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Dear Client,

This letter contains news and views that I feel will be of interest to you. As always, please call me at your convenience to set up your quarterly meeting.

Contents:

Going, Sebastien, Fisher & Le Bouef, LLP (GSF&L) News:

- Craig has read the book <u>The Advisor's Guide to Annuities.</u> If you are thinking of purchasing or if you own a fixed, variable, or index annuity and want to understand more about its fee structure, payout, taxability, or if it is right for you from an Advisor's perspective please give him a call.

Investment Views:

- ***Morningstar Data - Through June 30, 2014 - Year-to-date returns -*** S&P 500 7.14%, Dow Jones Industrial Average 1.51%, NASDAQ Composite (dollars) 5.54%, MSCI EAFE (dollars) 3.62%, and the Barclays U.S. Aggregate Bond Index 1.23%.

- ***The Northern Trust Company – Weekly Economic Commentary – July 3, 2014 –*** The unemployment rate dropped to 6.1% in June from 6.3% in the prior month. Payrolls averaged 272,000 in the last three months, the third-best reading in the current upswing.

- ***Bureau of Economic Analysis – June 25, 2014 -*** Real Gross Domestic Product (GDP) – the output of goods and services produced by labor and property located in the U.S. - decreased at an annual rate of 2.9% in first quarter of 2014 as compared to an increase of 2.6% in the fourth quarter of 2013. Personal Income increased 0.4% in May as compared to April's 0.3%.

- ***Bureau of Labor Statistics – June 17, 2014 –*** On a seasonally adjusted basis, the Consumer Price Index for All Urban Consumers increased 0.4% in May as compared to a rise of 03% in April. Over the last 12 months, the index increased 2.1%.

Craig's Thoughts and Views:

U.S. Stock Market Returns

The histogram (a bar graph showing frequency of values by vertical rectangles of varying heights and widths) on page 3 depicts the distribution of returns for the U.S. stock market going back to 1926 (88 years of returns) revealed three interesting points.

