



Utilities' +24% gain was a big surprise to most everyone who follows investment markets. But perhaps no one was more surprised than Wall Street. Its "top strategists" had predicted in *Barron's* in December 2013 that utilities would underperform in 2014.

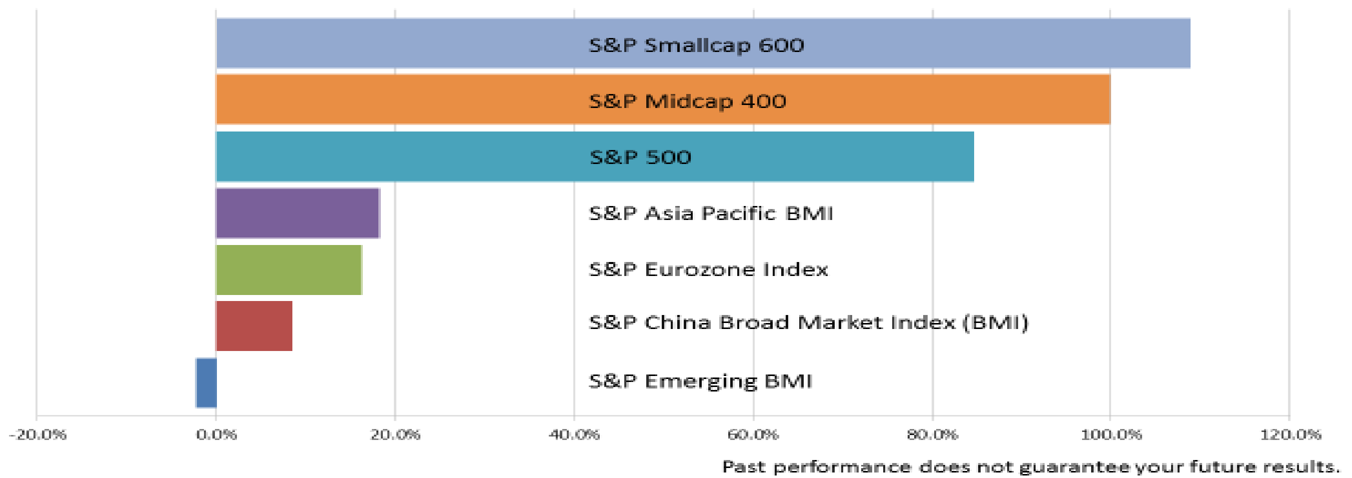
Similarly, the +23% gain in health care industry stocks was a surprise to the seers. The consensus of Wall Street's strategists, polled in a Barron's annual cover story about their industry picks and pans, was for health care stocks to perform in line with the S&P 500's 11.4% gain -- a big miss.

The Wall Street strategists did get one prediction right: technology stocks did outperform the S&P 500 in 2014, as they had predicted it would. It gained +18% versus the S&P 500's +11%. However, 2014 was the fifth year in a row that the strategists had predicted the tech sector would outperform, and the first time they were right on that call.

From a low of 677 on March 9, 2009, to the close at 2059 on December 31, 2014, the S&P 500 price index has tripled (3.0X) in value. Including dividends, over the same period, the S&P 500 total return index has soared 3.4 times in value. By years' end, December 31, 2014, the S&P 500 total return index gained 105%.

The bull market is in its 59th quarter. At 5 3/4 years-old, it is pushing up against historical norms.
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.

However, fundamental economic conditions drive investment markets, not history, and economic conditions that have accompanied the onset of bear markets in the past were simply not present at the end of 2014. Traditional precursors to a market correction — restrictive Fed policy, the likelihood of slowing economic growth, stock market overvaluation, and irrational exuberance — were not evident yet.



For the five-year period ending on December 31, 2014, the U.S. led the global economic recovery and the S&P 500 index is notably up +85%, compared to just +18.2% for Asia Pacific, 16.2% for the Eurozone, +8.4% for China, and -2.1% 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 also because of a fundamental strength and resilience owing to uniquely American traits like freedom, respect for human rights, and an economic system that fosters entrepreneurship.

At the top of the asset-class heap over five years are Master Limited Partnerships, a real estate play, followed by the S&P 500 and global REITs, with gains of +127%, +105% and +96%, respectively. The worst-performing sectors over the five-years period ended December 31, 2014: crude oil, followed by an index of a broad range of commodities, and the euro-currency index, which declined -17% in value against the U.S. dollar over the five years.

