ARS WEALTH ADVISORS

Volume 10, Issue 1 January, 2014

Table of Contents

2013 Market Returns (through 12/31/2013)

Index	2013
S&P 500	32.39%
Dow Jones Ind Avg	29.65%
Russell 2000	38.82%
MSCI EAFE	22.78%
Cohen & Steers Real Estate Index	-1.45%
Emerging Market Ind	-2.60%
Barclays Bond Aggregate	-2.02%
Dow Jones UBS Commodity Index	-9.52%

Market Review & Outlook

As can be seen from the data above, last year was a remarkable year for the stock market. During the year, the Dow Jones Industrial Average crossed the 14,000… 15,000…, and 16,000 levels and closed at new record highs on 52 different trading days. The S&P 500 finished 2013 up 32% for the year, its highest annual return since 1997. Considering that U.S. economic growth during 2013 was tepid at best, the primary catalyst for the outsized returns last year was the U.S. Federal Reserve's very accommodating interest rate policy. In addition, the continued Quantitative Easing (QE) stimulus at a rate of $80 billion per month and the fact that most economic indicators gradually improved throughout the year, also contributed to the stock markets strong year. The markets also benefited from relatively quiet news out of Washington and Europe, while admittedly the bar has been set very low for both.

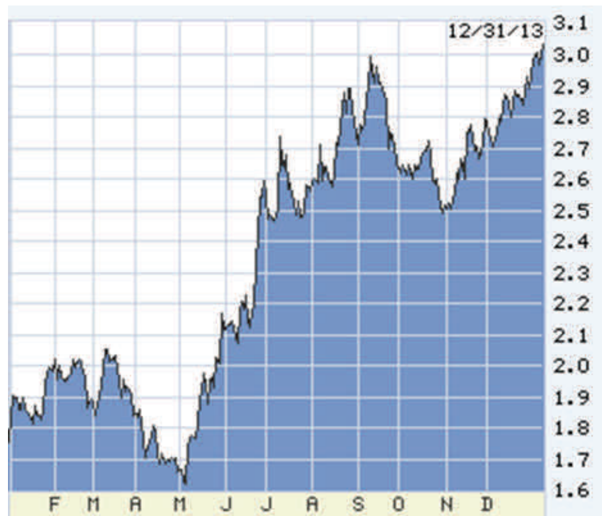
While the stock market enjoyed its best year in 16 years, the bond market wasn't so lucky. The aggregate bond market index suffered a -2% loss for the year due to rising interest rates and the beginning of the Fed's "tapering" or reduction of stimulus. Even though the Fed didn't actually begin tapering till December, the move was first communicated by then Fed Chairman Ben Bernanke during a speech in May. His speech triggered the beginning of a rotation out of bonds and into stocks, which served to drive down the price of bonds and helped boost up the stock market. Other asset classes, such as commodities, gold, real-estate and emerging markets stocks also suffered last year as money flowed out of each and into the US stock market.

Market Review & Outlook (continued from page 1)

As we begin 2014, the economic outlook and market drivers that dominated 2013 appear intact. This doesn't mean that we expect that US stock market to rise 30% again in 2014, though none of us would be upset if it did. We do expect economic indicators to continue to improve and for the Fed to maintain a very accommodative stance toward short term interest rates. Our expectation is for the stock market to return to its historic average of 8%-10%. For this reason, we continue to maintain our full target weighting to equities. We recognize that the current "Bull Market" has already lasted longer (4.8 years) than the average bull market (3.8 years), so we are remaining broadly diversified with a bias toward more defensive sectors like (Healthcare, Consumer Staples, etc.).

We expect interest rates to continue their march higher toward the historic average of 4% for the 10 Year US Treasury Note. Rising interest rates will keep pressure on bond returns, given the relationship between bond prices and interest rates (bond prices move in the opposite direction of interest rates). Given our neutral outlook for bonds in general, you might ask, why should I own any bonds? Well, there are certain areas of the bond market that still hold value, such as floating rate bonds, high yield bonds, and non-agency mortgage backed securities, all of which offer some protection against rising interest rates. For the bond exposure we maintain, we will focus on bonds with short to intermediate term maturities in order to reduce the interest rate risk.

