



George M. Hiller Companies L.L.C.

INVESTMENT MANAGEMENT, TAX, ESTATE & FINANCIAL COUNSEL

Summer Edition

July 2014

Dear Clients and Friends,

While we intend for these newsletters to be informative, we also hope that they will be an ongoing source for you to know more about us and the way that we conduct our business practices. This is part of our effort to provide the best possible services to you.



By George M. Hiller
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Market Outlook

As of June 30, 2014

Our market outlook for the balance of the year is positive. For the longer term we have concerns.

Our market snapshot (taken daily) is as follows:

-- U.S. Equities	Positive outlook for past 885 days
-- International Equities	Positive outlook for past 689 days
-- Resources and Materials	Positive outlook for past 654 days
-- Real Estate	Positive outlook for past 1,781 days
-- Bonds / Fixed Income	Positive outlook for past 122 days

Currently, the top three performing sectors in U.S. Equities (based upon our assessment and ranking methodology) are:

- Energy
- Utilities
- Technology

Energy, utilities and technology may be good sectors to focus on for positioning new investment capital into the U.S. equities market or adding to existing positions at this time depending upon portfolio percentage weight already established in these sectors. In addition, our estimate of real estate is above average in our rankings at this time.

For more broadly based allocation of cash to U.S. equities we suggest adding to Large Cap Blend, an investment strategy that is a combination of large cap (stocks in the top 70% of capitalization of the U.S. equity market) where neither growth nor value characteristics predominate. One of the best ways to gain immediate exposure into

diversified real estate, utilities, technology and to Large Cap Blend is with investments in exchange traded funds (ETFs).

We are bullish on all five broad asset categories outlined above. This suggests that many investors should at the present time maintain relatively aggressive asset allocation with great care and continuous supervision. However, based upon our research and the fact that financial markets go through cycles, we do not recommend an aggressive investment strategy for the long-term.

U.S. equities are already at or near all-time highs as measured by broad stock market indexes. At some point one or more of the asset categories listed above will begin a significant decline.

There are many underlying cultural and economic trends in the US and the world that are deeply troubling. The tide of world events appears to be moving toward more evil and uncertainty. Culturally we believe the US is moving in the wrong direction on several fronts and that this will ultimately have negative consequences for our nation.

Economically, despite the current signs of growth in the economy, it is our view that the U.S. government is pursuing financial spending policies that are unsustainable and that have already weakened our country economically and militarily.

Under our current administration the United States has lost its AAA credit rating and has become the largest debtor nation in the history of the world. Since 1872, the United States has been the largest economic power in the world. In an article published on April 30, 2014, quoting the World Bank and other statistical resources the "Financial Times" stated that China is expected to surpass the United States sometime later this year as the largest economic power in the world.

Interest rate yields and stock dividend yields are near all-time historic lows. This suggests that both interest rates and stock dividend yields over time will rise from the current levels. Our interpretation of this likely future trend along with other factors is that a period of time is coming that is not favorable for bonds or stocks.

We have investment and economic monitoring processes in place that are designed to give us indications when it may be prudent to become more defensive and make a fundamental shift in asset allocation toward reduced risk. Right now, many economic and business signs we review are bullish, but there will come a time when that changes. For the present we are generally bullish on U.S. Equities, International, Resources & Materials, Real Estate and Bonds/Fixed Income.

It is our mission to provide high quality professional and objective financial counsel in the areas of investment management, estate and personal financial planning designed to help our clients improve their financial condition and achieve long-term financial goals.

Sincerely,
George M Hiller Companies, LLC Investment Team

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