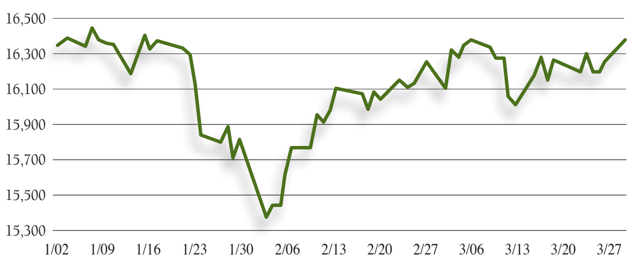
Equity Markets

Market Comments

In the first quarter of 2014 the US market stayed surprisingly flat due to stalling economic activity, tensions between Russia and the West and a not so smooth passing of the torch in the Federal Reserve. After a very strong 2013, money suddenly moved away from the more cyclical companies to safer staple stocks and utilities.

Dow Jones Industrial Average • 2014 First Quarter



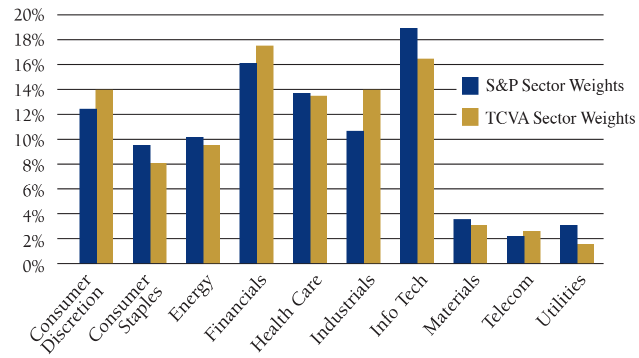
The Large Cap Core

Our large cap core equities in the Value Model underperformed the S&P 500. Industrials and Financials took the hardest hits, which illustrates the market's move away from cyclical stocks. We view this move in the market as a result of short term trading and not at all illustrative of our long term investment philosophy. As for the ETF Model, the large cap portion was even with the S&P as those ETF's closely mirror the index.

Sector Weighting

Unfortunately, this quarter our sector weighting did not help our portfolios. We were overweight in Industrials and Financials, which underperformed, and were underweighted in Consumer Staples, Energy, and Info Tech, which all outperformed.

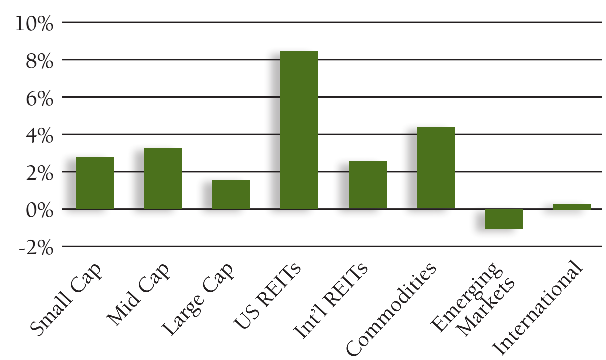
Sector Weights as of 3-31-14



The Diversifiers

The asset classes we added for diversification helped our performance this quarter. Our inflation hedges, US Real Estate and Commodities were the top performers, opposite of last quarter. Only Emerging Markets and International holdings lagged, which is not surprising as their returns this quarter were below US market returns.

Asset Class Returns • 2014 First Quarter



Summary

For the quarter the Value Model outperformed our Equity Blended Benchmark , while the ETF Model lagged slightly. This is almost entirely due to the performance of the diversifiers we use in addition to our Large Cap equities. This reinforces our philosophy of staying well diversified and disciplined in our investment approach. This quarter offers an excellent example of how a well diversified, high quality portfolio can be protected from short term market volatility.

TCVA Value Model