

## Performance Review and Commentary

4th Quarter 2014 (October 1, 2014 through December 31, 2014)

### Composite/Model Performance

Wallick Investments'			Annualized	Wallick Investments'			Annualized
Portfolio Composites	This Qtr.	YTD	Since Inception	Index	This Qtr.	YTD	Since Inception
WI Core Growth	↑3.79%	↑8.63%	↑11.13%	Equity* <sup>1</sup>	↑4.75%	↑10.47%	↑9.45%
WI Core Value	↑6.05	↑15.92	↑9.42	Equity* <sup>2</sup>	↑3.99	↑11.75	↑9.26
WI Aggressive	↑5.23	↑8.31	n/a	Equity* <sup>7</sup>	↑6.76	↑8.1	n/a
WI Fidelis	↑5.07	↑14.36	↑21.86	Equity* <sup>3</sup>	↑4.75	↑10.47	n/a
WI Hedge	↑3.30	↑4.35	↓1.23	Commodity* <sup>4</sup>	↓12.98	↓18.61	↓10.23
WI Preferred Stock	↓1.20	↑13.46	n/a	Preferred Stock* <sup>5</sup>	↑0.45	↑11.66	n/a
WI Bonds	↑0.04	↑3.22	↑3.65	US Bond Mkt.* <sup>6</sup>	↑1.88	↑6.00	↑4.38

  

Wallick Investments'			Since	Wallick Investments'			Since
Portfolio Models	This Qtr.	YTD	Inception	Index	This Qtr.	YTD	Inception
WI Core Growth	↑3.22%	↑7.55%	↑161%	Wilshire 5000	↑4.75%	↑10.57%	↑75%
WI Core Value	↑5.88	↑15.99	↑101	S&P 500	↑4.93	↑13.69	↑84

### Modern Portfolio Theory Statistics 01/01/2014 – 12/31/2014

Wallick Investments'	Beta	Index	Actual	Total	Over/Under	Over/Under	R-Squared
Equity Composites		Return	Return	Over/Under	Due to Beta	Due to Alpha	
WI Core Growth	1.12	10.47	8.67	-1.80	1.26	-3.06	90.88
WI Fidelis	1.10	10.47	14.36	3.89	1.05	2.84	92.92
WI Core Value	0.98	11.75	15.92	4.17	-0.24	4.41	95.58

Composite and model portfolios are developed and managed by Wallick Investments, LLC.

Composite and model performance is reported excluding fees. Index performance for composites and models excludes fees. Index performance for models also excludes dividends. Models do not represent an actual account or a composite of accounts. Each client's portfolio holdings and weightings vary based on individual time frames and risk tolerances. The portfolio composites and models display data to illustrate past performance and do not guarantee future results. Year-to-date totals may not be equivalent to each of the last four quarters totaled due to rounding and end-of-quarter dividends.

**Beta:** A measure of a portfolio's sensitivity to its benchmark's movement. The benchmark's beta is 1.00. Accordingly, if a portfolio has a beta of .85, it would be expected to outperform its benchmark by 15% in a down market and underperform by 15% in an up market. Note: a low beta does not equate to low volatility. The betas used in this presentation are those calculated by Morningstar® based on a 3-year weighted-average of each of the individual securities' betas.

**Alpha:** A measure of the difference between a portfolio's actual return and its expected performance, given its level of risk as measured by beta. Alpha can be used to directly measure the value added or subtracted by a portfolio manager.

**R-Squared:** Reflects the percentage of a portfolio's movements that can be explained by movements in its benchmark index.

#### Top 5 Percentage Gainers (Qtr.)

(Only securities within models)

Southwest Air  
Whole Foods  
Cimpress  
Inteliquent  
Rogers

#### Bottom 5 Percentage Losers (Qtr.)

(Only securities within models)

Hemlich Payne  
Trinity  
Schlumberger  
Nucor  
Catapillar

## **Overall Equity Environment = 2**

- 1 - Favorable
- 2 - Neutral
- 3 - Unfavorable

Leading Economic Indicators were up .5 in the last month (December) and up 3.3% over the last 6 months. Positive numbers indicate improving economic conditions.

Chicago Federal Reserve's National Activity index was down .05 last month (December) and the three month average was at .39. A three month average reading of 0 indicates a normal level of economic activity. A reading below -.70 suggests a recession. A reading above .70 after two or more years of expansion suggests potential inflation.

The most recent Adjusted National Financial Conditions Index (ANFCI) was .02. The ANFCI is constructed to have an average value of zero and a standard deviation of one over a sample period extending back to 1973. A positive value indicates tighter monetary policy and a negative value indicates looser credit.

The Volatility Index (VIX) is at around 16.6. Low numbers (below 18) suggest less "fear/volatility."

From a valuation standpoint, the S&P 500's Price-to-Earnings (P/E) Ratio was 18.99 vs. 18.65 at the end of 2013, 15.02 at the end of 2012, 13.47 at the end of 2011, 15.45 at the end of 2010, 18.57 at the end of 2009, 10.91 at the end of 2008, 16.63 at the end of 2007, 16.95 at the end of 2006, 16.42 at the end of December 2005 and 17.9 at the end of December of 2004. A P/E of 20 is considered overvalued and a P/E of 10 is considered undervalued.

In conclusion, stocks appear to be fairly-valued based on historical trends, valuation criteria and forecasts. Economic conditions appear to be stable.

## **Performance Commentary**

From a performance standpoint, the fourth quarter of 2014 was a "up" quarter for the Wallick Investment equity portfolios and for the indexes. The Wilshire 5000 was up 4.75% and the S&P 500 was up 4.93%. WI Core Growth Composite underperformed by .96%. WI Core Growth Model underperformed by 1.53%. The Core Value Composite outperformed by 2.06%. The Core Value Model outperformed by .95%. WI Fidelis Composite outperformed by .32%. The performance variation of these portfolios can be attributed to both our security selection (alpha) and risk exposure (beta). For non-equity portfolios the WI Bond Composite was up .04% vs. the iShares Core Total U.S. Bond Market increase of 1.88%. The WI Preferred Stock Composite was down 1.2% vs. its benchmark increase of .45%. Our WI Hedge Composite was up 3.3% vs. the Commodities Index's decrease of 12.98%.

## **Custom Benchmarks**

1. WI Core Growth Composite Benchmark: 50% Vanguard 500 Index / 10% Vanguard Mid Cap Index / 30% Vanguard Small Cap Index / 10% Vanguard FSTE All World ex-US Index
2. WI Core Value Composite Benchmark: 90% Vanguard 500 Index / 10% Vanguard FSTE All World ex-US Index
3. WI Fidelis Composite Benchmark: 50% Vanguard 500 Index / 10% Vanguard Mid Cap Index / 30% Vanguard Small Cap Index / 10% Vanguard FSTE All World ex-US Index
4. WI Hedge: iPath DJ-UBS Commodity ETN
5. WI Preferred: iShares US Preferred Stock
6. WI Bonds: iShares Core Aggregate US Bond Mkt.
7. WI Aggressive: 70% iShares S&P Mid Cap / 30% iShares S&P Small Cap