George M. Hiller Companies L.L.C.
INVESTMENT MANAGEMENT, TAX, ESTATE & FINANCIAL COUNSEL

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Market Outlook

As of October 22, 2014

In our October Special Hotline Edition, with market data as of October 6, 2014, we reported that on October 1, 2014, one of the intermediate market outlook indicators that we monitor went to a negative indication. We urged caution at that time in putting new capital into the equities market. Where there were compelling reasons for investing new capital we advised to consider buying on dips in the market. In hindsight these suggestions proved timely and beneficial over the subsequent days.

However, the intermediate market indicator that we reported negative as of October 1, 2014, has now turned back to positive as of October 17, 2014. The other intermediate market indicator that we monitor remains positive and our longer-term cyclical market indicator remains positive.

The intermediate market indicator that reversed from a negative to a positive indication is based on ongoing and continuous assessment of supply and demand factors in 36 different market sectors. It suggests that the market is likely to increase in the very near term.

The other positive intermediate indicator is based on a once weekly assessment. This intermediate indicator suggests that the fourth quarter of 2014 will be positive. Please remember that no market indicator is foolproof or guaranteed to accurately forecast future market conditions.

Given improving economic indications, our longer-term outlook continues to remain positive, although we have concerns. Year to date the Dow Jones Industrial Average is down -0.70%, the S&P 500 Index is up 4.26%, and NASDAQ is up 4.94% as of October 22, 2014 (source money.cnn.com).

Our market snapshot (taken daily) is as follows:

-- U.S. Equities	Positive outlook for past 1000 days
-- International Equities	Positive outlook for past 804 days
-- Resources and Materials	Positive outlook for past 769 days
-- Real Estate	Positive outlook for past 1,896 days
-- Bonds / Fixed Income	Positive outlook for past 237 days

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

Utilities
Real Estate
Cash (1-3 Month T-Bills)

In addition to the top three listed above: Healthcare, Consumer Non-Cyclical and The Dow 30 all have above average rankings suggesting that these are currently strong areas for investing. Financial, Large Cap Blend and Nasdaq 100 also have above average rankings.

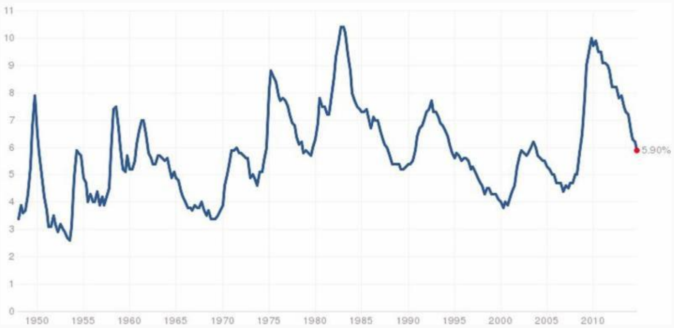
Several markets entered into correction territory (defined as declines of 10% or more from prior highs) including Canada, the UK, Spain, Korea, Australia, China, Japan, US Small Cap and US Mid Cap. Other markets entered into bear territory (defined as declines of 20% or more from prior highs) including Germany, Italy and Brazil, as well as a number of sectors such as Homebuilders, Precious Metals Miners, and Semiconductors.

The Dow Jones Industrial Average and the S&P 500 (both Large Cap US equity indexes) moved down, but did not enter into correction territory. The fact is that the Dow has not had a correction of 10% or more since 2011 (source Wall Street Journal, October 20, 2014, page 1). From a historical and statistical perspective we are overdue for a pullback of 10% or more and this leads some financial commentators to conclude that a shakeout looms ahead.

We had noted continuing positive signs in the economy. Initial jobless claims were reported at 264,000, the lowest level in 14 years (since April 15, 2000, source U.S. Department of Labor).

In addition, the most recently released unemployment data shows that the current unemployment rate is 5.9%. Below is a chart of the unemployment rate from prior to 1950 to the current date (source www.multpl.com).

US Unemployment Rate (from prior 1950 to the present)

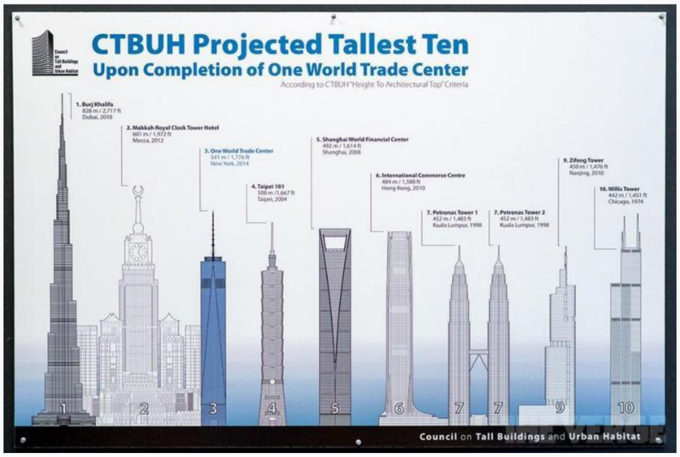


The unemployment rate at 5.9% is relatively high, but it has dropped dramatically from the level of 10% reported for October, 2009 (source U.S. Bureau of Labor Statistics). It is also interesting to note that the UK unemployment rate recently dropped to 6.0%, a six year low. Other countries in Europe are not doing as well.

The "Financial Times" reported that China has become the world's largest economy, putting the USA in second place for the first time in 142 years. Financial data released by the International Monetary Fund based upon purchasing power parity analysis (PPP) estimated Chinese gross domestic product (GDP) at $17.6 trillion, compared to $17.4 trillion for America. It is important to note that without the PPP adjustments China would not outrank the USA in economic size.

This information was released about the same time that the White House declared, "the economic policies that this president put in place are the envy of the world." These same economic policies led to the U.S. losing its triple A credit rating on August 5, 2011 due to concern about the government's budget deficit and rising debt burden (source, Reuters, "United States loses prized AAA credit rating from S&P").

I recently had the experience of going to the top of one of the tallest buildings in the world, the International Commerce Centre in Hong Kong, ranked the 6th tallest building by the Council on Tall Buildings and Urban Habitat (CTBUH). Below is a graphic prepared by CTBUH that ranks the top 10 tallest buildings in the world.



According to the graphic the two tallest buildings in the world are located in Arabia (in Dubai, UAE and in Mecca, Saudi Arabia). The third and tenth tallest buildings are located in the USA. Number 3 is the One World Trade Center in New York and number 10 is the Willis Tower (formerly the Sears Tower) in Chicago. The other 6 tallest buildings are located in Asia.

A new building, the Kingdom Tower, in Jeddah, Saudi Arabia is currently under construction. When completed it will be the tallest building in the world at 1000 meters or 1 kilometer in height. The Kingdom Tower is scheduled for completion in 2019.

Does the fact that Arabia and Asia are building towers more numerous and taller than towers in the USA reflect a growing decline of the United States as a world financial and economic leader? Or does it merely reflect US wisdom in not spending vast sums seeking prestige in tallest building status? You decide.

In summary, although somewhat muted, we see continuing signs of economic recovery and growth in the US. This coupled with low interest rates lays a foundation for continued growth in asset values of US equities generally.

We remain bullish on all five broad asset categories outlined above. Based upon our research and monitoring of various market indicators the current environment for investing in stocks is generally favorable.

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.

Right now, many economic and business signs we review are bullish, but there will come a time when that changes. Recently an intermediate-term market indicator we monitor has turned back to positive, other indicators that we monitor are bullish and many economic signs are positive. Thus, we are generally bullish on U.S. Equities, International Equities, 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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