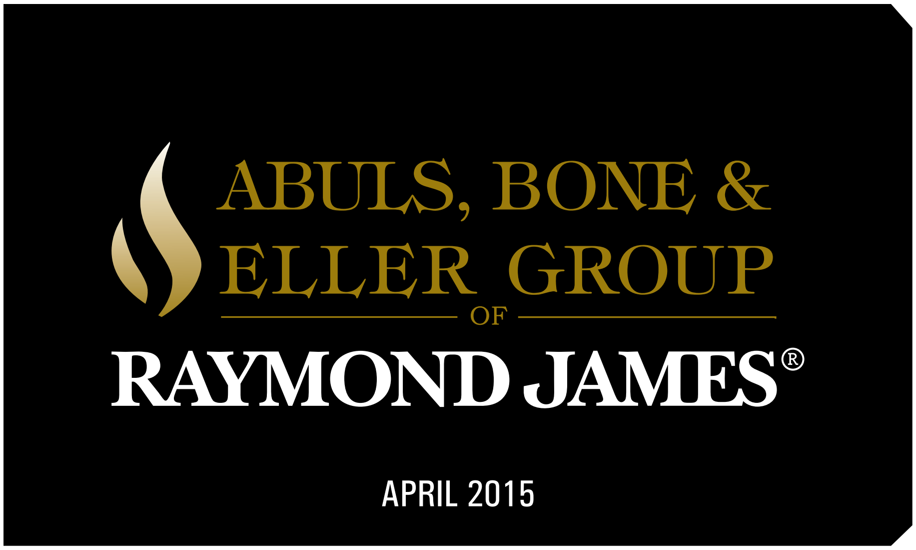

APRIL 2015

LOOKING INTO THE CRYSTAL BALL

"Some people grumble that roses have thorns; I am grateful that thorns have roses."

Alphonse Carr

"The fault, dear Brutus, is not in the stars, but in ourselves."

Shakespeare

Optimism is a core tenant of a successful and happy life, as well as that of successful investors. Even short traders (those who make money by betting on stocks going down in value) are optimists. Because even though they are betting on sinking prices they are optimistic they are right and going to make money!

In the 30 years we have practiced our profession, there have been some events that have left indelible imprints on the world and the psyche of investors. In 1983, when we entered the financial world we were working with children of the depression. The impact of the depression, though felt more directly by their parents, impacted their financial reasoning for a lifetime. They were generally cynical of the markets and financial institutions. They believed in cash and limited debt. And they lived within their means. At the same time the stock market had performed poorly for 15 years. And with interest rates at historically high levels nobody wanted to talk about stocks.

In our opinion, the memories of the tech/telecom market implosion followed by the 2008 financial crisis have permanently scarred or imprinted a generation of investors. It has resurrected a fear and cynicism that was starkly different than the world many of them knew during the 1980' and 1990's. Whereas this generation of investors experienced one of the most prolific market rises in history through 1999, they also experienced two of the biggest sell-offs in market history in the first decade of the 2000's. It has been a yoyo in the experiential learning curve for baby-boomer investors.

Long-term optimism is essential for investors. We can guarantee that whether it is your own financial situation or the markets themselves, you will experience a series of ups and downs, failures and successes and fear and euphoria along the way.Two of our favorite investors, John Templeton and Warren Buffet, exemplified people who have had great faith in the future. They were intellectually curious and whole-heartedly believed man was on a constant and never-ending journey to improve the world around us and our lives as a result. And that would bring the opportunity to invest in the growth of the global economy and the companies comprising it.

It is not easy to be an optimist in a world where fear sells better than pleasure. Journalism in all forms produces many more negative stories than positive. Medical science is much more focused on curing ills that exist than extolling the virtues of wellness and preventative measures. And in reality, more people are motivated by pain than by pleasure. We have often said that one of the defining characteristics of successful people is that they are always moving toward something; i.e. goals or something they desire. Others are most often motivated by moving away from something; results not of their choosing or displeasure they incur.

Why is this important as an investor? Because the biggest mistake individual investors make in a lifetime of making financial choices is during the negative points in an economic cycle or a market cycle. Poor decisions are made because investors feel like they have become victims of the financial machine or their fear of achieving their long-term goals overtakes them.

The best investors view poor economic cycles or market declines as **opportunities.** Much like a savvy shopper, good investors prefer to buy assets when they are on sale. Poor economic cycles (in an otherwise growing global economy) create a lack of confidence in the future. As a result, many investors lose faith in the value of their investments and sell.

Investors who remain confident in the long-term value of the businesses are provided the opportunity to buy the assets at cheaper prices. They are neither victims or have fear about the future. Conversely, they realize that creative destruction is always at work. Their skill is in recognizing that things need to be broken down to be built up. Competition will result in some participants winning out over others. The goal is to recognize who will prosper and to allocate capital accordingly.

