Winter 2014

Harvest Magazine

a quarterly journal on true wealth building and sharing
published by The Joseph Group Capital Management

The Fairy Tale Wedding of Andrew Kelley and Ffiona Spilsbury

Andrew and Ffiona on their wedding day

The Joseph Group
CAPITAL MANAGEMENT

The Joseph Group has a simple but powerful mission: **to understand and encourage our clients' cherished dreams and provide outstanding investment management and advisory services that help them fulfill those dreams.**

Combined client assets under our management/advice now exceed $360 million.

Clients include *individuals, families, professionals* and *businesses*. Accounts include trusts, brokerage accounts, IRA rollovers, and company retirement plans. We request minimum assets of $500,000 from new clients.

We receive no commissions but are compensated on a fee only basis, calculated as a flat percentage of an account's assets.

For a copy of our registration with the Securities and Exchange Commission, or to learn more about our firm, please contact us.

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Dear Clients and Friends:

We hope you had wonderful holidays and are ready for a great 2014!

Our team is tremendously excited to embark on this our 16th year of helping our clients achieve deeply cherished dreams and goals.

Our most important objective this year is an initiative in which we are striving to provide our clients with world class service. It's an ambitious undertaking that requires expanding our already great team. So we're pleased to introduce two new colleagues, Jake Martin (Support Advisor) and Rachael Cernus (Client Concierge) in this issue of Harvest. And with Rachael's arrival, Karen Perkins will move to a marketing and communications role so that we can continue to share our clients' stories and dreams as a means of inspiring others.

Speaking of dreams that inspire, we know you'll enjoy our cover story on Curt and Debby Kelley's son Andrew's wedding to Ffiona Spilsbury in the beautiful country of Wales. Who says fairy tales don't come true?!

You'll also be inspired by Shane Switzer's completion of the "Camino", a month long pilgrimage across the northern edge of Spain that has been walked for centuries. A bucket list experience you might want to consider!

Our most recent Wealth Summit in October drew over 100 friends and clients to hear CEOs Dave Schuller and Mike Caligiuri share the exciting work being done at The OSU James to combat cancer. And our next Wealth Summit will give you the opportunity to hear Kim Phuc's amazing story of survival, faith and forgiveness. For us baby boomers, Kim will forever be known as "the girl in the picture;" based on the 1960s Life Magazine photo of her running naked from her South Vietnamese village after being hit by napalm. Our good friends at Kephart Fisher LLC are our co-hosts, so mark your calendars to join our two firms on Thursday night February 13th for what surely will be our most inspiring Wealth Summit ever!

You'll find our other regular columns in this issue as well – all designed to encourage you as you pursue your deeply cherished life dreams. Let us know how we can help – it's why we're here!

For the support and encouragement so many of you give us – thank you so much. And may you and yours have a blessed, healthy and prosperous 2014!

In faith and hope,

Mark J. Palmer

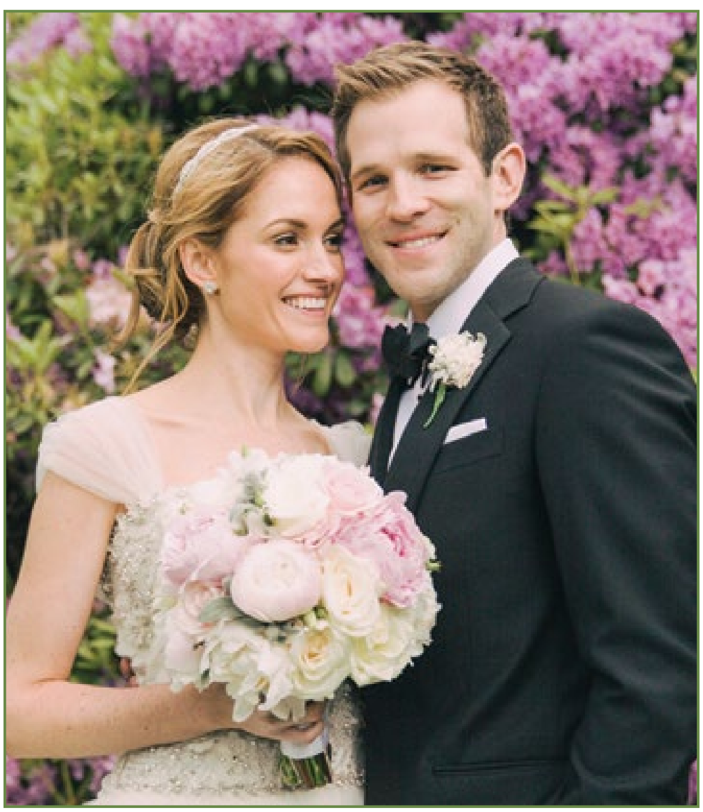
Matt D. Palmer

The Fairy Tale Wedding of Andrew Kelley and Ffiona Spilsury

Editor's Note: When clients and dear friends Curt and Debby Kelley recently shared with us the story of their son Andrew's wedding, we knew it had the makings of a great **Harvest Magazine** ***story. Enjoy learning about this very special couple's very special wedding!***

Fairy tale weddings need fairy tale locations. Let's see…how about an historic estate in the beautiful countryside of Wales that has lasted since the legendary days of King Arthur, through the days of medieval princes, to a more recent time when J.R. Tolkien chose it as the inspirational childhood home for one of his characters in Lord of the Rings. Outside this beautiful manor, imagine spacious grounds with over 60 acres of lush gardens, rolling pastures and the most beautiful arboretum in Wales, all situated along the River Usk. And inside, picture a beautiful central staircase, large dining room, and quaint library complete with a massive stone fireplace and huge windows overlooking breathtaking views.

Fairy tale stuff only? Not at all – it's a real place and its name is Buckland Hall, named after the last lord to live there, Lord Buckland. And it's located just outside the town of Powys, Wales in the stunning countryside found in the midst of the Brecon Beacons Mountains. And it's there that Upper Arlington native Andrew Kelley married Quakers Yard (Wales) native Ffiona Spilsbury on June 22, 2013.



The happy couple

Buckland Hall, site of the wedding

The two met back in 2008 in southern California. Andrew and his twin brother James had graduated from the University of Virginia in 2003 and moved there to pursue their dream of a music career. And Ffiona was a student at the University of Wales studying that year at Long Beach State University as an exchange student. When they happened to meet early one Saturday morning at a restaurant/bar that was showing the World Rugby Cup live from Ffiona's native Wales – well let's just say that Andrew was smitten! After dating nearly three years, Andrew surprised Ffiona on Christmas 2011 with an engagement ring hidden in a cut out section of a Jane Eyre book (the diamond had belonged to Curt's grandmother!). The engagement now begun - it was time to plan a wedding!

The couple chose Buckland Hall as a wedding destination venue that they could reserve entirely for their family and friends. And while not everyone could travel there for the big day, there were more than 20 Kelley family and friends that made the trip, which began with a family vacation in London the week prior to the wedding.

