

your Update

VISION
FINANCIAL ADVISORY CORP
DELIVERING FINANCIAL CLARITY



How long can it last?

The S&P 500 finished June 2014 with its sixth consecutive quarter in positive territory, just the sixth time that has happened since 1928. In all but one of those historical situations, the following quarter finished higher still.¹ Yet understandably, with the markets at record highs, investors and advisors alike are increasingly wondering how long this five-year-old bull run will last.

Some analysts say the market is overvalued, is on shaky ground, and that traders are ignoring fundamentals. They ask if investor enthusiasm has become too high amid relatively low consumer confidence. They point out that defensive stocks have been leading other sectors in 2014.²

Other pundits point to bright spots, even encouraging fundamentals. Unemployment has dropped from 10% to 6.3%. Savings have increased. The work week has lengthened. Consumer prices have increased, but at a modest rate. Inflation remains low.

Economics, and market analysis, often result in a complicated "point/counter-point" match with no clear winner. Every data point seems to be twisted to make some sale or political point.

While it's impossible to know what hindsight we will have in six months or five years, we

have started to nudge Vision Financial clients towards slightly more conservative postures in our investment recommendations. We agree with analysis that remains confident in the long-term upside of the markets and don't want to abandon the opportunity found on that playing field, but we do want to avoid unnecessary risk-taking while enjoying the third longest rally of all time without a 20% correction (second only to the 1920's and 1990's).

We are spending even more effort recently analyzing investments, seeking efficiency and the best risk/reward ratios. We are reviewing client portfolios, and suggesting some harvesting of gains and the lowering of overall risk where it seems appropriate, especially for those approaching retirement years when they will access their nest egg for cash flow.

As always, "suitability" is the key. Please continue to keep us informed of your investment time horizon and financial goals as they shift or become more defined. This will help us help you as your financial coaches, continuing our efforts of delivering financial clarity to you.

Sincerely,

John D. VanDyke

1 Bespoke Investment Group <http://www.bespokeinvest.com/>
2 Greywolfe Execution Partners <http://greywolfe.com/>

2014 mid year



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