As for the bond total return indices, U.S. Treasurys have gained 36%, an average of 7.2% per year; and municipals, have gained +28%, or about +5.6% per year. Leveraged loans have gained +29%, or about +5.8% per year. And high-yield bonds have gained +53%, or about +10.6% 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.

Asset classes driven by different economic fundamentals are a useful way to define, analyze and invest portfolios. The next five years could look the same or very different. Five years ago, crude oil stocks were still high-flyers and now they're crashing, and the S&P 500 was staging the opening of a very shaky bull market. Who could have know five years ago that the shale revolution was coming to America or that Saudi Arabia would open its oil spigot at the end of 2014 for its own geopolitical and economic reasons?

S&P 500 Versus Actual And Estimated Earnings

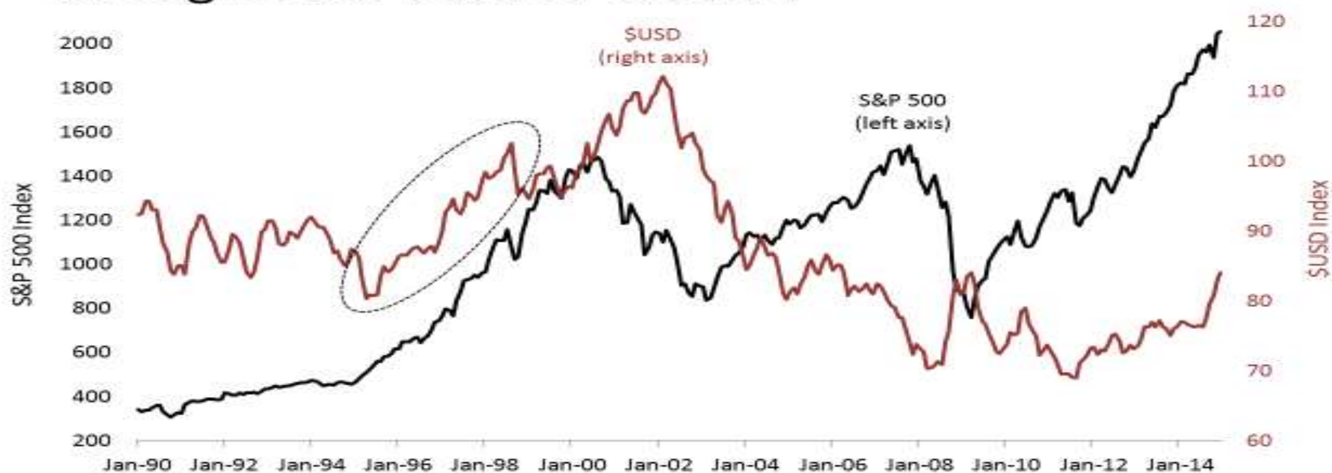
[1] Estimated 2014, 2015 and 2016 bottom-up S&P 500 earnings per share (left scale) as of December 25, 2014: for 2014, $117.02; for 2015, $126.50; for 2016, $141.54. Sources: Yardeni Research, Inc. and Thomson Reuters I/B/E/S survey of consensus estimates. Standard and Poor's for index price data through December 31, 2014; and actual earnings data through September 2014.

In the short-term, many things influence stock prices. In the long-term, however, earnings drive stock prices. Apply a price/earnings multiple to the red line (earnings) in the chart above, and you get the black line (the S&P 500 index). The dramatic earnings recovery from the 2009 bottom is precisely why stocks climbed a wall of worry over the last 5¾ years.

This chart also shows how dramatically stretched the market's price-earnings ratio became at the peak of irrational exuberance in the late 1990s.

At year-end 2014, Wall Street analysts' estimates for S&P 500 earnings for 2015 and 2016 are indicated in the red squares. Even if Wall Street analysts prove to be overly optimistic, stock prices would probably be pulled higher by rising earnings in the period ahead. That said, the randomness of the world events, good and bad, could send investor sentiment into a tailspin anytime. Barring such a "black swan" event, however, the possible trajectory of stock prices is indicated in the red squares.

