## Portfolio Shift Commentary: October 14, 2014

Emotions appear to be driving market volatility, and the IMF certainly didn't do us any favors with their doom and gloom report last week. That being said, third quarter earnings appear to be shaping up nicely and should help prop the markets up as we move through October. Given the generally stronger economic data in the U.S. and the likelihood of the ECB pursuing further quantitative easing in the near-term, we still believe that we will see a strong end to the year.

While we remain optimistic on the economic front, we are slightly more cautious toward financial markets. Global growth should support risk assets, but the end of Fed asset purchases, weaker data out of Europe, and geopolitical risks are likely to make for a more challenging backdrop in the coming months.

From a regional perspective, we lowered exposure to developed international equities in favor of US and emerging markets, which we believe will continue to have stronger and more consistent economic momentum. Near-term data in emerging markets has seen positive momentum while valuations and performance don't appear stretched.

We also lowered our overweight position in the energy markets. The recent 20% pullback from the mid-June highs has been ugly. We still believe in the long term opportunities in energy markets, but headwinds of a rising US dollar and global oil supply that is outpacing demand make the near term volatile.

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

Best Regards,

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