Buckland Hall offered an elegant yet relaxed setting for the wedding party and guests. The Friday night welcome dinner (rehearsals are not expected) included desserts

Continued…

of Welsh Tea Cakes made by the bride's sister, Olivia, and good old American smores cooked on a bonfire in the yard of the Manor. The evening concluded with rounds of toasts to the bride and groom – featuring Welsh specialties of Lavender Bees Knees and Pimms Cups (gin, ginger ale, and fruit slices).

Saturday morning found the Kelley clan up early stuffing grey and pink colored bean bags for the American game of corn hole that soon commenced outside while a Snookers competition took place indoors. And of course, 3:30 that afternoon found everyone in the main room of the manor, dressed in their wedding best (which included the Welsh tradition of all the women wearing beautiful hats) as the wedding party descended the grand staircase for the start of the ceremony. Presided over by a local county registrar, the exchange of vows was accompanied by the signing of a county wedding register that contained the signatures of marrying couples going back hundreds of years.

A spectacular reception followed including a dinner of Glamorgan Sausages, an assortment of Welsh goat cheeses, and Champagne Lemon Syllabub before the traditional cutting of cakes (the groom's cake was a three layer cheesecake with layers of actual cheese). A champagne toast included the Welsh tradition of inserting a coin into the cork for good luck. Dinner, dessert and toasts were followed by an all out dance party featuring a band that was fresh from Britain's version of X Factor. Yes, this band had talent – plenty of it – and yes, everyone had fun – plenty of it!

A Sunday brunch concluded the official festivities, followed by bidding farewell to the newlyweds who left for a short honeymoon in Edinburgh, Scotland (which was followed later this fall by a more extended honeymoon to Thailand). Family and friends headed to nearby Cardiff as a departure point for getting back to the states while Curt and Debby took an additional week to tour Ireland with son James.

Andrew and Ffiona are now back in southern California where Andrew works as Warner Bros. Director of Global Online Film Marketing (he transitioned to a business career, receiving an MBA from USC in 2008) and Ffiona serves as U.S. Marketing Manager for Kate Somerville Skin Care Products (she completed post graduate studies at the Fashion Institute of Design and Merchandising in Los Angeles).

Fairy tales *do* come true. And we join the many other friends and family of Andrew and Ffiona in wishing them a lifetime full of happiness!

Ffiona and her bridesmaids

Warming up the dance floor

The Kelley Family: Casey, Matthew, Curt, Ffiona, Andrew, Debby and James

The Joseph Group **and Kephart Fisher LLC present**

An Evening with Kim Phuc

February 13th, 2014
6:30 p.m.

at the Columbus Country Club
4831 E. Broad St.

Known worldwide as "the girl in the picture," Vietnam War survivor Kim Phuc will be in Columbus to share her life story and message of forgiveness.

To reserve your seat today, email events@josephgroup.com or call (614) 228-4300

The Joseph Group invites you to our upcoming Book Signing and Breakfast

Shannon Upton author of

Organizing You

Saturday, January 18th • 9:30 – 11:00 a.m.

The Joseph Group Offices, 300 Marconi Blvd., Suite 106

R.S.V.P. by January 10th to events@josephgroup.com
or (614) 228-4300, ext. 106

Join us as Shannon shares her story about how the Lord has inspired and guided her public speaking and writing ministry. She'll also share her main ministry message, helping you to clear out your "spiritual clutter" and live an abundant life in Christ!

***For more about her book, see our Book Review on the back cover of this issue of* Harvest Magazine.**

October Wealth Summit Draws 100 Clients and Friends

Our sincerest thanks to OSU James Hospital CEOs Dr. Mike Caligiuri and Dr. David Schuller who gave inspiring presentations at our October 10th Wealth Summit.

Entitled "A Battlefield Report on the War Against Cancer," Mike shared the amazing progress being made in detecting and curing cancer at the genetic level while David updated our guests on the $1.1 billion dollar expansion project underway that will include a new James Cancer Hospital, Solove Research Institute and Critical Care Tower.

Joseph Group CEO Mark Palmer commented afterward what a wonderful evening it was and what a privilege it was for our clients and friends to hear from two of the most renowned cancer physicians in the world: "We're grateful for Mike and David's presentations that evening and even more for all they do to help lead this nation in the fight against cancer."

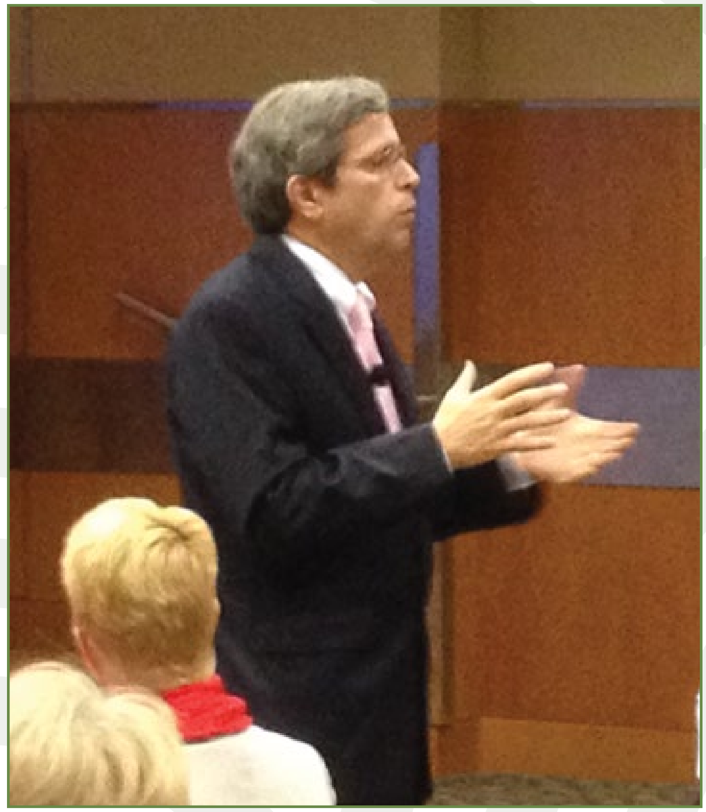
Matt Palmer expressed gratitude to the Herbert and Janis Block family for allowing a recently made video to be shared that highlights the memorial fund they established 25 years ago to benefit the James.

Special thanks as well to the OSU Women's Glee Club for their rousing renditions of OSU fight songs and to Made From Scratch who catered the evening with a spectacular array of appetizers and desserts!

Elsewhere in this issue of *Harvest Magazine* you'll learn more about the OSU James as well as details on our upcoming February 13th Wealth Summit featuring Kim Phuc; you won't want to miss it!

