2014: THE YEAR IN REVIEW

FINANCIAL MARKETS:
The market volatility experienced last year perplexed most traditional investors who struggled to keep up with broad market returns. In the US, the Dow and S&P 500 both gained +7.5% and 11.4% respectively for the year. While the Dow and S&P grab the most headlines, those are unrealistic performance benchmarks for the vast majority of investors. Morningstar Target Risk indices are a more diversified benchmark with a range of investor styles from Aggressive to Conservative and everything in between. The Aggressive Target Index is comprised of 95% equity (large, mid, small-cap and international stocks, commodities) and 5% in bonds. In 2014, this index gained 5.2%, not as impressive as the S&P 500 but more accurate as a reference point for a multi-asset portfolio.

The real key to evaluating portfolio performance is selecting a benchmark that is similar to the portfolio being measured against it. The S&P is concentrated in large-cap stocks whereas most accounts are likely to hold a broad selection of asset classes, including U.S. stocks of various sizes, non-U.S. stocks, real estate, resources, commodities and bonds. Ultimately, the best performance benchmark is measuring progress toward your financial goals as hitting that target is what matters the most.

Outside the U.S., international indices were negative for 2014, including the Developed international index -6.2% and the Emerging International Index at -3.9%. Financial and economic struggles overseas largely escaped domestic shores and the U.S. was the star performer among most major global indices.

<table>
<thead>
<tr>
<th>U.S. Intermediate Term Asset Class Rankings</th>
<th>Rank as of November 30, 2014</th>
<th>Rank as of December 31, 2014</th>
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</thead>
<tbody>
<tr>
<td><strong>Above Average</strong></td>
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<tr>
<td>Utilities</td>
<td>9</td>
<td>1</td>
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<tr>
<td>Consumer Cyclical</td>
<td>3</td>
<td>2</td>
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<tr>
<td>Dow</td>
<td>2</td>
<td>3</td>
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<tr>
<td>Real Estate</td>
<td>6</td>
<td>4</td>
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<tr>
<td>Healthcare</td>
<td>10</td>
<td>5</td>
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<tr>
<td>Small Cap Blend</td>
<td>18</td>
<td>9</td>
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<tr>
<td>Small Cap Growth</td>
<td>20</td>
<td>8</td>
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<tr>
<td>Small Cap Value</td>
<td>18</td>
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<tr>
<td>Large Cap Blend</td>
<td>8</td>
<td>10</td>
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<tr>
<td>Technology</td>
<td>5</td>
<td>11</td>
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<td>Nasdaq 100</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Consumer Non-Cyclical</td>
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<td>13</td>
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<tr>
<td>Industial</td>
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<td>14</td>
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<tr>
<td><strong>US Market Average</strong></td>
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<tr>
<td>Russell 3000 Index</td>
<td>14</td>
<td>15</td>
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<tr>
<td><strong>Below Average</strong></td>
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<td></td>
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<tr>
<td>Large Cap Growth</td>
<td>7</td>
<td>16</td>
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<tr>
<td>Mid Cap Growth</td>
<td>13</td>
<td>17</td>
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<tr>
<td>Large Cap Value</td>
<td>15</td>
<td>18</td>
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<tr>
<td>Mid Cap Blend</td>
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<td>19</td>
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<tr>
<td>Mid Cap Value</td>
<td>21</td>
<td>20</td>
</tr>
<tr>
<td>CASH (1-3 mo T-Bills)</td>
<td>22</td>
<td>21</td>
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<tr>
<td>Telecom</td>
<td>16</td>
<td>22</td>
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<tr>
<td>Emerging Markets</td>
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<td>23</td>
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<tr>
<td>Developed Int’l Markets</td>
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<td>24</td>
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<tr>
<td>Basic Materials</td>
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<td>25</td>
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<tr>
<td>Energy</td>
<td>26</td>
<td>26</td>
</tr>
</tbody>
</table>