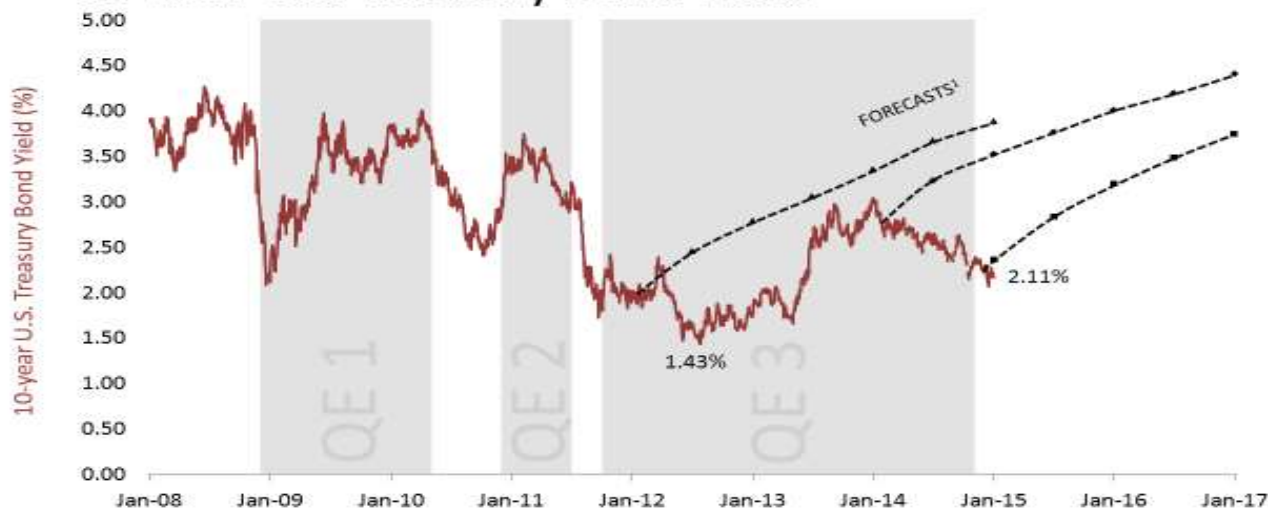
This chart also illustrates that, despite the terrific run stocks have had for over five years, valuations compared to underlying earnings are not unreasonably stretched, particularly when compared to the second half of the decade of the 1990's when irrational exuberance really took over.



Source: Standard and Poor's, Federal Reserve. Data through December 31, 2014.

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 global investment flows into the U.S. and away from slower-growing and lower-yield markets.



Source: Federal Reserve, through January 2, 2015.
¹Average of ~50 economists' forecasts from *The Wall Street Journal* survey taken November 2011, January 2014 and December 2014.

Probably the biggest surprise of 2014 was how bond yields continued to trend downward in the face of all the predictions to the contrary. Most Wall Street strategists assumed that bond yields would trend higher in anticipation of, and later, as a consequence of, the end of the Fed's bond-buying QE program. These strategists have been making the same predictions now for many years, as you can see in the chart. It hasn't happened that way.

Super-low global bond market yields have trumped all other bond yield determinants for the time being. With German 10-year bund yields at 0.5%, it's not hard to see why U.S. 10-year bond yields are under extraordinary downward pressure as global investors seek the highest returns available.

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 third 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, Standard & Poor's. Data through December 31, 2014.

The stock market took a tumble in December 2014 on worries that the Fed might initiate fed-funds target rate hikes sooner than anticipated. A look at the recent history of performance in the stock market after an initial rate hike by the Federal Reserve shows stocks indeed do stutter after an initial Fed hike to quell growth and prevent inflation, but then stocks have continued higher even as the Fed has repeatedly hiked rates again and again, until the fed funds rate approximated bond yields.

The most important takeaway from this chart is to appreciate how long, historically; the lag has been between the point of initial rate hike and the ultimate stock market peak and subsequent onset of recession. The pattern is unambiguous.

Source: BLS, BEA. PCE data through November 2014. U-3 and U-6 data through November 2014.

The December stock market tumble fueled a debate as to just how imminent the Fed's first rate hike might be.

The answer to that question lies in the Fed's dual mandate.

The Fed's dual mandate calls for full employment with a target of 2% inflation.