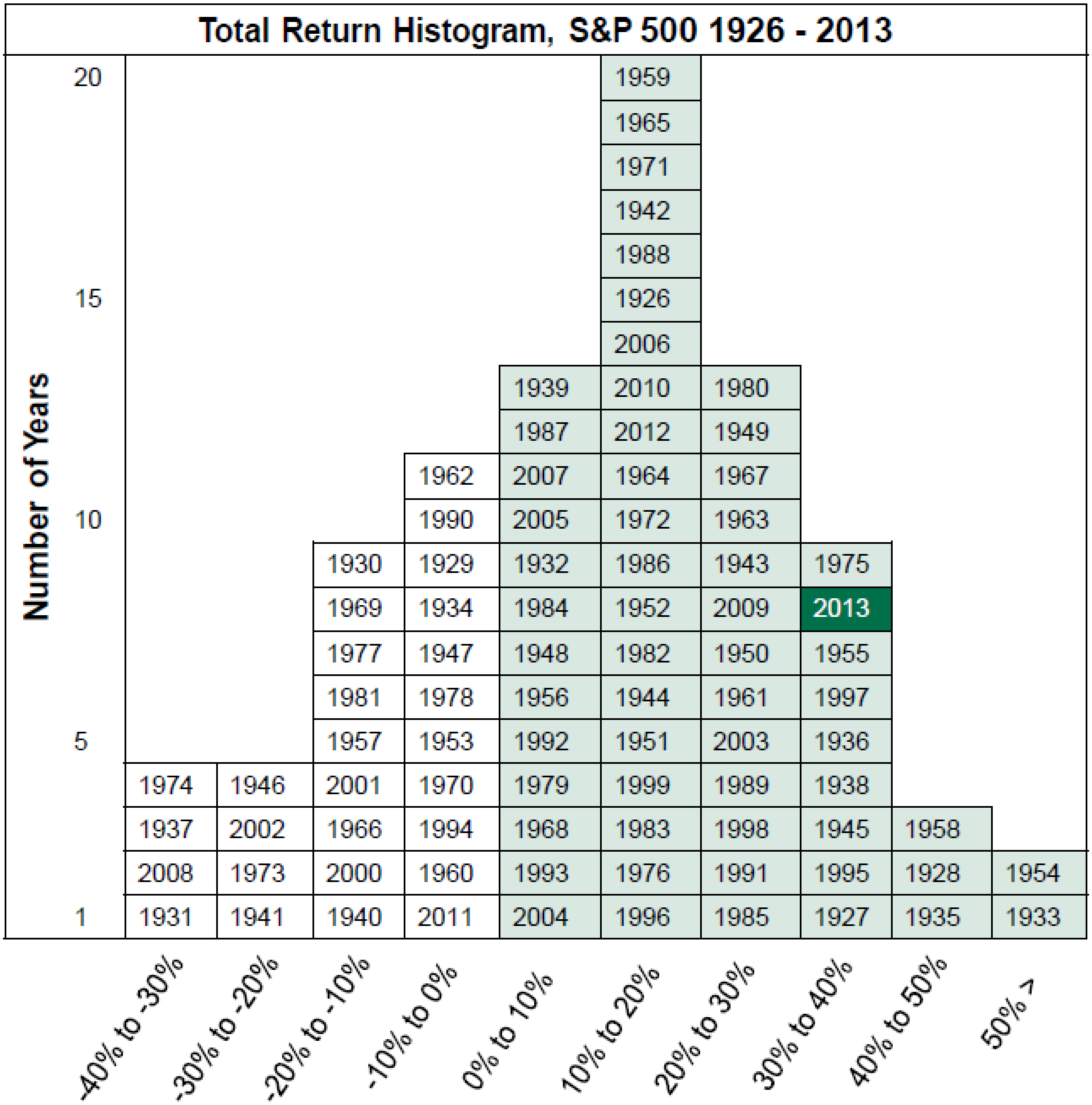
The first was the randomness of returns, the second was positive returns were predominant over 12 month periods, and the third was the magnitude of the market's gains in positive years exceeded that of losses during the negative years.

Years 1930-1932 were negative years (between 0% and 40%), but 1933 was positive with a return in excess of 50%. Years 1973-1974 lost between -10% and -30%; however, year 1975 produced a return of 30% to 40%. Although 2008 returned a negative 30% to 40%, years 2009-2013 have on average returned between 0% and 40%.

Since 1926, there have been 64 years of market gains and only 24 years with losses. The average return during the positive years was 21.67% versus -13.61% during the negative years.

Overall, these factors resulted in an average annual return over the 88 year period of 10.08%. There were 18 years that resulted in returns of 10% to 20%. Returns of 20% to 30% occurred 14 times during that time period, and returns of 30% to 40% happened 14 times also. On the negative side of the histogram, returns of -10 to 0% occurred 13 times. Losses in excess of 40% happened once and that was the Great Depression of 1931.

The histogram shows nominal returns (measured by the total annual calendar-year returns of the S&P 500 index), which does not account for purchasing power from price inflation. Over the entire period, on an inflation-adjusted basis, the average annual return was 7.12%, versus 10.08% in nominal dollars.



Fixed Income Investing

Investors have a choice of many types of bonds to purchase including individual bonds vs bond mutual funds. I will address various aspects of bonds.

A bond's interest payments are fixed by its stated coupon rate when the bond is issued. From that point forward, the bond's price is the only variable that can change to make its yield (interest rate) competitive with other bonds. When interest rates change the price of each bond will change so that comparable bonds with different coupon rates will provide the same yield to maturity.

Rising interest rates generally causes lower bond prices. Currently, many people are calling for higher interest rates. Therefore, holding an individual bond may be perceived as safer than a bond mutual fund if the individual bond is held to maturity because regardless of the interest rate movements the owner will be assured of receiving the bond's par value. However, bond prices change with interest rates therefore the total return is based on the present value of cash flows. Holding the bond to maturity would allow the individual bond holder to recover his principal, but he would have foregone the higher coupon payments that he could have obtained otherwise.

