DANDA TROUVÉ
INVESTMENT MANAGEMENT
*Money Managers You Can Trust*

**April 2014 Thoughts and Insights**

Happy Spring (finally) to all! We would like to start this letter off with the excellent news that Jan has been declared "cancer free" by her team of doctors at KU. She is still weak and tired, but does plan to visit us back at the office as her strength resumes.

We are also pleased that our portfolios have started the year, in aggregate, with a positive return of +2.5% compared to the S&P 500 returns of +1.4%. This positive performance can be attributed to our unwavering commitment to risk management, our dedication to diversification, and our long term focus on investments. All of the above reinforce our commitment to asset allocation.

Both uncertainty and volatility increased in all markets at the start of 2014. An uncharacteristically cold winter took a toll on economic data in the US with most major indicators showing signs of weakness. Markets, however, have largely ignored the data, trusting instead that a spring bounce back is likely. Similarly, the Federal Reserve continued tapering its asset purchases and remains on track to eliminate these purchases by year-end. Elsewhere in the world, European economies continued to stabilize but concerns rose in Asia, especially over China's economic health. Finally, geopolitical tensions between Russia and the Ukraine have raised serious concerns for political stability. Thus far they have not affected global oil and gas prices, but they remain a threat to the market's stability.

Despite the world drama, we do remain cautiously optimistic about the US markets because we believe the US economy is set to improve, that fiscal restraint is firmly in place, and we do not expect surprises from Washington DC. However, we must keep in mind that the stock market always moves ahead of the economy, and P/E multiples are historically rich. We now must be vigilant observers as we need company earnings to catch up before stock prices can move higher. While we consider most markets fully valued, we do want to remain invested and selectively focus on healthcare, energy and industrials.

Bond markets rallied early in the quarter (meaning rates went down so prices went up) due to the uncertain pace of economic growth and the crisis in Ukraine which lead to a risk averse mentality. Our fixed income portfolios rebounded nicely due, in part, to this factor.

The Fed will wind down its quantitative easing program and at some point rates will start to rise. Along the way there will be uncertainty and volatility. In order to protect our bond prices we continue to hold/buy shorter maturities and keep duration low. We believe that our investing across a broad range of sectors such as bank preferred stocks, energy MLP's, floating rate debt, high yield bonds and selective emerging markets will provide our portfolios with a consistent income stream in this ever changing environment.

Finally, gold rallied this quarter due to strong demand from Asia and a flight to safety due to the Russia/Ukraine unrest. We continue to believe in holding precious metals/hard assets in our portfolios due to their demonstrated ability to preserve capital as well as appreciate in times of uncertainty, and often times during inflationary periods. Historically, this asset class has also demonstrated the potential to deliver uncorrelated returns with equity and fixed income markets.

We believe that the bottom line to successfully investing in this fed stimulated market is to be committed to our investment goals, remain invested in all asset classes at the appropriate level of risk, and tactically move within the asset classes to capture upside gains or protect from downside losses.

As always, we remain dedicated to you and your investments. We invite you to call, write, or stop by anytime with any questions or comments you may have.

Michelle