Because inflation is running far below 2% (1.2% year/year in November) – and well under the Fed's own forecast – the Fed has plenty of leeway to not raise its target rate, and to maintain maximum monetary stimulus and keep driving unemployment down.

Extrapolating their recent trajectories suggests that the U-3 and U-6 unemployment rate measures might revert to full employment "normal" by the end of 2015 – U-3 gets there first and U-6 a few months later.

So, how long until the first rate hikes? Probably not until well into 2015.

Some background: U-3 reflects the total number of unemployed persons expressed as a percent of the civilian labor force. It is the official unemployment rate. U-6 reflects the total number of unemployed persons, plus all marginally attached workers, plus all persons employed part time for economic reasons, as a percent of the civilian labor force plus all "marginally attached" workers. It is the broadest measure of unemployment.

Goldilocks economy

Gold-i-locks (gold'-ē-lŏks) *adj*. Not too hot, not too cold ... just right for sustained economic expansion with low inflation.

PMIs
car sales and housing starts
unemployment claims
new jobs and declining unemployment rate
bank lending
— signal strong current activity

earnings estimates
leading economic indicators
oil price cut stimulus
Fed is far from hiking target funds rate
yield curve compression is probably *years* away
— signal strong forward activity

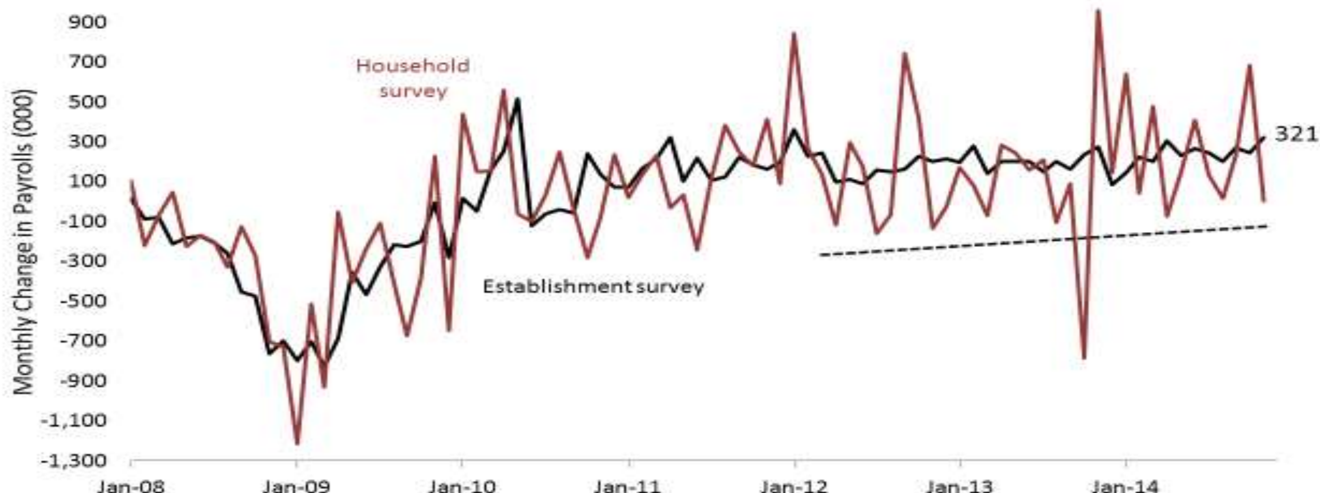
flat unit labor costs
commodity price weakness
— signal continued benign inflation

This phrase, "Goldilocks economy," came into vogue in the 1990's to describe the set of optimal conditions for a bull market in stocks: healthy economic growth accompanied by low inflation.

While the phrase may have become hackneyed, it does in fact nicely describe the economic fundamentals in place at the start of early 2015.

This slide identifies the key economic statistics to summarize current and forward-looking economic data in early 2015. The data uniformly point in a positive direction. It is difficult to find fault with the Goldilocks story.