10 Year U.S. Treasury Note Yield (12/31/12-12/31/13)



While we don't expect another record year in 2014, we remain positive on the economy and markets in general and expect 2014 to be an "average" year. As the year develops, we will remain diligent toward monitoring the markets and if indicators begin to shift or deteriorate, we will not delay in taking to necessary steps to reposition and protect portfolios.

Protecting Data and Avoiding Fraud

With stories of data breaches, e-mail hacking and investor fraud occurring more frequently, we have taken a more active role in helping protect our clients from this threat. There was an article in the Wall Street Journal on December 23, 2013 titled Financial Scammers Increasingly Target Elderly Americans, that did a great job of exposing the depth of the problem. REMEMBER: The fraud can take many different forms and frequently occurs through e-mail. We have been fortunate to help several clients avoid making mistakes that would of potentially cost them many hundreds of thousands of dollars.

Fortunately, we can be a resource to review and verify any type of questionable solicitation or communication you may receive. Please contact our office if you ever have a question about anything you receive or if you want us to review any potential "opportunity". In addition to monitoring account balances and fund flows on a daily basis, we have also added a procedure to verbally verify with you any requests to move money to a third party.

Since all of our clients accounts are held by an Independent Custodian (either TD Ameritrade or

Protecting Data and Avoiding Fraud (continued from page 2)

Charles Schwab), which offers an important extra layer of protection. Both TD Ameritrade and Charles Schwab offer Asset Protection Guarantees, which protect your account against potential fraud. TD Ameritrade's asset protection guarantee reads, **"If you lose cash or securities from your account due to unauthorized activity, we'll (TD Ameritrade) reimburse you for the cash or shares of securities you lost. We're (TD Ameritrade) promising you this protection, which adds to the provisions that already govern your account, if unauthorized activity ever occurs and we determine it was through no fault of your own."**

My hope is that you will view ARS Wealth Advisors as an important resource and partner in helping you to protect your investments. If you would like to further discuss the steps we take to help protect your investments, please contact our office.

Client Appreciation Luncheons

We received very positive feedback from the two client appreciation luncheons we held in 2013. Our plan is to have client appreciation luncheons in each of the markets listed below on an annual basis. The tentative schedule for 2014 is:

- Naples - February
- Orlando - March
- St. Petersburg - May
- Daytona - June
- Ocala - August
- Ponte Vedra - September
- Sarasota - November

The luncheons are a great way to meet the entire ARS staff, meet representatives from our partner firms, get your questions answered and provide us feedback on areas that are important to you.

New Report Format

If your reports look a little different this quarter it's not a mistake. We've transitioned to a new, more robust portfolio management system, which will allow us to expand and improve the quality of the reports you receive.

In addition to the new reports, over the next few months we will be rolling-out a on-line, secure Client Vault and Portal, which will allow you to view the data we normally report quarterly.

If you have feedback on the new reports, we would love to hear it.

ARS Wealth Advisors

Mission Statement

To focus solely on meeting the unique needs of our clients and to help them prepare for life's most important financial decisions, by providing objective advice, free from conflicts of interest, based on time-tested, proven strategies. To give our clients peace of mind by placing their best interest first and always acting in a fiduciary capacity.

ARS Team

Anthony Anderson, MBA
Principal, President & CEO
tony.anderson@arswealth.com

F. Gordon Spoor, CPA, PFS
Principal

Robert J. Riley
Principal

Andrew Swenson
Chief Investment Officer
drew.swenson@arswealth.com

G. Kurtis Ulrich, CFA
VP & Senior Portfolio Manager
kurt.ulrich@arswealth.com

Nate Goad, MBA, CFP
Portfolio Manager
nate.goad@arswealth.com

James Serrano
Director of Business Development
james.serrano@arswealth.com

Lois Conger
Operations Manager
lois.conger@arswealth.com

Felicia Fortosis
Operations Associate
Felicia.fortosis@arswealth.com

Tammy Masse
Operations Specialist
tammy.masse@arswealth.com

If you would like a copy of the most recent version of our Form ADV Part II, one is always available to you upon written request

111 Second Avenue N.E. | Suite 1600 | St. Petersburg, Florida 33701
727-322-7681 | 888-322-7681 | www.arswealth.com