Portfolio Shift Commentary: April 4, 2014

With the first quarter officially in the books, economic data available for January and February was not the best starting point for the "breakout year" most economists and policy makers were predicting. Mother Nature certainly added quite the growth obstacle during the winter months while the current geopolitical situation in Crimea further clouds the outlook.

However we remain in the optimistic camp and believe potential growth rates that top 3% are still achievable. Much of the recovery will depend on how fast the inventory buildup late last year and early this year is worked off as winter fades. The higher the pent up demand, the faster inventory is cleared, thus clearing the way for future orders which in turn spurs production, capital spending, and hiring!

Within the equity side of our portfolios, we have exited our emerging market position and redeployed those assets in developed international equities. Developed international equities have been performing well over the past few months, and we believe there will be continued support over the next few quarters. We first trimmed our emerging market position by 60% in December. As the Fed truly reduces its massive bond buying program and tries to re-balance its unprecedented $3.5 trillion balance sheet, we believe the emerging markets, their currencies, and their GDPs will continue to erode.

Within our fixed income allocation, we continued to diversify our allocation with a U.S. hedged international position. As we start to determine the best way to allocate our fixed income in a rising rate environment, we feel adding international exposure will help alleviate some of the impact rising rates will have on fixed income markets.

As always, we thank you all for your continued support and look forward to discussing any or all of our thoughts at your convenience.

Warmest Regards,

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