**Randall Financial Group, LLC**
**Market Commentary**

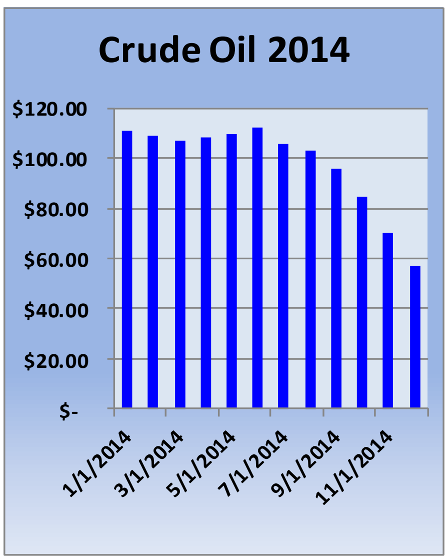
**4th Quarter 2014**

| Index | YTD% 2014 |
|---|---|
| Dow Jones Industrials | 7.52 |
| S&P 500 index | 13.69 |
| NASDAQ Composite | 13.4 |
| Russell 2000 | 4.89 |
| MSCI EAFE | -4.90 |
| Barclays Agg Bond | 5.97 |
| Brent Crude | -48.19 |
| CBOE Gold | -21.32 |

2014 has come to a close. It will go into the economic history books as another good year for the stock market. Leading the way was the venerable S&P500 which finished the year up 13.69% when including dividends. March of this year will mark the 6th anniversary of a bull market in stocks, among the longer runs in stock market history. But we can't help but be struck by the significant divergence in returns of various asset classes. Clearly the large cap S&P500 was the cream of the crop. Meanwhile the mid cap S&P400 was up a more modest 9.77% and the small cap S&P600 was up just 5.76% for the year. These numbers point out the large divergence in U.S. stocks alone.

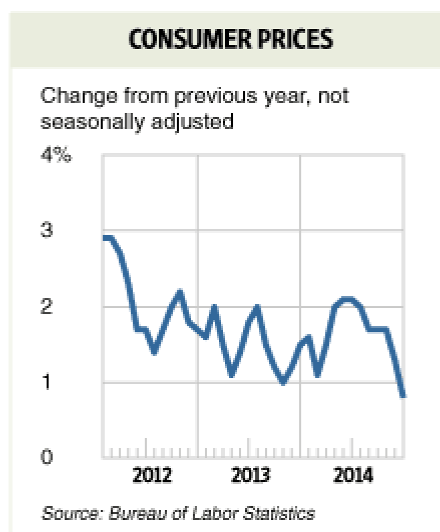
But the story doesn't end there. International markets struggled in 2014. The EAFE index of developed nations lost 4.90% based on weakness in European economies and was further hurt by a rising dollar which reduced returns in dollar denominated foreign investments. Emerging markets also continued to struggle. The emerging markets index declined, 2.19% on weakness in the energy sector as well as strength in the U.S. dollar.

The aforementioned weakness in the energy sector was a leading theme of 2014. Global energy prices declined dramatically with crude oil prices dropping 48% for the year with a barrel of oil closing under $50 for the first time since 2007. The decline in oil prices has a vast ripple effect throughout the global economy. On the international side, heavily energy revenue dependent countries like Russia and Venezuela have seen massive economic turmoil with the Russian Ruble experiencing a full on collapse. While oil was the largest commodity loser, precious metals including silver and gold were also down significantly for the year.




On the fixed income front, bonds returned to positive returns in 2014 after small losses in 2013. The yield curve flattened with short-term rates rising and long-term rates declining. Expectations that the Fed Funds rate will begin to rise sometime in 2015 propped up short-term rates. Meanwhile, weak foreign markets drove those investors to seek safety in U.S. Treasuries which drove down long rates. The Barclays Agg bond index finished up the year with a respectable 5.97% increase.

The Fed has ended its quantitative easing program and watchers will be paying close attention to Fed comments in anticipation of raising the Fed Funds rate. Interestingly, the inflation that many feared and The Fed looks for in making a decision to raise rates has, thus far, failed to materialize. Consumer prices (led by energy) continue to remain low which may stave off interest rate hikes in the near term.




Stock markets saw increasing volatility in 2014. As always, major news events played a big role in week to week market gyrations. Stories leading the way included U.S. re-involvement in Iraq, the emergence of ISIS as a threat in the Middle East, and the emergence of a major outbreak of Ebola in Western Africa that led to the first diagnosed cases of the disease in this country. But as these events faded from the headlines, markets continued to chug ahead with the Dow and the S&P continuing to set records through-out the year.

We've been saying it for some time, and sooner or later we'll be right. No bull market goes on forever. A prelude to this may be the divergence of returns among asset classes. Prudent investors should continue to maintain diversified portfolios relative to their risk tolerance and rebalance in anticipation of an eventual correction.