Source: WES & Co. LLC

*SHUT = "S"=Staples [a.k.a. consumer non-cyclical], "H"=Healthcare, "U"=Utilities and "T"=Telecom
**DIME = "D"=Disccretionary [a.k.a. Consumer Cyclical], "I"=Industrial, "M"=Materials, "E"=Energy

*Securities offered through H.D. Vest Investment ServicesSM, Member: SIPC, Advisory Services offered through H.D. Vest Advisory ServicesSM
TOP U.S. ECONOMIC NEWS:

1. The macro story for the year was the falling price of oil. The global oversupply combined with sluggish demand and a strengthening dollar drove oil prices lower by nearly 50% since June. By the end of 2014, the price of a barrel had fallen from a high above $105 at mid-year 2014 to close the year at $53.80. Undeniably, the U.S. consumer benefited the most by shelling out less to fill up at the pump. The average price of a gallon of unleaded gasoline has declined nearly 40% from a mid-year high of $3.64 to approximately $2.13 in the end of December. However, the commercial implications of oil’s crash are starting to be felt; with multiple corporate layoffs and falling rig counts recently announced by several key energy companies.

2. Another major newsmaker was speculation on the timing of interest rate hikes. As the economy continued to gain strength, the Federal Reserve ended its historic bond buying program in 2014, known as Quantitative Easing (QE). This led many to wonder when they would take the next step and raise short term interest rates. With each Fed meeting it became more apparent that they were not in a rush to raise rates and in December Yellen indicated that the Fed “can be patient in beginning to normalize the stance of monetary policy.” Her comments led to the broad consensus that barring a steep rise in inflation, rates are likely to remain near 0% through mid-2015. When they do begin the adjustment, the anticipated rate risk will likely be more gradual and end at a lower level.

3. Five years after the Great Recession officially ended, the U.S. economy is finally on solid ground. Third quarter gross domestic product was revised to 5%, the strongest quarter since 2003. With 252,000 jobs created in December, 2014 was also the best year for the labor market since the Great Recession. As the labor market improved, the U.S. unemployment rate declined to 5.6% at the end of the year. Additionally, the Institute for Supply Management’s (ISM) Manufacturing Index remains solidly in territory depicting expansion at 55.5; although that was down a bit from the November reading, as was the ISM Non-Manufacturing (services) Index, which fell to a still-robust 56.2.
TOP INTERNATIONAL ECONOMIC NEWS:

1. **The Eurozone’s struggles with growth and deflation.** The ECB is expected to start a program of bond purchases similar to what the Fed did here in the U.S. However, questions surround the implementation as private bond markets are smaller than in the U.S. because most corporate financing in Europe is done through financial institutions instead of selling bonds to investors. In addition, there is no equivalent to a U.S. Treasury, as each government issues its own debt, meaning the ECB will have to pick and choose which sovereign bonds to purchase in order to have specific impact. It remains to be seen if such a program can be effective when there is such wide disagreement amongst member countries as to the appropriate actions. Despite these challenges, expectations are for the Eurozone to grow at 1.1% in 2015. 3

2. **China’s economy continues to lose steam.** In Asia, China’s economic growth slowed to 7.4% in 2014, downshifting to a level not seen in 25 years. GDP had grown at a rate of 7.7% in both 2012 and 2013. The slowing momentum has resonated through the global economy and has sent commodity prices tumbling. While 7% would be the envy of most economies, Beijing says this level of growth is needed to create enough jobs for its huge population. By this chart, it can be seen that the four quarters of 2014 represent the continuation of a significant slowing in growth. 7

