CCadvantage™

Investment Strategy Update **First Quarter 2014**

Investor focus remains on world interest rates and the Fed's implemented tapering program. World economies continue to stabilize and foreign equity markets are expected to begin rebounding this year. We have moved to a modestly aggressive asset allocation relative to each client's personal benchmark.

Robin Smith, CFA, CFS, EA

Our modestly aggressive asset allocation, when compared to each client's personal benchmark, reflects the positive effects of continued improvement in world economies and reasonable valuations in equity markets. Gradually rising interest rates over the next 12 to 24 months toward historic norms are not expected to prevent modest gains in equity markets for 2014.

Favorable long term prospects for corporate profits in a low inflation environment, along with improved expectations for debt ceiling discussions during the first quarter of 2014, should help reduce market volatility even as the Dow Jones and S&P 500 continue to record new all-time highs. We used a modest pull back in equity markets during the fourth quarter as an opportunity to move toward our current modestly aggressive posture.

Revenues for retailers in their brick and mortar stores during the 2013 holiday shopping season do appear to have fallen short of 2012 levels as expected. However, online sales have been surprisingly strong and appear to have offset that weakness. The Bureau of Economic Analysis has released its third and final estimate for third quarter U.S. Gross Domestic Product, indicating a 4.1% annualized rate of growth for the U.S. economy. According to the bureau, personal consumption growth surged to 2.0% and the GDP price index came in at 2.0%, while core PCE was 1.4%. On balance, we view continued good economic news, a more constructive environment in Washington, DC and a gradual rise in interest rates over time as being positive for equity markets in 2014.

Our modestly aggressive asset allocation, relative to each client's benchmark portfolio, reflects our expectations for continued improvement in world economies and reasonable valuations in equity markets. Fixed income investments focus on significantly shorter duration, corporate bonds and cash.

CCadvantage™

All economic and performance data is historical and not indicative of future results. The market indices discussed are unmanaged. Investors cannot invest in unmanaged indices. The publisher is not engaged in rendering legal, accounting or other professional services. If other expert assistance is needed, the reader is advised to engage the services of a competent professional. Please consult your Financial Advisor for further information. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards.

These views are those of CapitalCrest™, and not the presenting Representative or the Representative's Broker/Dealer, and should not be construed as investment advice to anyone who is not a client of CapitalCrest.

The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Standard & Poor's 500 (S&P 500) is an unmanaged, market-weighted index of common stock considered to be representative of the stock market in general. It is not possible to invest directly in any index.

Each MSCI Index is a free-float, market capitalization weighted index. The MSCI World Index includes developed world markets, and does not include emerging markets. The MSCI Emerging Markets Index consisting of indices in more than 25 emerging economies. The MSCI Asia ex Japan Index captures large and mid-cap representation across 2 of 3 Developed Markets countries (excluding Japan) and 8 Emerging Markets countries in Asia. The MSCI US REIT Index includes US REITs that are included in the MSCI World Index. The Dow Jones—UBS Commodity Index SM is a highly liquid and diversified benchmark that allows investors to track the commodity futures market. The named Broker/Dealer does not give tax or legal advice. All information is believed to be from reliable sources; however we make no representation as to its completeness or accuracy.

Robin Smith, CFA, EA, CFS
President & CEO
rsmith@capitalcrest.com
CapitalCrest Advisor Network, LLC
3206G Post Woods Drive
Atlanta, GA 30339
www.capitalcrest.com
Office: 678.579.9678
Toll Free: 888.579.9678
FAX: 678.579.9696
Cell Phone: 678.733.1222