Employment – Monthly Job Formation Gradually Gaining



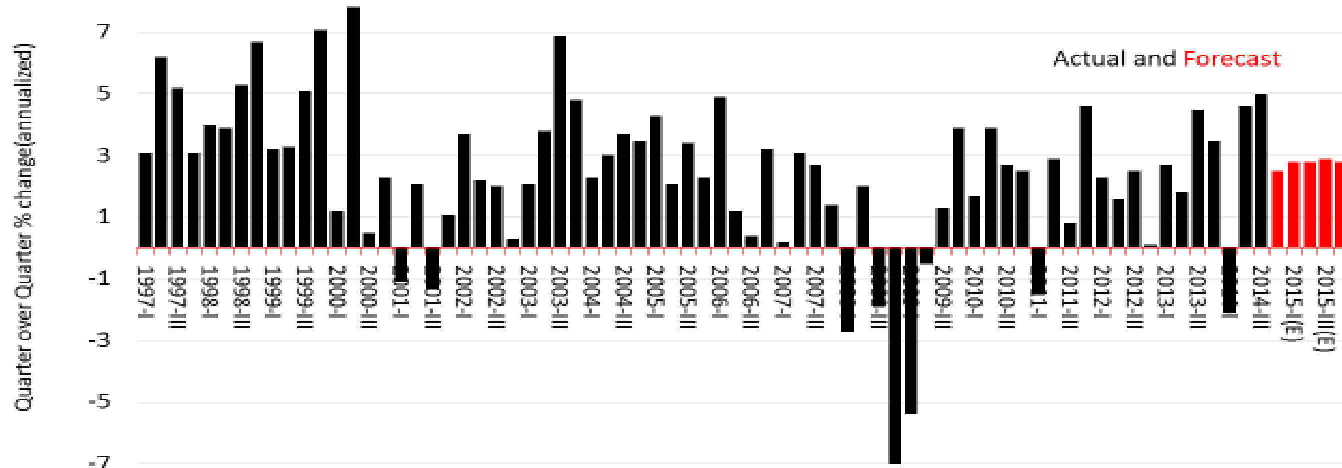
Source: Bureau of Labor Statistics. Data through November 2014.

The key economic data in the fourth quarter of 2014 pointed to accelerating economic momentum. In November, the two purchasing manager indices tracked by the Institute of Supply Management (ISM) were both above 55. Sub-indices that include 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 have surged back to a 17.5 million annual run rate in November and home construction continues to trend higher. Household net worth has fully recovered to slightly above its longer-term growth trend. 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 have plunged prompting some economists to tack on as much as +0.5% to their GDP growth estimates, and bank lending has surged. November's new jobs data showed continuing improvement.

Continued Strength In U.S. GDP Growth Expected

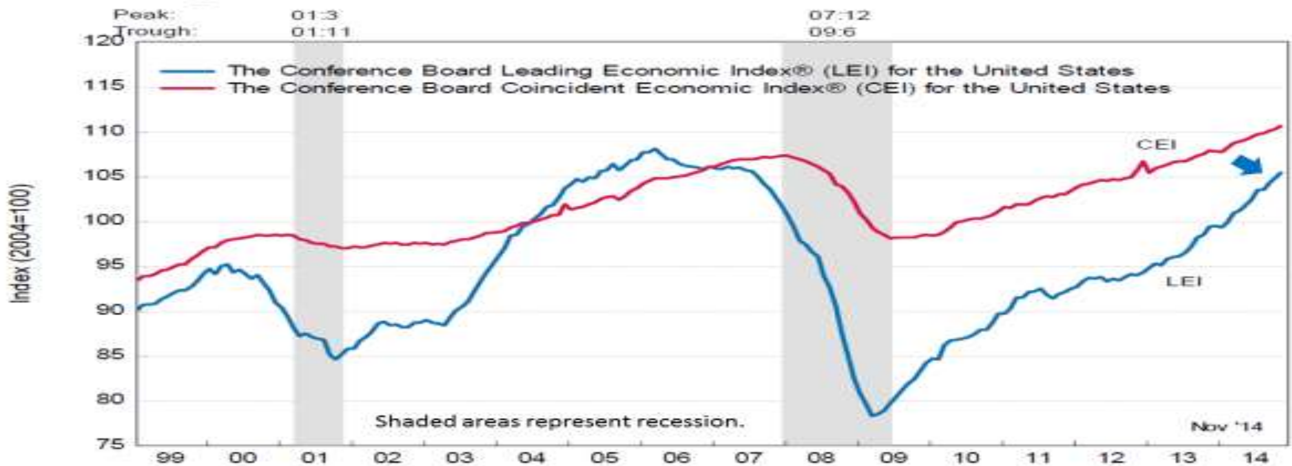


Source: Bureau of Economic Analysis, actual data through September 2014; *The Wall Street Journal* survey taken December 2014. *The Wall Street Journal* article dated December 8, 2014.

