2014 Year End Letter
January 2015

As we begin 2015, the Sloan Team is pleased to announce that we are changing our firm's name to Sloan Investment Management, LLC. Why the change? Over the years, wealth management has become a loosely used term for advisors who attempt to provide everything to everyone and that's not who we are. We believe our new name better describes who we are and what we do. We are singularly focused on investment management and growing the assets that our clients have entrusted us to oversee.

The year 2014 capped off a strong first half to what we believe will be a solid decade, especially compared to the previous one. We are pleased with how our strategy performed in 2014 as we once again posted solid gains in our clients' portfolios. In this letter, we will address a few of the key topics that moved markets in 2014 and will impact the markets going forward in 2015 and beyond. It's certainly an interesting time to be a global tactical investment manager.

Here in the U.S., our economy continues to stabilize and grow modestly. Corporations are poised to post another year of record earnings, while maintaining healthy balance sheets and returning a record amount of capital to shareholders. Consumer confidence remains strong as unemployment continues to decrease, home prices continue to rise, inflation is in check; and fuel costs have been cut in half over the last 6 months due to oversupply and a moderate slowdown in global demand. Partially offsetting disappointing wage growth, the drop in gas prices is saving American consumers more than $500 million per day, the benefit most impactful to the lower and middle class. Outside of the energy sector, companies stand to benefit from lower fuel prices as their input costs decrease and consumers increase spending on other goods and services.

Historically, the impact of lower fuel costs working its way through the economy has been a positive for the stock market. Over the past thirty years, when the price of WTI oil dropped more than 50%, the S&P 500 had double digit returns in the year following the drop in the price of oil.

There is concern over the continued strengthening of the dollar and the effect on the earnings of export focused U.S. multinationals. However, these companies manage currency risk much like any other business risk. To put the recent rise of the dollar into historical context, see the chart to the right.

U.S. Dollar Index

Trade weighted U.S. Dollar Index. Source: U.S. Federal Reserve

The Fed ended its quantitative easing program in 2014, indicating that the US economy is on solid enough footing to stand on its own. There is also an expectation that they will move to raise rates later this year. Even as the Fed starts raising their benchmark interest rate, bond yields may be slow to follow suit as foreign demand for US bonds is likely to remain strong, particularly from Europe and Japan. A steady rise in rates, especially coming from such a low base, has historically created more volatility in the market but has been a positive for equities.

While things appear to be relatively stable here in the US at the moment, there is ongoing concern from investors about the rest of the world. Let's begin with Europe where their central bank (ECB) just initiated its own version of quantitative easing to jumpstart their economy and spur some healthy inflation. Although Germany, France, and Italy remain in a heated debate over the role of their common central bank, it is likely that ideological differences will be set aside for the greater good of the region. Corporations should benefit from lower rates going forward and a continued weakness in the Euro, especially benefiting those in export driven economies such as Germany. Lower energy costs (most of the region is a net importer of oil) and improvements in the employment picture should help European consumers as well. Although there is still pronounced economic instability in some of the peripheral countries such as Greece, the risk of contagion to the rest of Europe should one of these countries fail has been reduced greatly due to improvements in sovereign balance sheets since the European credit crisis peaked in 2011. Given discounted stock valuations and a central bank that is taking action to stimulate the economy, European stocks could be the turnaround story of 2015.

Outside the US, a key driver for the global economy is the emerging markets, most notably China and India. As we have been focused on for some time, the growth in emerging markets continues to give us confidence. Although some of the larger emerging market economies are showing signs of slowing from the hyper growth rates of years past, they have much larger populations and are still growing faster than most of the developed world. The rate of growth may be slowing, but the baseline for which the rate is measured is much higher than it was during the years of double-digit growth, thus the global economic impact of these countries is really where the focus should be now. The internal dynamics are favorable as people move from poverty into the middle class creating a viable consumer base as economies become less reliant on exports to fuel growth. In a study published by McKinsey, **the global middle class is expected to grow from 1.9 billion to 4.9 billion people over the next 15 years.** The vast majority of that growth will come from places like China and India.

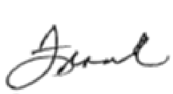
Lower energy costs are a major positive for emerging economies, except of course oil exporters like Russia and Venezuela. In India, Prime Minister Narendra Modi has grand plans to build out the infrastructure of India as part of his pro business agenda. As he attempts to stimulate the economy, while curbing inflation, there is no doubt that lower energy costs will help facilitate his plan. Broadly speaking, governments in many emerging markets subsidize fuel costs to make it more affordable for their citizens. Lower fuel costs present an opportunity for these governments to rework or remove subsidies, strengthening their balance sheets without negatively impacting consumers that are reliant on cheap fuel.

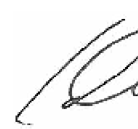
Although the first few weeks of 2015 have been somewhat volatile (common in January), we remain focused on our longer term global themes and have positioned our portfolios accordingly. **We believe that it is more important than ever to take a global approach to portfolio management.**

We'll close with an interesting anecdote that we came across; since World War II, there has never been a down year for the US stock market during the third year of a presidential term, regardless of political party.

We wish you peace and prosperity in 2015.

The Sloan Investment Management Portfolio Management Team






100 Crescent Court, Suite 1130 Dallas, Texas 75201 www.sloanim.com 214-720-7500