



DATE: July 7, 2014
 TO: POINT VIEW CLIENTS
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I. 2014 Second Quarter Performance

- Worldwide financial markets performed well in the second quarter, with nearly every asset class climbing smartly. The Dow and the S&P are essentially at all-time highs following the Dow's Q2 total return of 2.8% and the S&P 500, with dividends, up 5.24%. Similar positive numbers were racked up by high yield bonds, up 2.57%, gold +3%, overseas stocks, jumping 4.17%, the small cap Russell 2000, advancing 1.7% and the major bond index, the Barclay's Aggregate (up 2.04%). Stocks have trended up for the last 6 quarters in a row. Only once in the last 50 years has there been 7 consecutive up quarters.

MARKET DATA	06/30/13 06/30/14	Second Quarter	YTD 2014
S&P 500 (dividends reinvested)	24.61%	5.24%	7.14%
NASDAQ (dividends reinvested)	31.17%	5.31%	6.18%
60/40 S&P 500 / TX-EXEMPT SECURITIES BLEND	17.02%	4.18%	6.74%
DOW JONES INDUSTRIALS (dividends reinvested)	15.36%	2.80%	2.62%
TAXABLE BONDS (Barclay's 1-3 Yr Gov't/Credit)	1.12%	0.33%	0.56%
TAX-EXEMPT SECURITIES (Barclay's Muni Index)	6.14%	2.60%	6.00%
<i>YOUR PORTFOLIO (If under management more than 3 months)</i>	<i>SEE ATTACHED</i>		

- The standout feature of Q2 was the market's ability to shake off a horrendous first quarter GDP report, which, when finally adjusted, clocked in at negative 2.9%, the worst in five years. Two down quarters of GDP is essentially a recession, hardly a harbinger of positive markets. Investors shook off the foul first quarter economic performance by chalking it up to rough winter weather. Continued strength in auto sales, housing, and improvements in jobs also contributed to the belief that the economy was not heading down.
- Among sectors energy led the brigade. An index of large integrated oils advanced 10.2%, nearly doubling the return on the overall market, with standouts including **Conoco Phillips** (+22.8%), **Royal Dutch** (+11.8% for the Class A shares), and **Chevron**

(+10.7%). Rising tensions in the Ukraine and outright conflict in Iraq have injected a risk premium into crude oil prices; industry players are spinning off portions of their operations to highlight value; plus we believe the stocks were just plain cheap versus the overall market.

- Fixed income markets continued to perform well. While investors stateside marvel at the seemingly low yields, with the 10 year Treasury finishing the quarter at about 2.5%, viewed from those overseas that yield appeared generous: The sovereign 10 year from France yields 1.7%, Germany 1.3%, and Japan 0.6%. US junk bond yields fell to a record low of 4.8%, while the premium for buying a corporate bond versus a US Treasury dropped to the lowest since 2007.

PREVAILING YIELDS AS OF:

FIXED INCOME ASSET	06/30/13	09/30/13	12/31/13	03/31/14	06/30/14
US Government 10 Yr. Note	2.52%	2.61%	3.03%	2.73%	2.53%
5-Year Certificate of Deposit	0.78%	0.79%	0.78%	0.79%	0.78%
Money Market	0.01%	0.01%	0.01%	0.00%	0.01%

II. Looking Forward

- We remain cautiously optimistic. After all, with the 10 year Treasury below 2.6%, retirees, pensions, endowments and others can't meet their distribution requirements with fixed income, so any stock market pullback is likely to be met with buying. Despite the tapering and plans to increase short term interest rates here in 2015, monetary authorities in Europe, Japan, China and elsewhere are poised to ease money conditions further, effectively picking up the baton of financial accommodation from the Americans.
- The economy we have may not be the one we want, but it is grudgingly growing, while hiring is picking up.
- On the negative side of the ledger is, frankly, that we've done so well. Since the market bottom in March of 2009 the indices have virtually tripled and the bull is now over five years old; since WWII only two bulls have seen a sixth birthday. We've gone 33 months without so much as a correction, meaning an at least 10% pullback in prices, yet the average such spell is just 18 months.
- Valuations are less supportive. Domestic stocks now trade at 17 times earnings versus the 15 that historically prevails. Dividends now average under 2%, while the price to sales ratio, at 1.66, is the highest on record, far above the average 1.22.
- We continue to favor companies that dominate their markets, are returning profits to shareholders in the form of stock buybacks and dividends, and are in out of favor sectors.

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.