Our guests enjoying the presentation

Dr. David Schuller discusses the $1.1 billion expansion project



Dr. Mike Caligiuri updates our guests on the great progress being made in the fight against cancer

Mark Palmer with Sherry and Tom Reis

Some of the OSU Women's Glee Club

Shane Switzer Completes Camino de Santiago

Editor's Note: Joseph Group *friend Shane Switzer recently completed a 32 day pilgrimage, the Camino de Santiago, also known as The Way of St. James. Walked for centuries, it typically begins in a small town in the French Pyrenees and passes through beautiful towns and landscapes in northern Spain to the final destination, the Cathedral of Santiago de Compostela in northwestern Spain, where legend has it that the remains of St. James the Apostle are buried. Matt Palmer recently interviewed Shane about his trip and we thought our readers would enjoy learning about his "bucket list" experience.*

Matt: Shane, tell our readers a bit about you and your motivation to make this pilgrimage?

Shane: I grew up in Minnesota and my career in the U.S. Air Force brought our family to Columbus in the mid 1990's where I was an instructor in the OSU ROTC program. I retired from the Air Force in 1997 and have had a career in business since – most recently at SafeAuto where I was a senior manager involved in IT, procurement and strategic planning functions. I departed SafeAuto in June of this year and now am doing some consulting and exploring next steps in my career.

As a Catholic and a guy who likes a bit of adventure, I was encouraged to do this walk a year ago by a friend who had done it. I added it to my bucket list assuming I would get to it in retirement. But with my early out from SafeAuto, I knew now would be a great time so I prepared by doing the RAIN bike ride (Ride Across Indiana, a 160 mile bike ride from Terra Haute to Richmond) and by frequent hikes at Highbanks Metro Park. I also had two friends who were battling cancer so I decided to dedicate the trip to praying for them daily throughout the trip.

Matt: Ok, so now you're prepared and you have a purpose for the trip – tell us about your first few days.

Shane: I flew out of Wright Patterson AFB on August 15th which happens to be the Feast of the Assumption of Mary – and so I dedicated the pilgrimage to her. I began the pilgrimage with an initial stop in Lourdes, France, which your readers may know is the site of a beloved Catholic shrine to Mary. There I took part in a Eucharistic Procession, attended Mass, went to Confession and bathed in the same waters in which others have experienced healing. From there I took a train to St. Jean Pied de Port to begin the pilgrimage.

Matt: You were on the pilgrimage for just over a month (32 days). Tell our readers what a typical day was like?

Shane, on day one of his pilgrimage

Shane: With many pilgrims making the journey, it was easy to fall in with various groups. For example I spent two days with two men from the UK and two women from Australia. A guy from Germany joined as at that point and that group stayed together for nearly two weeks. During other portions of the trip I walked with a man from Milwaukee, a young man from Portland, a woman from Spain and two young doctors from Yale.

We all had good maps of the trail and knew how long it was to the next town and the best route to take. Generally we would start out walking early in the morning and after an hour or so would stop at a small town or village for coffee and a croissant. We then walked until lunch when we would stop at another town and have a sandwich at a café and perhaps tour that town's church which usually was at the center of town. We would walk two to three more hours in the afternoon and by 3:00 or 4:00 we were done for the day and would check into a bed and breakfast or other hostel that catered to pilgrims. There we would have our Camino passport stamped (to show that we had actually walked that part of the route) and after a hot shower a group of us would share an evening meal family style. Wine and good conversation followed along with some washing of clothes and then we all went to bed fairly early in order to get a good night's sleep.

Matt: How many miles did you walk each day and how much did you carry with you?

Shane: Most of us averaged 15 miles a day. The surfaces varied widely from paved or gravel roads to trails.

We traveled light; my pack was about 25 pounds and my typical attire was a tee shirt, hiking shorts, a clean pair of socks and good hiking shoes. The weather was warm and sunny so I wore a hat to prevent sunburn.

Matt: Any particular sights that you'd like to share.

Shane: The entire trip was amazing. Each day I saw beautiful fields, flowers and meadows, picturesque hills and mountains, and incredibly old Spanish towns with gorgeous churches, town squares, quaint cafes and old hotels.

I spent a Sunday in a large Benedictine monastery and every day there were interesting people to speak with (townspeople as well as fellow pilgrims). We ended the walk at the beautiful Cathedral of Santiago de Compostela in Galicia in northwestern Spain. The feeling there is an overwhelming sense of joy as you gather with the other pilgrims you've seen and walked with for the past month. Once there we were able to attend mass and pray in the actual crypt where it is believed St. James is buried. We then received our Certificate of Completion. Following a couple of days in Santiago, a handful of us pilgrims continued walking to Finisterre (the end of the earth) at the Atlantic coast.

Matt: I would think many pilgrims use the trip to recalibrate their lives. Any life lessons that you learned?

Shane: Yes, several. First, simplicity. Walking the Camino, one travels light, looks at the beautiful scenery along the way, does some praying and reflecting and enjoys the present moment. It's a simple and deeply restful way to live.

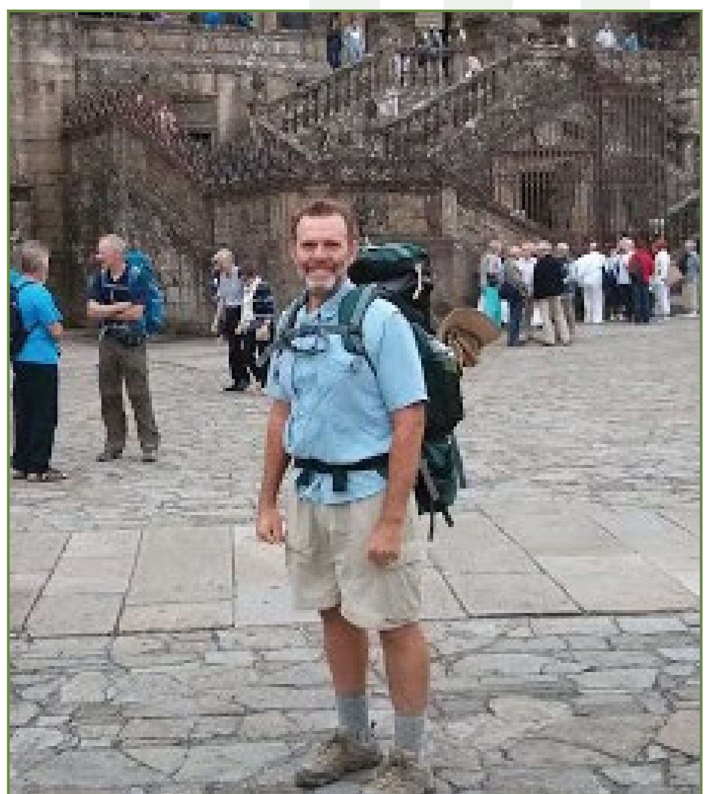
Second, life is like the Camino: I am on a pilgrimage headed to God and I want to spend the time well and be purposeful in moving towards my ultimate goal – heaven.

Third, community. Each of us respected each other's personal journeys and tried to be sensitive as to whether they wanted to talk or be on their own. And fourth, to persevere. While the route was not technically challenging, the days were long and we had to push ourselves at times to fight the natural inclination to stop and rest longer than we should. Many of us learned to pray with our feet: walking while praying was definitely part of my daily routine and helped get me through it.

