

**Dear Clients and Prospects:**

In 2014, global equities (VT) gained 4%, led by U.S. equities (VTI) which rose 13%. Foreign markets underperformed, with foreign developed equities (VEA) down 6%, and emerging markets (VWO) down 1%.

Real estate (VNQ) and long-term treasuries (TLT) both delivered strong returns with respective gains of 30% and 27%. The biggest decline was in commodities (GSG), which fell 33%, due to a 42% drop in oil (USO).

Medium-term treasuries (IEF) gained 9%, while treasury inflation-protected securities (TIP) rose by 4%, and the total bond market (BND) increased by 6%.

The investable benchmark portfolios performed very well delivering 9% to 20%. The trailing 10-year total return range is now 110% to 130%, or 7.7% to 8.7% annualized. These efficient portfolios yield over 2.0% annually, with blended expense ratios under 0.2%.

Over the past 28 years, the combination of indexing and trend following delivered impressive performance. The 60/40 SI portfolio, 60% Systematic Index and 40% S&P 500, gained 9.7% annually, with far lower risk. Trend following lowered the portfolio’s worst three-year total return to -2%, versus -38% for the S&P 500 alone.

See the 28-year “escalator-like” return stream online in our [ETF Trend Following](#) presentation. On slides 4-10, we explain the supporting data for our 50/50 Portfolio, which combines indexing and trend following. Over the past seven years, the 50/50 gained 37%, while 60/40 SI rose by 49%.

The presentation also introduces Tactical (T) and Tactical 2x (T2). Since inception, these strategies gained 8% and 11%, respectively, while the S&P 500 returned 6%. On slide 14, we highlight the extraordinary risk control and non-correlation in Tactical, by showing the gains it delivered on the roughest individual days for the S&P 500.

As always, please let me know if you would like to plan a call or meeting to discuss.

David S. Kreinces  
 Founder & Portfolio Manager

Watch List	2014 Return	7yr Total Return	Worst Year
<b>Investable Benchmarks</b>			
Income	20%	77%	-5%
Income & Growth	14%	66%	-8%
Growth (eMAC)	9%	51%	-26%
S&P 500	13%	63%	-37%
<b>Absolute Return Strategies</b>			
60/40 SI	12%	49%	-4%
50/50 Portfolio	5%	37%	-8%
Tactical (T)	8%	na	na
Tactical 2x (T2)	11%	na	na
<small>Note: Tactical and Tactical 2x reflect six-months of actual performance since inception on 7/8/14 and 7/10/14, respectively. All other data shown is hypothetical back-tested data for informational purposes. Worst Year is worst calendar year since 2000. Past performance is not an indication of future results. na Not Available. Please see full disclosures enclosed at <a href="http://www.etfpm.com">www.etfpm.com</a>.</small>			