



Intelligent Investing
for You, Your Family,
Your Future

NEWSLETTER – QUARTER 2, 2014

MARKET RECAP & FPWM STRATEGY

It's been a great year to be in the "market." Despite numerous concerns: an economy that can't get going, a Fed that might get going, debt crises in Latin America, and geopolitical risk from the Middle to the Far East, asset values rose. As noted in a recent *The Wall Street Journal* article:

"From stocks to bonds to commodities, world financial markets have rallied in unison during the first half of 2014, a feat not seen in more than 20 years and a reflection of investors' optimism that central-bank policies will boost growth."

Six closely tracked gauges of world stock, bond and commodity performance are headed for gains in the first six months of the year, the first time they have done so since 1993."

In a typical environment, stock and commodity prices move together, driven, for example, by economic growth. Conversely, bonds and gold, safe havens in bad times, tend to come under pressure when things are good. All four asset classes moving up together are a good example of the randomness of returns and therefore, the importance of being in most asset classes most of the time. Four Peaks Wealth Management (FPWM) subscribes to this philosophy by investing in a broad mix of assets on behalf of customers. Applying minimum and maximum ownership disciplines, versus exclusively favoring one kind of investment over another, is an example of how FPWM incorporates best practice policies into its investment process.

While the breadth of asset class performance in the first half was rare, the underperformance of "active" stock managers continued its long history. Worth noting, **more than 74% of US actively managed mutual funds are underperforming the**

S & P 500 Index as of June 30, the second worst year of performance in the last decade (Morningstar). We know through experience, and research, how difficult it is to pick outperforming stocks in any given year, never mind picking good ones over a period of several years. That's why FPWM invests "passively" through low-cost, exchange traded funds (ETFs).

OUTLOOK

Looking forward, it's hard to ignore the steady stream of positive news coming from the United States and abroad. In the US, sentiment is that the economy is growing stronger, and that jobs and housing are both on the upswing. In Europe, generally loose monetary policy is broadening the recovery, beyond the larger German and UK economies. Finally, China's targeted stimulus and Japan's improving labor markets have helped stimulate demand in these two dominant Asian economies, benefitting their own economies as well as their emerging market neighbor's economies.

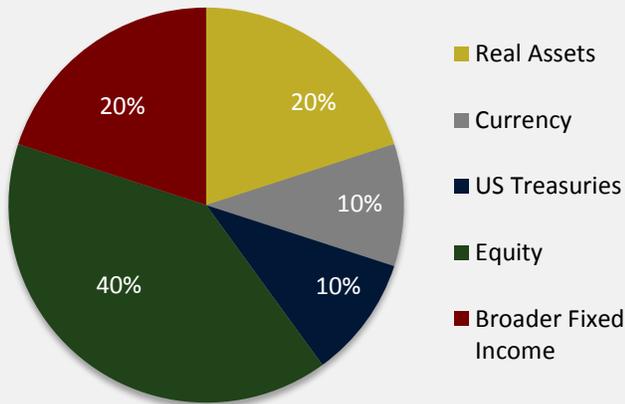
In an environment characterized by low global interest rates, improving economic growth, and low volatility, the path of least resistance for most asset classes looks up. Stocks, bonds and commodities could easily continue their unusual correlations. As your adviser, we cannot ignore two big risks to this positive scenario: rising government interest rates and geopolitical risk. Regarding rates, it is a certainty that they will be going up. When is open to debate. Geopolitical risk is unfortunately impossible to forecast, though it can be insured against.

As of the start to the third quarter, we believe FPWM's portfolios are positioned to deliver performance regardless of the environment by taking a broad diversified approach. Over the long-term, this ensures steady gains, less volatility, and sounder sleep. Thanks for your continued confidence.

PORTFOLIO ALLOCATIONS – Q214 (ENDING %)

PORTFOLIO PERFORMANCE

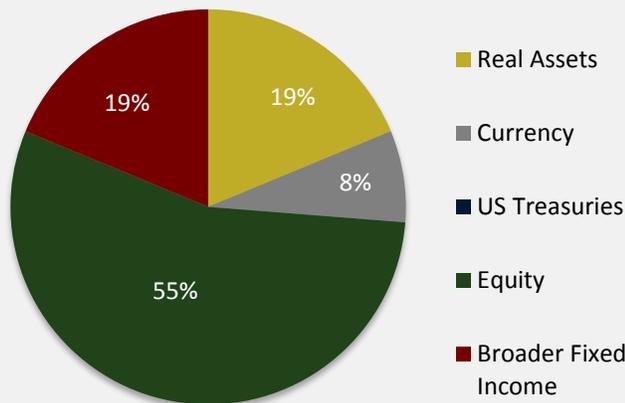
Q214 Allocation - Conservative Strategy



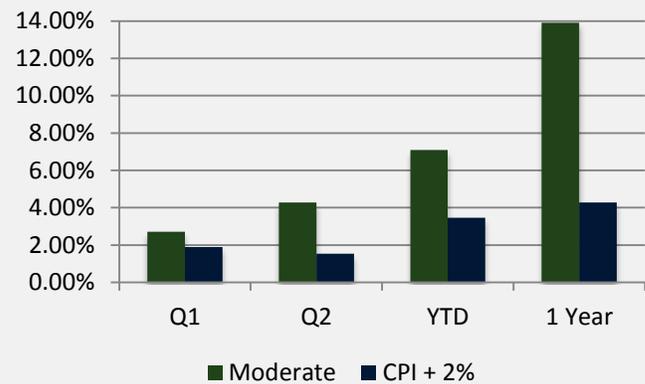
Four Peaks Wealth Management Performance - Conservative Strategy



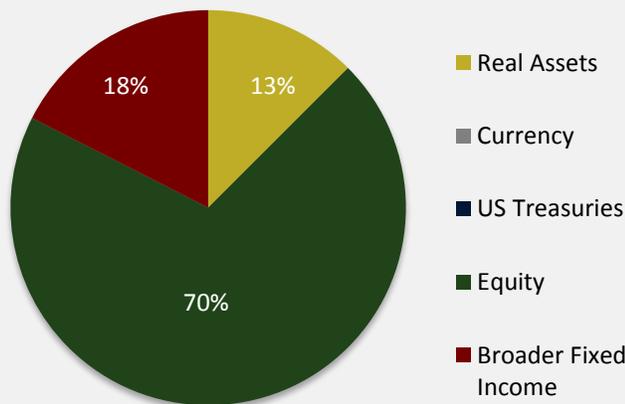
Q214 Allocation - Moderate Strategy



Four Peaks Wealth Management Performance - Moderate Strategy



Q214 Allocation - Aggressive Strategy



Four Peaks Wealth Management Performance - Aggressive Strategy