For most investors the greatest advantage of a bond mutual fund is diversification. A bond fund typically pools the savings of thousands of investors. This allows investors to participate in a more broad diversified pool of securities than otherwise individually. Many fund managers make no attempt to predict interest rates or credit risk and maintain a structured exposure to segments of the bond market.

Individuals who choose to hold bonds directly often form a bond ladder as a way to diversify across interest rates by having the bond maturities staggered over regular time intervals. If interest rates begin to rise and as bonds mature, the proceeds can be reinvested at potentially higher rates.

When looking at credit risk, diversification is easier to achieve and may be less costly with a bond fund. For example, the Vanguard Short-Term Bond Index provides exposure to about 1,893 high-quality corporate and government bonds, thereby minimizing the loss resulting from a particular bond defaulting. On the other hand, the same investor with a ten-position bond ladder could easily see 10% of his portfolio's value wiped out in the event of a single default.

Lower transaction costs may be realized in bond mutual funds. Because the bond purchases and sales of these funds can exceed $1 million or more, economies of scale allow fund managers to obtain higher selling prices and pay lower prices when buying. These lower bid-ask spreads could translate to higher returns, particularly among corporate, municipal, and other non-U.S. Treasury securities.

Investors with a self-directed bond portfolio incur no direct management expenses, but opportunity costs should be considered. Managing a bond ladder takes time and self-discipline. Trades have to be executed, bond credit quality researched, and tax data (cost basis) recorded. The self-directed bond portfolio investor must also record and calculate desired performance measures he may want to track. Bond funds on the other hand provide these data routinely.

GSF&L, LLP Registered Investment Advisors:

We can never know what the future holds, but we can make informed decisions regarding investment strategies and portfolio allocations. We (GSF&L) make changes based on our perception of opportunities in the capital markets. We assimilate fundamental, technical, and economic information to make informed decisions. Of course it is important to have long-term focus on portfolio management, but with a critical analysis of intermediate strategies.

Managing risks and opportunities are important to portfolios and reaching one's financial needs and goals. Having a complimentary understanding of investment horizon and attitude toward risk are equally important. Markets and economies do not always behave as we expect them to. That is the problem with investing! There is no luck to professional investing. You can no more have a successful, disciplined approach by luck or accident than you can win a chess tournament by luck or accident.

If you know of someone who may fit our financial and investment planning philosophy, please mention our name. We are a small organization and intend to remain so. A solid organization makes it possible for us to spend our time managing our business rather than each other. Because everyone has so much to do, much gets done. We will forego any growth opportunity that may detract from our ability to serve our clients as they have become accustomed to. We never expect to be among the biggest, but our attention to be among the best is not subject to compromise.

Regards,

Craig

Craig C. Le Bouef, MBA, CPA/PFS, CFP®

NASDAQ composite measures the performance of all issues listed in the NASDAQ Stock Market, except for rights, warrants, units, and convertible debentures. The S&P 500 is made up of 500 common stocks representing major U.S. industry sectors. The Dow Jones Industrial Average contains 30 stocks that trade on the New York Stock Exchange (NYSE) which reflect the performance of 30 large American companies. The Morgan Stanley Capital International Europe, Australia, and Far East Index (MSCI EAFE) is a market-weighted aggregate of 20 individual country indexes that collectively represent many of the major markets of the world, excluding Canada and the U.S. The Lehman Brothers U.S. Aggregate Bond Index tracks performance of debt instruments issued by corporations and the U.S. Government and its agencies. The returns for this index are total returns, which includes reinvestment of dividends. The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 8% of the total market capitalization of the Russell 3000 index.

All indices are unmanaged. It is not possible to invest in an index.

Past performance is no guarantee of future results.

Diversification does not assure against market loss.

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