Matt: What about your trip home?

Shane: With the walk completed, I took a bus to southern Spain where I spent two evenings with the family of an exchange student that had lived at our home in 2001-2002. The next day I took a military plane back to the states, arriving home on September 28th. The entire trip was a beautiful experience and I would recommend it highly.

The end point: the Cathedral of Santiago de Compostela

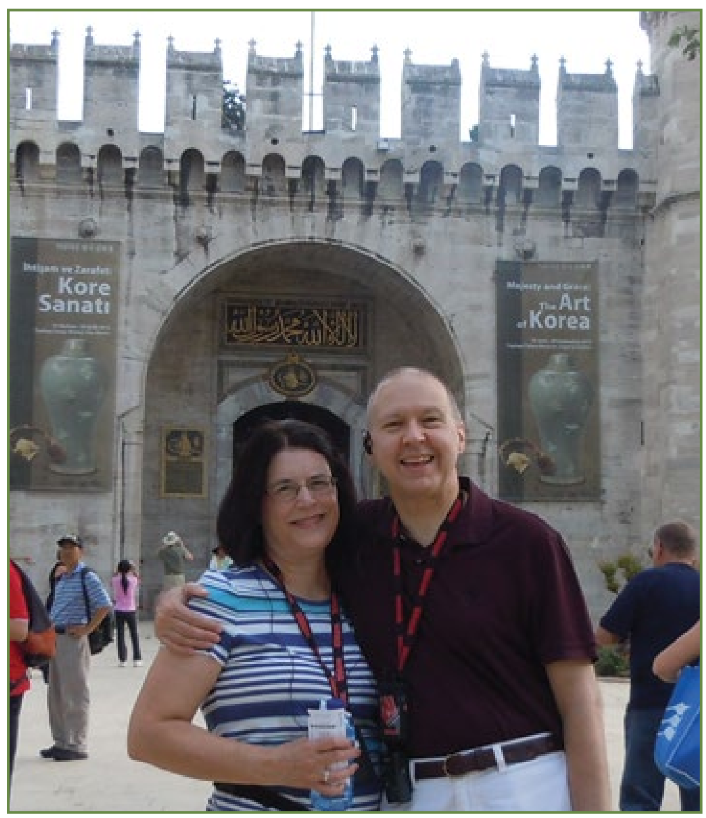


A happy pilgrim at the end of his journey

Client Dreams Coming True

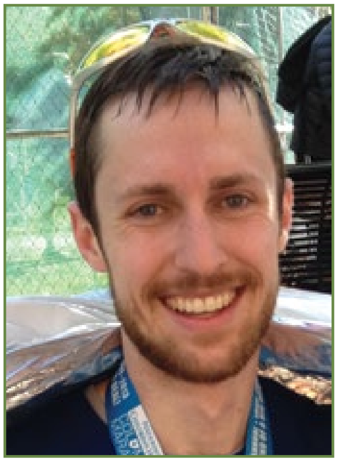
John and Abby Cheek enjoying their Mt. Vernon farm

Bill and Sally Kelley will be traveling the country in their new RV



Claudia and John Cook in front of the Topkapi Palace in Istanbul

TJG Welcomes Jake Martin and Rachael Cernus



Jake Martin

The Joseph Group is thrilled to welcome Jake Martin and Rachael Cernus as the two newest members of our team.

Jake is a 2008 graduate of the University of Wisconsin and spent his first year out of school working for Habitat for Humanity where he met his wife, Chris Donovan. Jake and Chris spent a year together teaching at a bilingual high school in Ecuador before moving to Columbus so that Chris could attend law school at OSU. Jake worked during those three years at Chase Bank, most recently as a personal banker, before accepting our offer to join our team as a Support Advisor. In that role Jake will assist our five financial advisors (Todd, Dave, Matt, Mark and Scott) in preparing for client meetings and developing client financial plans.

Rachael is a local gal, raised and still living in Pickerington with her husband TJ (a mortgage broker with PNC) and their two children, Aubrey (16) and Brennen (10). She graduated from Pickerington High School in 1995, having served as class president all four years (!) and then studied accounting and finance at Kent State and Columbus Community College.

Rachael Cernus

Rachael has had an extensive business career including roles as an executive administrative assistant and auditor with OSI, a Dublin based company providing credit reporting services to corporate clients and as the owner of her own stationery business, Aubrennan's Invitations & Fine Stationery. Here at *The Joseph Group*, Rachael will serve as Client Concierge; in that role she will serve as our receptionist, schedule client review meetings, and assist with a wide range of client service initiatives. She replaces Karen Perkins who is moving into a new communications and marketing role here at *TJG*.

Welcome Jake and Rachael!

The Joseph Group Makes Year-End Donation in Honor of Clients

In honor of our clients, *The Joseph Group* was pleased to make year-end donations to two outstanding not-for-profits:

The Chalmers P. Wylie Veterans Administration Ambulatory Care Center (located here in Columbus)

The Philippines Typhoon Relief Fund (administered by The United Methodist Church)

CIO Travis Upton commented, "In this season of giving, we are delighted to make financial gifts to these wonderful organizations in honor of our clients."

A veteran's family

A victim of the typhoon stands by the wreckage of his home

Core Portfolio Allocations

as of December, 2013

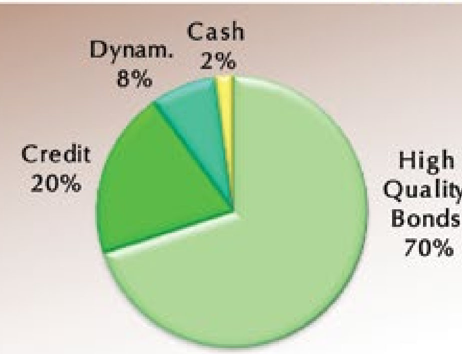
Conservation

Objective: Minimal risk and modest income, consistent with preserving principal over time periods of one year or more.

Volatility: 0 to 3%

Sector Allocation:

Cash:	2%	Liquidity
HQ Bonds:	70%	Short duration bonds
Credit:	20%	Corp./floating rate
Dynamic:	8%	Absolute return fund



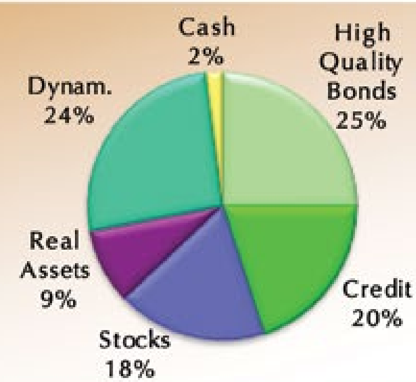
Provision

Objective: Sustain wealth by focusing on current income and low principal volatility over the long term.

