The Tyson Smith Group
of Raymond James

How Did We Do?

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2014 Recap

The most common question we receive in the first quarter is "How did we do?". Clients want to know how their portfolios performed and if the markets helped them get closer to their long term financial objectives. So... to help you assess your own financial situation, I thought a quick market synopsis might be interesting. First, I'll share a couple of brief explanations.

S&P 500 -- This index is made up of 500 leading companies and captures approximately 80% coverage of available market capitalization. (a) So....how did it do? Including Dividends, the S&P 500 was up over 13% in 2014. The DJIA (Dow Jones Industrial Average) is probably the most commonly used index when people discuss the market. The Dow is made up of only 30 companies and has historically similar performance characteristics to the S&P 500. In 2014 the DJIA grew over 10%.

It's interesting to note that Large Cap companies outperformed Mid Cap companies which outperformed Small Caps. In our analysis we attribute this to investor fear. Historically, smaller companies will outshine the larger ones during Bull markets. Due to their size, smaller companies just move faster. However, today's investor is still stinging from the pain of 2008 and is gravitating toward larger household names. Names they recognize and believe will be more stable in the event of a market downturn.

In 2014, I made a number of calls by sharing insights and expectations. Here's a quick synopsis of our results:

We expected the Russian situation to have a broad reaching impact. - We were correct. Russia and Ukraine are still a hot topic and may take a long time to settle down. We continue to be vigilant and take advantage of market opportunities.

We didn't anticipate any major issues with North Korea in 2014 and we were correct. Excepting a baby-fit over a Sony movie, North Korea was relatively quiet in 2014.

Fracking and expansion of our oil and natural gas production were expected to have a sizable impact on the economy. We were correct. Oil and gas production was a big part of the conversation in 2014 and we believe it was remain so through 2015.

We expected interest rates to begin moving up as Quantitative Easing was pulled off the table. Wrong. We were too soon. Although QE 3 was pulled back, interest rates actually went down, rather than up in 2014.

Finally, we were anticipating a positive 10 -12% Equity Market in 2014. We were correct. We were happy to see the S&P 500 and DOW up 13% and 10% respectively.

The next logical question would be to ask about 2015 and where funds might best be allocated. We're a little light on space here but I'm happy to answer the question another time.
As always - do your homework. Stay educated, ask lots of questions and understand the risks before making investment decisions.
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