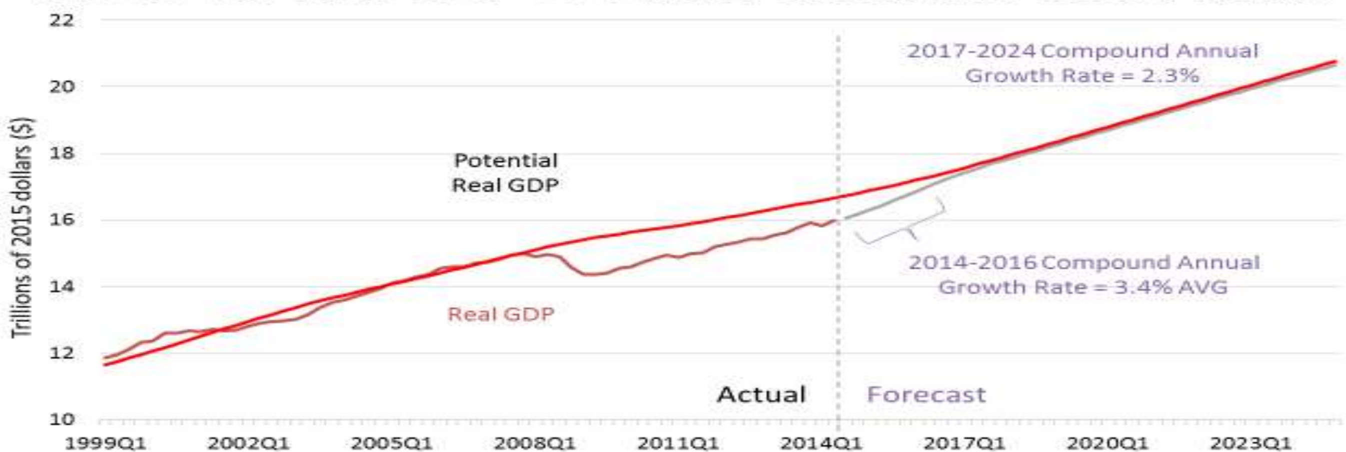
In early December, *The Wall Street Journal* surveyed approximately 50 economists on their quarterly GDP growth forecast through 2015. The resulting consensus forecast is illustrated in this chart.

In that survey economists generally saw close to 3% gross domestic product growth ahead.

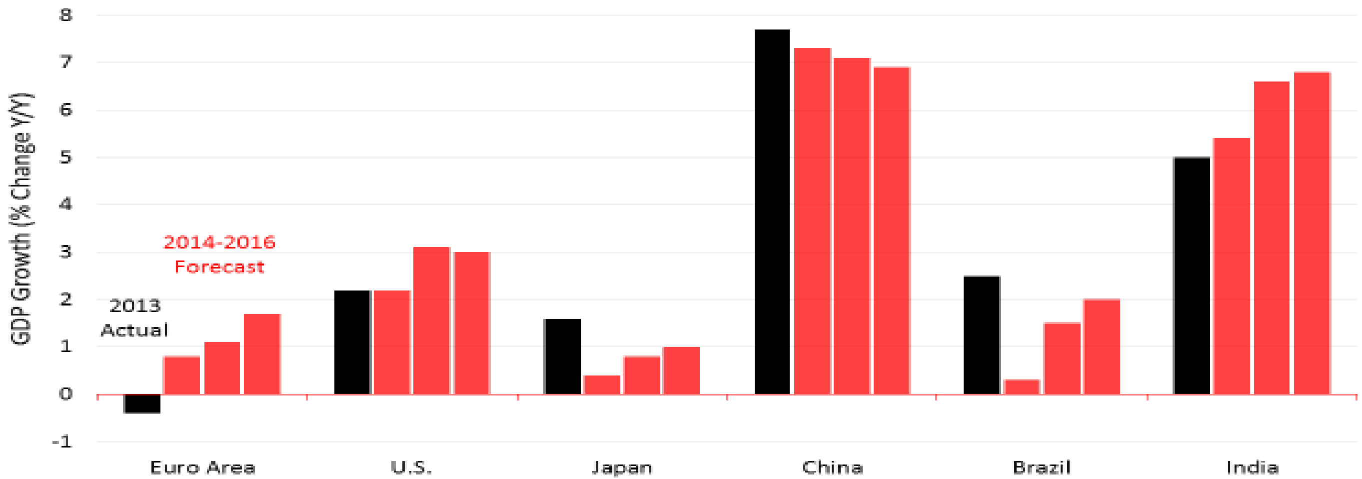
The IMF, at approximately the same time as the WSJ survey, raised its U.S. GDP forecast for 2015 to 3.5% on the strength of the likely stimulus from lower crude oil prices. This would be a big deal if it materializes. Some of the stock market strength which has been so surprising to many strategists may be attributable to the increased likelihood of economists bumping up their economic growth forecasts in the period ahead.



