



November 5, 2013

### Market Data through October 31st, 2013

Total Returns:	Month of October	2013 YTD
❖ S&P 500	4.6%	25.17%
❖ Dow Jones Ind Avg	2.86%	20.8%
❖ Russell 2000	2.5%	30.9%
❖ MSCI EAFE	3.3%	18.2%
❖ Emerging Market Index	4.2%	-3.0%
❖ Barclays Bond Aggregate	0.8%	-1.2%
❖ Commodity Index (Equal Weight)	-0.8%	-9.2%

### Recent Investment Activity

**Equity (stocks):** We continue to emphasize traditionally defensive sectors, in particular Healthcare and Consumer Staples. Although Utilities are another sector with defensive characteristics, we decided that it would be best to reduce utilities since this sector presents an elevated sensitivity to raising interest rates. We are maintaining an overweight stance in the Technology Sector and also emphasizing higher dividend payers and minimum volatility equity strategies as we seek exposure to stronger balance sheets, attractive relative valuations, history of increasing dividends, and share buybacks.

**Fixed Income:** We've reduced our overall bond exposure and continue to lower our interest rate sensitivity by keeping maturities and durations short to intermediate-term. Our emphasis is on adjustable and floating-rate bonds, as well as, corporate and high-yield. We are also seeing value in multi-sector, special situation bonds that are invested in Jumbo Mortgage Backed Securities (MBS).

**Tactical:** With funds raised by reducing bonds, we added to areas we believe offer attractive return potential, such as, Gabelli ABC Advisor Fund (symbol: GADVX) which seeks absolute total returns in various market conditions without excessive risk of capital loss. Also, maintained exposure to Master Limited Partnerships (MLPs) as an attractive sector with strong dividend growth potential as the natural gas infrastructure build-out gains momentum.

Please feel free to call if you'd like to discuss your individual portfolio in greater detail or set up a time to hold a review meeting.

Sincerely,  
Your ARS Team