3. **Russia teeters on recession.** The volatility in oil prices is putting pressure on the ruble, but oil is not the only source of Russia’s woes as the decline in the ruble has been greater than the decline in the price of oil due to weakening demand for the currency. Even before the oil started to plummet, tensions resulting from Russia’s intervention in Ukraine have led to what could be a long-term re-valuing of Russian assets. Investors have demanded a higher-risk premium to compensate for the perceived political and economic risks associated with President Putin’s leadership. A number of countries have responded to Russian actions by imposing punitive sanctions against specific individuals and entities as well as certain sectors of the economy. Combined with the precipitous decline in oil prices, these sanctions have put considerable strain on Russian financial markets and the economy, raising the probability that the country may face a sharp recession. In the meantime, the conflict with Ukraine has continued and potential escalation remains a risk. As a consequence, negative headlines could persist and with them, further volatility in asset prices. 2

IMPORTANT DISCLOSURES AND DEFINITIONS:

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Nasdaq Composite Index is a market-capitalization weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange. It is not possible to invest directly in an index.

Dow Jones Industrial Average is unmanaged and measures broad market performance. It is not possible to invest directly in an index.

Standard & Poor’s is a corporation that rates stocks and corporate and municipal bonds according to risk profiles. The S&P 500 is an index of 500 major, large-cap U.S. corporations. You cannot invest directly in an index.

Lehman Brothers Aggregate Bond Index is an index comprised of approximately 6,000 publicly traded bonds including U.S. Government, mortgage-backed, corporate and Yankee bonds with an average maturity of approximately 10 years. The index is weighted by the market value of the bonds included in the index. This index represents asset types, which are subject to risk, including loss of principal. It is not possible to invest directly in an index.

International developed companies measured by the MSCI EAFE Index which is an unmanaged market capitalization-weighted index of equity securities of companies domiciled in various countries. The Index is designed to represent the performance of developed stock markets outside the United States and Canada and excludes certain market segments unavailable to U.S. based investors.

Emerging market companies measured by the MSCI Emerging Markets Index which is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

Short term taxable bonds measured by the Barclays U.S. 1-3 Year Aggregate which is a subset of the Barclays U.S. Aggregate index, representing securities with 1 to 3 years remaining until maturity.

Intermediate-term bonds measured by the Barclays U.S. Aggregate Bond index which measures the performance of investment-grade bonds in the U.S. fixed-income universe. It includes U.S Treasury issues, agency issues, corporate bond issues and mortgage-backed issues. It is unmanaged, includes reinvestment of dividends, does not reflect the impact of transaction, manager or performance fees and is unavailable for investment.

High-yield bonds measured by the Barclays US Corporate High Yield Index which tracks the performance of domestic non-investment grade corporate bonds.

International government bonds measured by the Citigroup World Government Bond Index (WGBI) which measures the performance of 23 government bonds markets including Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Malaysia, Mexico, the Netherlands, Norway, Poland, Portugal, Singapore, Spain, Switzerland, Sweden, the United Kingdom and the U.S.

Short-term municipals measured by the Barclays Municipal 1-3 Yr index which measures the performance of investment-grade municipal securities with 1 to 3 years remaining until maturity.

Intermediate term municipals measured by the Barclays Municipal Intermediate 5-10 Year index which measures the performance of investment grade municipal securities with 5 to 10 years remaining until maturity.

High-yield municipals measured by the Barclays High Yield Municipal index which measures the performance of below investment-grade municipal securities with at least 1 year remaining until maturity.

Commodities measured by the Dow Jones UBS Commodity index which is comprised of future contracts on physical commodities which trade here in the U.S. and certain foreign markets. It measures the performance of investment in a broad basket of commodity futures contracts.

Real estate measured by the Dow Jones Global Select REIT index which represents equity real estate investment trusts (REITs) and REIT like securities traded globally.

Annualized Quarterly GDP (Gross Domestic Product) Growth measured by Bureau of Economic Analysis and is released as preliminary (1st estimate), revised (2nd estimate) and final over the course of a quarter.

An investment cannot be made directly into an index.

Investments are subject to market risks including the potential loss of principal invested.

Asset allocation and diversification do not assure or guarantee better performance and cannot eliminate the risk of investment losses.

This report is not an offer to buy or sell or solicitation of an offer to buy or sell any securities mentioned or to follow a specific investment strategy.