Volatility: 3 to 8%

Sector Allocation:

Cash:	2%	Liquidity
HQ Bonds:	25%	Short term, corporate
Credit:	20%	Rates of around 5.0%
Global Stocks:	18%	Blue chip dividends
Real Assets:	9%	Real estate/commod.
Dynamic:	26%	Absolute return



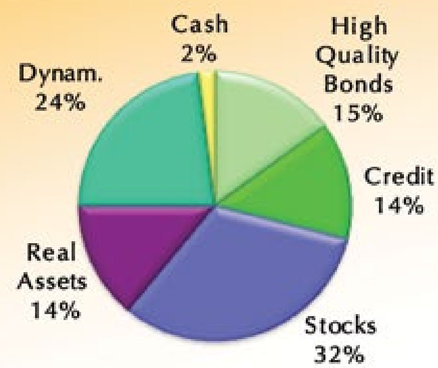
Harvest

Objective: Risk-managed growth through a multi-asset strategy to achieve long-term dreams and goals.

Volatility: 8 to 15%

Sector Allocation:

Cash:	2%	Liquidity
HQ Bonds:	15%	Corporate, infl-linked
Credit:	14%	Rates of around 5.5%
Global Stocks:	32%	Global growth stocks
Real Assets:	14%	Real estate/commod.
Dynamic:	23%	Global macro funds



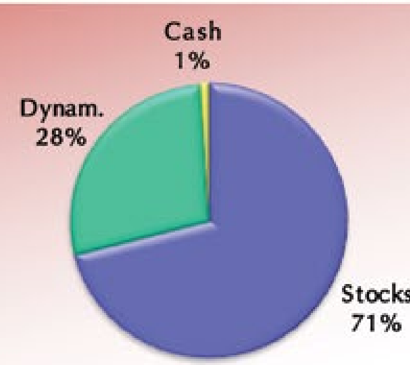
Abundance

Objective: Aggressive, concentrated portfolio that seeks to outperform major market averages over long-term market cycles.

Volatility: 15 to 24%

Sector Allocation:

Cash:	1%	Liquidity
Global Stocks:	71%	Aggressive mgrs.
Dynamic:	28%	Long/short stock



by Travis Upton, CFA, FRM, CAIA, Chief Investment Officer

2013 – Asset Classes in Review

The U.S. stock market had a banner year in 2013. Through mid-December, all of the major U.S. stock indexes (Dow, S&P 500, and the NASDAQ) had returns of over 20%. The backdrop for stocks in 2013 was largely positive as the economy grew, unemployment declined, and corporate profit margins remained high. In addition, the market was able to shrug off political concerns such as a government shutdown and a debate over the debt ceiling which risked the creditworthiness of the United States. Breaking down the returns for U.S. stocks, about 2% can be attributed to dividends, another 4-5% can be attributed to earnings growth, with the remainder attributable to multiple expansion meaning investors were willing to pay more for stocks. The attribution doesn't mean much for looking back at 2013, but knowing the source of returns important for looking forward.

It is worth noting that a rising tide did not lift all boats in 2013. In a typical stock advance, investors will purchase the highest beta (most aggressive stocks) in search of larger returns. This strategy worked well in 2012's double digit year as high beta emerging markets (i.e., China, India, Brazil) were the best performing area of the global stock market. In a reversal from 2012, emerging markets have been the worst performing area of the stock market in 2013 with the MSCI Emerging Market Index posting slightly negative returns through mid-December.

Other asset classes also struggled in 2013. The biggest loser was gold – the average gold fund (which contains bullion and gold mining stocks) as measured by Morningstar was down a whopping -48% through mid-December. In fact, a quick scan of 2013 index performance shows returns for many asset classes including commodities (i.e., silver, oil, wheat), most high quality bonds, emerging market bonds, and U.S. real estate investment trusts were all negative through mid-December.

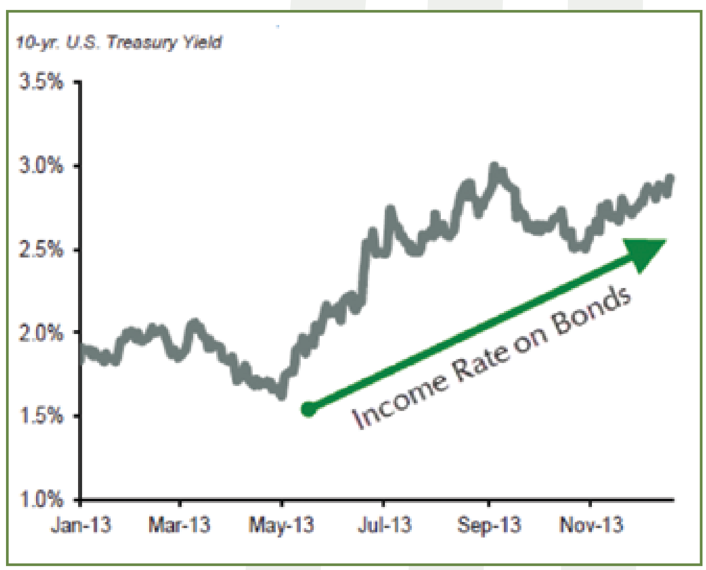
The mix of asset class returns meant that 2013 was a terrific year for U.S. stocks, but a terrible year for diversification. In fact, when the year comes to a close we expect the gap between the S&P 500 and the Morningstar World Allocation average of globally diversified portfolios to be the largest in over 30 years of return history. As a firm whose focus is on diversified, objective-based portfolios, the good news is strength in the U.S. stock market offset weakness in other asset classes. As we run financial planning projections for clients we are entering portfolio results which exceed return hurdles, meaning the overall result is client financial plans that moved ahead of schedule toward their goals in 2013.

TJG Allocations to Start 2014

The following is a summary of our thoughts driving the big picture allocations in our various Objective-Based Portfolios.

High Quality Bonds: Underweight

One of the more frequent client questions we receive involves bonds. "If interest rates rise, won't bonds get clobbered?" With interest rates still close to record lows and the Fed pulling back their monetary stimulus, it certainly appears the odds are in favor of rising interest rates and therefore declining bond prices. However, even if rates rise, the hit to bonds may not be as significant as investors think. In a recent Wealthnotes, we looked at how bonds actually performed in a rising rate environment. In 1954, rates on intermediate government bonds were around 2% - about where they are today. Over the next 27 years (1954-1981) rates on intermediate government bonds increased from 2% to 14%. With that kind of increase in rates, one would expect awful bond performance. In reality, out of 27 years of rising rates, bonds only had negative returns in 5 of those years, with the loss in those 5 years averaging only -0.70%.



Source: JPMorgan

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The key to avoiding bond market losses was rising interest income – as rates increased, reinvesting at those higher rates gave investors more income and a bigger margin of safety. As the chart below shows, the rate on the 10 year Treasury has risen from a low of 1.6% to about 2.9% in mid-December. The rise in rates certainly created a hit to bond prices, but looking forward, the level of income investors are receiving is higher and provides a bigger margin of safety against further rate increases.