There is no significant return without risk. Or as noted financial advisor, author and speaker Nick Murray recently said, "More significantly, if advisors and investment companies tell the public they can suppress volatility without suppressing returns, Murray said they might as well be selling "rainbows and unicorns." For the time we have been in this business the average intra-year decline in the S&P 500 has been slightly over 14%. Since 1980, we have experienced a 19%+ decline 7 times. And the corrections of 49% in 2000 and 57% in 2008 were of the amplitude that they have generationally scarred the volatility sensitivity of the average investor.

We are very sensitive to the behavioral aspects of investing and how our clients react to the negative aspects in an otherwise positive world (e.g. the markets are positive 70% of the time). Some clients are more sensitive to market fluctuations, and 'temporary' losses than others. In reality, they are more sensitive to 'statement' fluctuations; i.e. the value of their monthly statement. We work diligently to understand each client's 'pain tolerance level to assure they will not make the mistake of selling when the markets are down. Conversely, we encourage each investor to periodically look in the mirror and make sure their ability to live with their investment portfolio is consistent with who they were and nothing has changed.

It is easy to be an investor when the markets are going up. Again some sage-filled advice from Nick Murray, "What I am telling you is that you won't be able to keep him in the market: when it goes down – especially when it goes down a lot – this will confirm all his primal pessimistic biases, and he will panic out. "Do not try to teach a mule to dance," said Mark Twain. "It wastes your time, and upsets the mule."

We are going to experience a significant market decline again. We don't know when it will happen or to what magnitude it will be. But it will happen. **And most important, good things will happen as a result of it.**

We are currently positioned in the asset classes and managers who we believe are best positioned for the next inevitable market correction. This is true for both equities and fixed income. We are seeing increased cash levels in some managed portfolios. This can be used to take advantage of stocks on sale. In addition to cash in portfolios, there is a 4% cash position in our current 100% equity model to take advantage of better prices. We are currently allocated significantly, more than any time in our career, to large company stocks versus small company stocks. This may help mitigate losses in a downturn. We have a significant allocation to international equities. This may help mitigate losses in a US centric market decline. Finally, we will rebalance portfolios in a bear market; i.e. we will apply cash to the purchase of stocks and we may sell bonds to buy stocks.

We have gone an unusually long time in the current bull market with little volatility. We share this information with you for reason. It is not to scare you. It is to give assurance we are aware of the market's cyclical nature and we have a plan of how to take advantage of it. Should you need any further details or insight, or want to discuss your individual situation do not hesitate to contact us.

The Abuls, Bone & Eller Equity Allocation

As of March 31, 2015:

Large Cap Value	22%
Large Cap Growth	22%
Small Cap Value	1.5%
Small Cap Growth	0%
International Large Cap	25.5%
International Small Cap	4%
Emerging Markets	6.50%
Natural Resources	4.5%
Allocation Funds	10%
Cash	4%
Total	100%

The Abuls, Bone & Eller Income Allocation

As of March 31, 2015:

Core Bonds	65%
Global Bonds	15%
Multi-Sector Income	10%
Allocation Funds	10%
Total	100%

REQUIRED DISCLOSURES

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Diversification and strategic asset allocation do not ensure a profit or protect against a loss. Investments are subject to market risk, including possible loss of principal. Gross Domestic Product (GDP) is the annual market value of all goods and services produced domestically by the US. Alternative investment strategies involve greater risks and are only appropriate for the most sophisticated, knowledgeable and wealthiest of investors. High-yield bonds are not suitable for all investors. When appropriate, these bonds should only comprise a modest portion of your portfolio.

The S&P 500 is an unmanaged index of 500 widely held stocks. The MSCI Emerging Markets Index is designed to measure equity market performance in global emerging markets. The Russell 2000 index is an unmanaged index of small cap securities which generally involve greater risks. Barclays Capital U.S. Aggregate Bond Index is made up of the Barclays Capital U.S. Government / Corporate Bond Index, Mortgage-Backed Securities Index, and Asset-Based Securities Index, including securities that are of investment grade quality or better, have at least one year to maturity, and have an outstanding par value of at least $100 million. The MSCI EAFE (Europe, Australia, and Far East) index is an unmanaged index that is generally considered representative of the international stock market. These international securities involve additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. The Dow Jones-UBS Commodity Index aims to provide broadly diversified representation of commodity markets as an asset class. It is not possible to invest directly in an index. The Vanguard REIT Index is a real estate investment trust fund that offers investors wide exposure in the real estate sector at a low price. The fund holds each of its stocks in approximately the same proportion as the weighting in the MSCI US REIT Index. It is not possible to invest directly in an index.

The NASDAQ Composite Index is an unmanaged index of all stocks traded on the NASDAQ over-the-counter market. The Dow Jones Industrial Average is an unmanaged index of 30 widely held securities.

The value of fixed income securities fluctuates and investors may receive more or less than their original investments if sold prior to maturity. Bonds are subject to price change and availability.

This analysis does not include transaction costs and tax considerations. If included these costs would reduce an investor's return. As federal and state tax rules are subject to frequent changes, you should consult with a qualified tax advisor prior to making any investment decision. Raymond James does not provide legal or tax advice on these or any other transactions.

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