



Dear Valued Clients and Friends,

July 2014

It is easy to forget we are in a US Equity and Bond bull market. Caution, if not fear, permeates most investor's perception while year to date, the *S & P 500 Index* quietly appreciated 6.05% and the *Bond Buyer 6% Municipal Bond Index* a stunning 9.81%.

Moving into July, we are seeing stock price declines on heavy volume, late stage bullish chart patterns reverse and recent breakouts fail. These are the signs for us at United to take profits earlier, limit loss via sector rotations or outright selling. Specifically, in our bond portfolios, we have significantly reduced our exposure to high yield bonds, while increasing exposure to high quality liquid US Treasuries. In our equity portfolios we have accelerated selling a stock reaching or nearing full valuation and taken direct exposure to Canada.

Is this the beginning of a bear market? No, we do not think so. The US macro economic trends are mostly moving in the right direction: specifically, the all important labor market. With 70% of our country's Gross Domestic Product directly attributed to the consumer, we feel the concerns of a historically low participation rate of 36% may be overblown, especially when considering the reported improvements in job growth since December, a jobless rate which has fallen to 6.1%, and a job openings index back to 2008 levels. Additionally, home values, time on the market to sell, along with manufacturing reports have remained stable or improved, with little sign of pressure to reverse the trends. The EU zone has shown signs of life, with its economies on track to grow nearly 1% in the second quarter.

Many of our clients utilizing mutual fund models may have noticed our selling PIMCO Total Return, Bill Gross flagship bond fund and replacing it with Loomis Core Plus Bond fund. Our own Matt DeLorenzo's insight on this matter was quoted June 15th in Investment News. Our decision to swap was supported by the massive outflows from the flagship fund and Mr. El-Erian's departure from the firm.

Thank you to our 100+ clients who were able to attend our New Jersey and New York based seminar titled ***Managing Volatility and Exploring the Family Dynamic***. One of the handouts included the attached Estate Document Locator. We recommend you review this document, complete the parts appropriate to your situation and place the completed form in the hands of a trusted family member.

Do you have old tax returns, bank and brokerage statements? Tired of burning out your shredding machine? For the entire month of October, stop by our office and drop off your financial papers requiring secure disposal. We utilize a Brink's style document shredding pick up service and are pleased to offer this service to you, our valued clients. Enjoy the balance of your summer.

The Professional Staff at United Asset Strategies, Inc.