Strategically, we remain underweight high quality bonds as we believe there is still pressure to push rates higher. However, the core of functions of bonds in a portfolio – providing income, stability, and diversification to stocks, remain valid. Bonds we own are focused on shorter maturities which have less exposure to rising interest rates. We are also focused on corporate bonds which provide higher rates of income than Treasuries.

Credit – Neutral

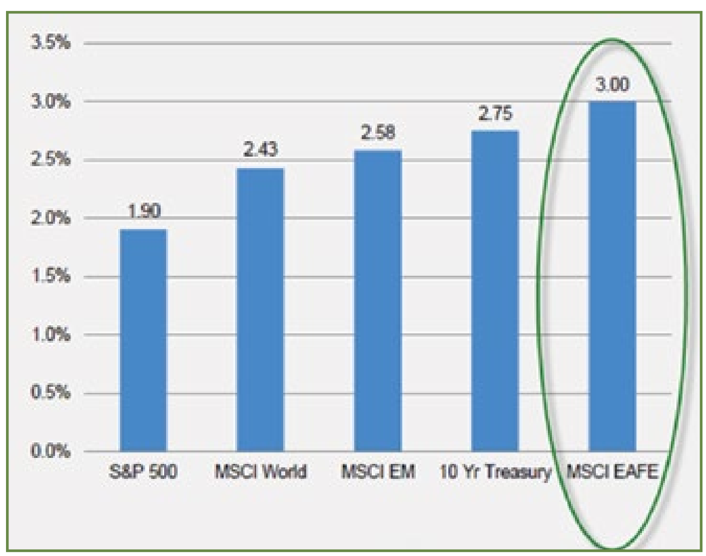
Credit refers to "high yield" or "junk bonds." These bonds are issued by corporations that carry a high interest rate to compensate investors for the risk of default or bankruptcy. Credit investments are more sensitive to the economic environment than rising interest rates. Today, high yield bonds are paying close to 6% with the potential for price appreciation if the economy continues to improve. The chart below shows "spreads" (the amount of interest investors receive as compensation for default risk) are about average while the actual default is well below average. Such an environment is attractive for high yield bonds thus justifying our neutral allocation.

Source: Nuveen Investments, Credit Suisse, BofA Merrill Lynch

Stocks – Slight Overweight

We are entering 2014 with a slight overweight to stocks, but the bigger story is how our allocations have changed over the last few months. As U.S. stocks have risen in price, valuations have obviously become expensive. However, foreign stocks in Europe, Japan, and emerging markets have become relatively more attractive. As a result, clients have likely noticed a number of trade confirmations over recent months as we have taken profits in U.S. stocks and have increased exposure to foreign stocks. We are finding what we feel are good opportunities in foreign stocks for a number of reasons:

- *Valuations are more attractive.* In a recent Wealthnotes, we referenced a PIMCO study which compared the valuation of the S&P 500 to emerging market stocks. When U.S. stocks had a Shiller P/E ratio similar to its current level of 23.6, returns over the next 5 years averaged 4.2%. On the other hand, when emerging market stocks had a Shiller P/E similar to its current level of 13.8, returns over the next 5-years averaged 13.6%. After a year where performance of emerging market stocks significantly lagged U.S. stocks, reallocating to "buy low and sell high" seems to make sense.
- *Dividends.* For investors looking for dividends, looking outside the U.S. appears beneficial as well. The chart below shows income rates for various asset classes. The lowest number on the chart is U.S. stocks with an average dividend rate of 1.9%. On the other hand the MSCI Europe, Australasia, and Far East (EAFE) index has an average dividend rate of 3.0%.



Source: Eaton Vance Market Monitor, Factset, Zephyr, and Morningstar as of 11/30/2013.

- *Economic environment*. Economic data shows Europe exiting a recession, Japan working on a huge stimulus program, and continued growth in China. Particularly in Europe, we are seeing significant improvement in credit conditions which have the potential to facilitate continued economic growth. The level of economic growth may be higher in the U.S., however, the speed improvement in Europe appears faster.
- *Central Bank Activity*. One of the biggest concerns about the U.S. market is the Fed pulling back their monetary stimulus. Other central banks in the world, including the European Central Bank (ECB) potentially have room to provide even more monetary stimulus, with the ECB providing further cuts to their benchmark interest rate as recently as November. If investors are looking for markets where stimulus is increasing rather than decreasing, Europe and Japan are prime candidates.

Real Assets – Slight Underweight

Real assets refer to investments which have long term ties to inflation and include real estate and commodities. With data pointing to continued low inflation, we expect to maintain an "underweight" position to real assets, but are cognizant of opportunities.

Real Estate/REITs. Through the first 5 months of 2013, real estate investment trusts (REITs) were one of the best performing asset classes in the market. But, when interest rates jumped in May, U.S. REITs prices declined significantly resulting in negative YTD returns. Today, not only are REIT prices more attractive than they were 8 months ago, but they have the potential to perform well in an improving economy. We took advantage of the price decline in mid-2013 to add to our REIT exposure and today are positioned globally to take advantage of cheap real estate in Europe and continued economic growth in the U.S.

Commodities. Commodities were one of the worst performing asset classes in 2013. In 2014, expectations for continued economic growth could fuel a recovery in commodities like energy and industrial metals, especially if inflation signs were to emerge. To the extent we own commodities, we have blended exposure in direct commodities (i.e., oil, copper, coffee) with exposure to stocks of large multi-national oil and gas companies.

Dynamic Allocation – Overweight

Dynamic Allocation refers to funds that have the ability to shift their allocations, either by rotating among different asset classes, or shorting certain areas of the market in order to profit from declining prices. In the Dynamic portion of client accounts, we have a large exposure to the stock market, but recognize these exposures could change quickly as market conditions change. As a result, funds in this category have the potential to "zig as the market zags." With sentiment pointing to an "overbought" market along with a high market sensitivity to "macro" events, and overweight to Dynamic strategies make sense. Recently, conversations with Dynamic managers have indicated an increased willingness to hedge stock market exposure as sentiment and volatility readings have become consistent with a higher risk market.

As we start a new year, we have a number of thoughts and scenarios as to how 2014 might play out, but as forecasts are being made, we go back to one of our favorite quotes from Steve Leuthold: **"predictions are for show, while the year's ongoing portfolio shifts are for dough."** As indicators and market conditions change, we will be sharing thoughts coming from our Investment Committee through our regular Wealthnotes email. If you would like to be added to the Wealthnotes distribution list, please email Karen at karen.perkins@josephgroup.com.

MARKETalk discusses general market activity, global, industry, or sector trends, or other broad-based economic, market, or political conditions and should not be construed as research or investment advice. Views and opinions are for informational purposes only and do not constitute a recommendation by The Joseph Group to buy, sell, or hold any security or asset class. Views and opinions are current as of the date of this publication and may be subject to change without notice.

> ***"Predictions are for show, while the year's ongoing portfolio shifts are for dough."***
>
> **— Steve Leuthold**

Dialogue with Troy Shaver, Portfolio Manager for the GS Rising Dividend Growth Fund

by Matt Marrison, Portfolio Trader & Investment Analyst

Please tell us about you, your family, hobbies ...