The bottom line on the whole array of forward-looking economic data, as captured by the latest index of leading economic indicators released on December 18, 2014: expect the healthy pace of economic growth to continue for now.



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 or better, 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.



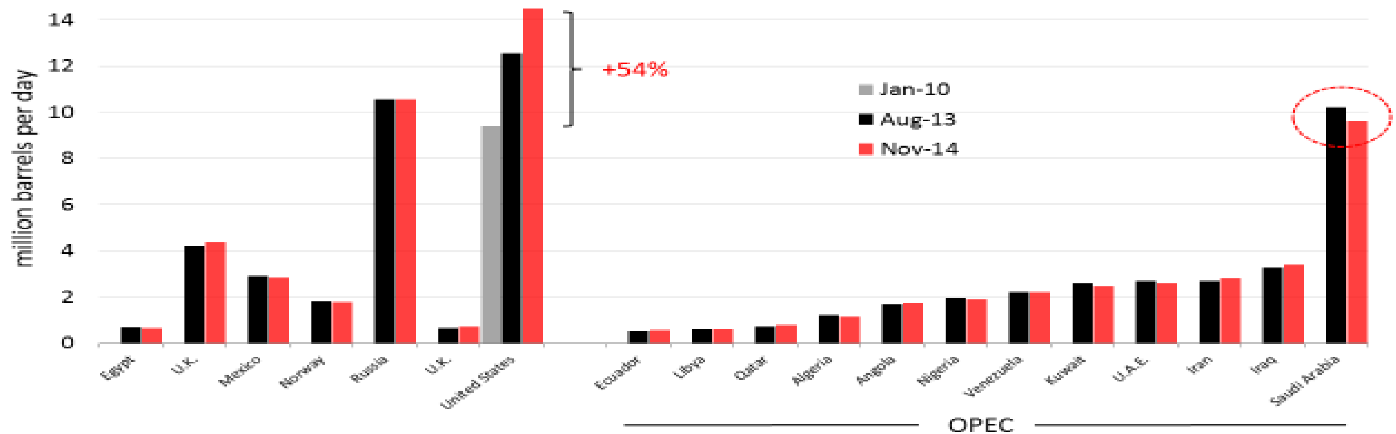
Similar to the near-term forecast for U.S. GDP growth, the OECD's November global economic forecast shows expected acceleration in economic growth in 2015 and 2016 in all major regions of the world except China, with China holding about steady at +7%. Significantly, despite the recent headlines about recession possibly returning in Europe, the European economies are expected to return to healthier expansion next year.

In 2014, global supply surged, outstripping demand growth, driving prices down.

But, in November 2014, supply dropped and consumption popped.

Stay tuned!

Oil supply – why the price war?



Source: U.S. Energy Information Agency, *Short-Term Energy Outlook*, December 2014. Data through November 2014. Includes condensate and natural gas liquids.

U.S. shale production has upset the global supply/demand equilibrium.

Saudi Arabia has borne the brunt of the production cuts while others in OPEC have increased.

The Saudis are not going to take it any more. By driving down oil prices, the Saudis destabilize the Assad regime in Syria. They also make it less profitable for the U.S. shale production to grow. This is a volatile geopolitically-driven dynamic and worth keeping close watch on.

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.

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 November 2014, released December 18, 2014.