DATE: **April 1, 2014**

TO: **POINT VIEW CLIENTS**

FROM: **David G. Dietze, JD, CFA, CFP™ and President**

I. 2014 First Quarter Performance

- Stock markets worldwide got off to sluggish start, at least compared to 2013, with the Dow, even including dividends, shy of its mark at New Year's Eve. January was disappointing, with investors digesting the implications of the taper's commencement, fierce winter weather, and sluggish corporate earnings projections. February proved profitable following buying on the dip, as investors cheered Washington's budget and debt resolution. March saw a rotation from high flying momentum names, like biotechs, social media stocks and **Tesla**, into value stocks, including utilities, energy, and emerging markets. With bonds, particularly longer dated ones, outperforming stocks, investors appreciated anew the virtues of careful allocation over the various asset classes.

MARKET DATA	03/31/13 03/31/14	First Quarter
S&P 500 (dividends reinvested)	21.87%	1.81%
NASDAQ (dividends reinvested)	30.18%	0.83%
60/40 S&P 500 / TX-EXEMPT SECURITIES BLEND	12.94%	2.46%
DOW JONES INDUSTRIALS (dividends reinvested)	15.46%	-0.17%
TAXABLE BONDS (Barclay's 1-3 Yr Gov't/Credit)	0.67%	0.23%
TAX-EXEMPT SECURITIES (Barclay's Muni Index)	0.39%	3.32%
YOUR PORTFOLIO (If under management more than 3 months)	*SEE ATTACHED*	

- Perhaps the most outstanding feature of 2014's start was bonds' stellar performance. The broad based Barclay's Aggregate bond index, longer dated than the bond index on our chart, clocked in with a 1.8% return that matches the S&P. Normally stocks should outperform to compensate for their added volatility and risk. Moreover, the longer the maturity date on the bonds, the better the results; the Barclay's Capital index of long dated corporates scored a 5.9% return. Didn't nearly every pundit say to avoid bonds, but if you must then stick with the shorter ones, because interest rates can only rise, especially now that the Federal Reserve has started tapering its bond purchases? Trouble is, when everyone knows just one thing, that one thing is more than priced in, and it doesn't take much to invest successfully against the crowd.

- Much maligned gold and gold mining stocks surprised, too, in Q1. After a disastrous 2013, as investors fretted that with rates rising and inflation quiescent the yellow metal made little sense, the market was clearly oversold. As 2014 reminded that stock markets can move in two directions, safe haven assets regained renewed, well, luster. Gold itself advanced 6.8% while a broad index of gold and silver mining stocks scored an 8.4% rise. Gold mining stocks tend to be more leveraged plays on the metal itself; with high fixed costs it doesn't take much movement in the gold price to have an outsized effect on profits.

- Coming off a gangbusters 2013, some developed a renewed sense of market derring do. IPOs were in full bloom, with more deals being completed at any time since 2000, that famous era of speculation. Certainly, a big increase in these deals indicates more of a sellers market than a buyers one, and investors need wariness. The IPOs focused on the biotech, social media, social gaming, and cloud/mobile area. Quality evaporated: The WSJ reported that three quarters of the market debutants were unprofitable and two thirds had sales of less than $50 million. Such frenzied conditions often end badly.

- Among stock sectors utilities were outstanding, as a group up 7.6%. **Exelon** excelled, rising over 23%. With investors gravitating back to bonds, stocks deemed bond surrogates, like utilities, had renewed attractiveness.

- Health care drew investor money, also. The Affordable Care Act is generally seen as a boon to that industry, increasing the number of insured but taking a light touch on reining in costs. Drug makers as a group rose 6.3% while **Merck** led the Dow, up 14.3%.

PREVAILING YIELDS AS OF:

FIXED INCOME ASSET	03/31/13	06/30/13	09/30/13	12/31/13	03/31/14
US Government 10 Yr. Note	1.85%	2.52%	2.61%	3.03%	2.73%
5-Year Certificate of Deposit	0.82%	0.78%	0.79%	0.78%	0.79%
Money Market	0.01%	0.01%	0.01%	0.01%	0.00%

II. Looking Forward

2014 will feature a transition from a tailwind to the economy in the form of accommodating monetary policy to a headwind as the taper continues and finally gives way to a boosting of short term rates. Corporate earnings will remain challenging, too, as revenue growth remains sluggish and manufactured earnings growth via cost cutting and stock buy backs becomes increasingly difficult. Longer term we're optimistic. The stock market will remain a cornerstone for portfolios. Even if rates rise, they're still at very low levels. A 3.5% ten year Treasury is still not enough for retirees to live on, endowments to distribute, or pensions to rely upon.

III. Enclosures

The enclosed shows the recent performance of all of your Fidelity accounts (if under management for more than 3 months) your investment advisory invoice and our annual privacy policy mailing. Our ADV Part II is updated for 2014, and posted on our website. There have been no significant changes since last year.