My wife and I live on, Spring Island, in Port Royal Sound, South Carolina. The island is a nature preserve so we get a great view of nature, including bald eagles, ospreys, alligators, and plenty of snakes. We have two sons: our oldest and his family, including our grandson, live in San Francisco; while our youngest son lives in Savannah, Georgia. My hobbies include golf, fly fishing and beekeeping.

Can you share a bit about your education and what led you to the investment business.

I went to Dartmouth College in New Hampshire and majored in Earth Sciences, specializing in geophysics. Geophysics provided me with a seismology background which I still use today in our work on the U.S. Energy. I also had the opportunity to study volcanoes, and have visited many in North America, Central America, the Russian Far East and Hawaii. When I graduated, I worked for a consulting engineering firm as a staff geologist, but after several years, I realized my career would entail a great deal of travel to remote locations, which is difficult on family life. At that point, I was fortunate to join the investment industry where I have been for the last forty years.

Your Goldman Sachs Rising Dividend Growth Fund has a unique "10/10" approach to stock selection. Can you explain what this means in terms of how you manage the fund?

Over the long term, dividend growth stocks have been the best performing sector in the S&P 500. Our definition of dividend growth stocks is very rigid. We only buy stocks in companies that have increased their dividends 10% or more on average for 10 consecutive years. In the Goldman Sachs Rising Dividend Growth Fund, we call this our 10/10 test. Dividend growth stocks that pass the 10/10 test provide not only rising income, but also capital appreciation. We generally have 80% of the Fund in 10/10 growth stocks. Only the stocks we think have the best potential for earnings and dividend growth are selected for the portfolio. We do not focus on industry sector weightings, but only the best companies, regardless of their sector category. Should a company cut or eliminate its dividend, we sell it. If the ten year dividend growth rate falls below 10%, we sell it. Generally, we have 30-40 dividend growth stocks in the portfolio.

Troy Shaver

The Goldman Sachs Rising Dividend Growth Fund also incorporates energy Master Limited Partnerships (MLPs) into the portfolio. Why?

When we started the Fund in 2004, we wanted to include Energy Infrastructure Master Limited Partnerships (MLPs) because of their higher yields which were, on average, greater than our dividend growth stocks. Over that time period, the capital appreciation component of MLPs has performed well. Little did we know that the production of oil, gas and natural gas liquids would be so extensive. This production needs to be transported, stored and processed to the end user of these energy sources. The U.S. needs to build thousands of miles of pipelines to transport the energy. In addition, we need to replace thousands of miles of old pipes. Storage has become critical since it takes years to build this energy infrastructure. In June of 2013, we actually exported several billion cubic feet of natural gas via pipelines to both Mexico and Canada. One by-product of our production of natural gas is natural gas liquids (NGLs). These NGLs contain ethane which is the base input for ethylene or plastics. NGLs also contain liquid propane which we now export as well, which has growing demand in both Latin America and Asia. We believe the future is bright for MLPs as we build the infrastructure needed in this country for this energy boom.

What important investment lesson would you like to share with our clients?

Good companies pay dividends, but great companies grow dividends. Dividends are a key component to the long-term total return of stocks. Rising dividends mean growing earnings and capital appreciation. The energy boom in the U.S. was unthinkable just a few years ago.

**Dividends are not guaranteed; a company's future ability to pay dividends may be limited. The views expressed are informational only and do not constitute investment advice.*

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Wealth Allocation "To" And "Through" Retirement

by Todd Walter, CPA, CFP®, Client Advisor & Manager, Wealth Planning Services

This quarter we had the privilege of hosting a lunch in our office for one of the fund managers from the American Century target date investment team. Target date funds have been a wonderful addition to the 401k solution we offer to our clients. Though we only utilize those funds with our 401k clients, the concepts underlying all Target Date funds are an excellent foundation for the wealth allocation discussions we have with all our clients.

First, what are Target Date funds? They are diversified mutual funds that automatically adjust their asset allocation (i.e. the percentage in stocks, bonds, alternatives, etc.) at certain time frames as the selected "Target Date" approaches. In the context of retirement, an investor would select the fund that most aligns with the date he or she plans to retire. For example, someone currently 58 years old would select the 2020 Fund for a planned age 65 retirement. The Target Date fund would automatically become more conservative as the investor approaches retirement in the year 2020.

Target Date retirement funds can be classified into two categories: 1) funds that manage investments "to" retirement, and 2) funds that manage investments "through" retirement. Funds that manage "to" retirement stop reducing risk at the set retirement age. The portfolio continues to be actively managed, but the risk does not change after the established retirement date. Funds that manage "through" retirement continue to reduce risk even beyond the established retirement date. Funds in the "to" retirement category typically have a flatter glide path (i.e. they are more conservative on the front-end, but more aggressive on the back-end) when compared with those in the "through" category.

There is plenty of research supporting both "to" and "through" fund management. *The Joseph Group* believes neither philosophy is right or wrong – both have merit. In fact, we utilize both as we allocate portfolios based on our clients' objectives and preferences. As it relates to a retirement objective:

- Some clients prefer to have a substantial bucket of money they consider "safe" that can sustain their lifestyle for the rest of their lives. If there is excess money beyond that safe bucket, they can choose to invest it more aggressively for other purposes. These clients would be subscribing to a "to" philosophy of allocating their wealth in retirement.
- Other clients prefer to be more aggressive on the front end and allocate their retirement money based on timeframe. They keep their short term (e.g. less than 5 years) money in a safe bucket, their intermediate term (e.g. 5-10 years) money in a growth bucket, and their long-term (e.g. more than 10 years) money in an aggressive bucket. These clients would be subscribing to a "through" philosophy of allocating their wealth in retirement.

Both of the above scenarios can work so long as the correct amount of wealth is allocated to each investment bucket. This requires us to listen to our clients and create a full financial plan based on their goals. Once we have a plan in place, *The Joseph Group*'s uses our Wealth Allocation Framework to illustrate the alignment of investment portfolios with client objectives.

We know our clients are not thinking about retirement in terms of "to" or "through"; both are merely different roads on the way to meeting their goals. A properly designed wealth allocation will meet client goals regardless of which road is taken, and hopefully allow them to enjoy the journey along the way.

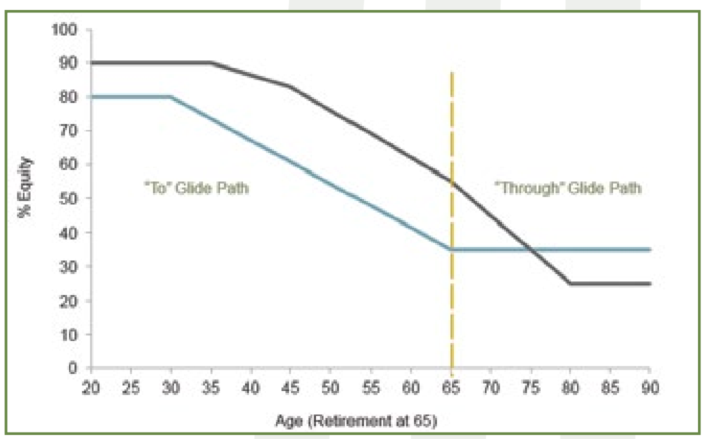

Chart Source: Defined Contribution Institutional Investment Association

A New Year's Resolution You Can Invest In

by Ben Borich, Manager, Retirement Plan Services

Every January 1, millions of people start off the New Year with challenges and resolutions for the upcoming year. I enjoy hearing and reading some of the interesting and unique things people pledge to do or not do. This year, I want to challenge you to a New Year's Resolution that is not only easy but will have a positive impact for years to come.

Calling your cable provider to stop your movie package, eating at home on a Friday night instead of at your ordinary restaurant chain, or maybe even skipping that pricey cup of coffee one day each week… if you can make one of these changes, then you may be ready to adopt my New Year's Resolution for 2014. By now, you may be figuring it out. I'm challenging you to **make it your goal to increase your 401k (or IRA) deferral this year by 1%.**

Though it sounds easy, cutting out certain spending patterns can be difficult for some. However, increasing your deferral has a lifelong, positive impact, just like many other resolutions, such as losing weight or investing time into the community, do. Raising your deferral by just 1% can significantly increase your monthly or annual retirement income.

Take a look at hypothetical situation described in a recent web article published by Fidelity.

Meet Bob and Sally

Bob is 25 years old and earns $40,000 a year as a software designer. Eager to save more, Bob increases his salary deferral by 1%, boosting his initial monthly saving by $33 a month, to $133. He also invests in a growth-oriented portfolio. Assuming a 7.0% annual nominal return over his lifetime, that initial $33 a month in extra savings generates a potential $330 a month in retirement income. That's almost $4,000 a year, and more than $99,000 over 25 years in retirement. (Results are in today's pretax dollars.)

Source: Fidelity Investments

Now consider Sally. She's 35 years old and earning $60,000 as a financial analyst. Like Bob, she too is concerned about her future. So, she increases her deferral, bumping up her contributions by $50 a month, to $350. With a balanced asset mix, Sally's portfolio generates 5.5% annual nominal returns. By the time she retires at 67, her extra $50 in monthly savings generates a potential $180 a month more in retirement income, which is $2,160 a year, and $54,000 over 25 years.

It's easy to see the future benefits from setting aside just 1% more in your 401k today. There are several reasons people never stick to their resolutions. They have the best intentions for the new year but do not set goals or create an action plan to accomplish those goals. To set aside an additional 1% this year, find a simple and relatively painless way to save a little money each month. I gave you a few examples above. You can also talk to *The Joseph Group* or plan sponsor to discuss additional ways to increase your 401k or IRA deferral. Perhaps you're not ready to make the change just yet. Some other times during the year to consider increasing your deferral would be when you receive a raise or a bonus. If January 1 is not the day you want to begin, set a reminder on your calendar to take the next step.

If you think that increasing your 401k deferral by 1% is an easy resolution, make my challenge a little more difficult. Make it a goal to contribute 10% of your salary or to increase your deferral by 1% every year for the next 5 years.

If you are looking for a New Year's Resolution that you can finally keep, this may be your answer. Increase your 401k deferral by 1%, and watch your retirement account grow.

Disclaimer: Hypothetical examples are for illustrative purposes only and assume that the individual saves until retirement age 67, lives through age 93, and receives a 1.5% real (inflation-adjusted at 2.3%) increase in wages per year. Returns are annual nominal rates of 5.5% and 7.0%.

A $1.1 Billion Vision: The New OSU James Cancer Center

Editor's Note: We were so impressed with the Wealth Summit presentation on the OSU James, we decided to feature it in this issue's Giving Back column. Enjoy learning more about this world class cancer center.

To create a cancer-free world, one person, one discovery at a time… That is the vision of The Ohio State University Comprehensive Cancer Center – Arthur G. James Cancer Hospital and Richard J. Solove Research Institute. Most people have been affected by cancer, either directly or through the experience of a loved one. Therefore, the work of The James goes far beyond world-class facilities, impressive accreditations, and innovative research techniques. The work of The James becomes something deeply personal when cutting-edge research intersects with renowned patient care and transforms the lives of loved ones. The James is one of only 41 comprehensive cancer centers in the nation as designated by the National Cancer Institute, a designation that they have maintained through competitive renewal since 1976.

Excitement on the Horizon. It has been almost 30 years since the first ground breaking for the current James Cancer Hospital in July of 1984. The hospital officially opened on July 9, 1990 when the first patient was admitted. Now, The James is entering into a new and exciting chapter with a massive expansion which will further distinguish Ohio State as a national leader in innovative cancer care. Targeted for completion in 2014, a 306-bed cancer hospital will be the home of the new James Cancer Hospital and Solove Research Institute. The design of this state-of-the-art facility was intentionally thought-out to combine research and education spaces on every patient care floor with the goal of accelerating the creation of new diagnostic tools and treatments. This will place researchers, clinicians and educators in close working proximity to encourage collaboration, shared enthusiasm in their work, and to provide an even greater emphasis on the patients they serve. The expansion will help The James meet a projected 21 percent increase in patient admissions over the next 10 years. This is a statistic that stirs up great emotion when we think of the number of mothers, grandfathers, sisters, and sons the hospital will be able to better care for. Columbus is indeed blessed to house a medical program with such a rich history of success and a keen eye on the future.

For more information, visit **cancer.osu.edu**.

A rendering of the new OSU James Cancer Center

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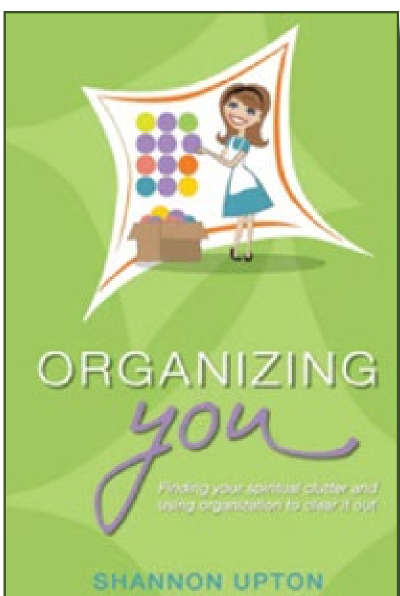
Book Review



Organizing You

by Shannon Upton

Organizing You is a motivational, inspirational, uplifting book. This guide will help you to organize your life, reduce your stress, and bring peace into your daily existence. The personal stories make the book an interesting read; the flexible, easy to follow, and very practical tips make the book motivating. This is a book you'll want to reread and use as a reference. There is a lot of wisdom along with interesting tips about how to make your life easier. The author makes all it simple and uncomplicated, offering a refreshing feeling of hope. *Organizing You* is a must-read for all women who are running a home!