LANDMARK
FINANCIAL ADVISORS, LLC

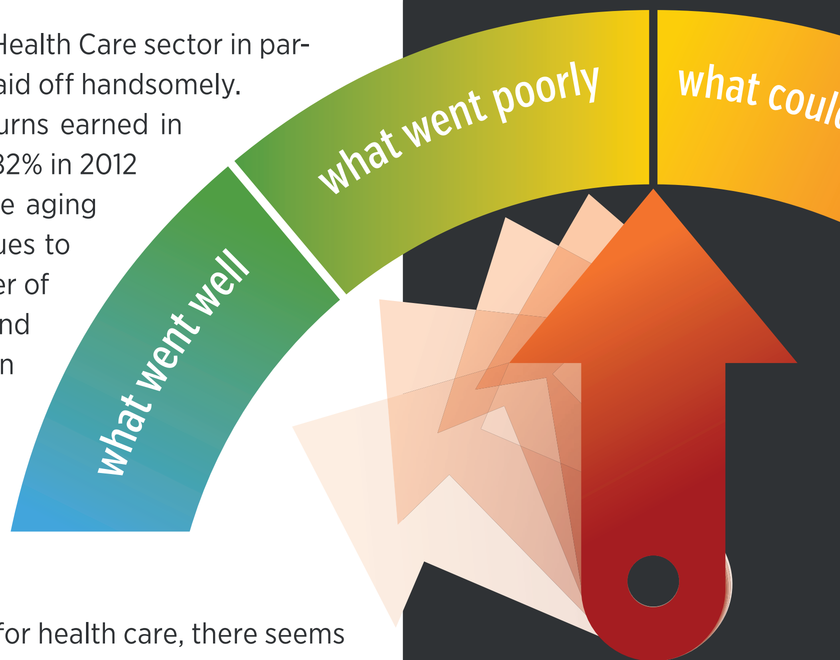
WEALTH MANAGEMENT

OCT 2013

WHAT WENT WELL

It has been a strong year for stocks in general and the Health Care sector in particular. Our overweight of the Health Care sector has paid off handsomely. The MSCI World Health Care index exceeded the returns earned in the MSCI World index (All Sectors) by 15.19% in 2011, 1.82% in 2012 and 8.83% YTD (as of close September 26, 2013). The aging population and an obese American population continues to provide a boon for the industry as an increasing number of Americans require more extensive drug treatments and medical care. We reduced the size of our overweight in June due to the strong relative performance and the prospect of increased Government regulation, as an aging population demands intervention in order to theoretically lower their out-of-pocket health care costs.

While the fight in Washington is largely on how to pay for health care, there seems to be little debate that there is an increasing demand for health care products and services, which is typically a good sign for any industry. As such, we continue to carry an overweight to health care, although at a lower level.



WHAT WENT POORLY

To be quite frank, not much has gone poorly of late. However, on a relative basis our decision to move to an overweight in the Information Technology sector has been premature. This sector is only up 14.34% for 2013 trailing the S&P 500 index by 6.22% this year. On any given year we would be very pleased with a return in excess of 10%, and still view our tactical overweight to the sector as a marathon and not a 40 yard dash. We believe the sector is poised to outperform, and therefore, will reward those investors who are patient. Companies have underinvested in technological improvements the past couple of years, and it appears to be at the point where equipment upgrades are starting to be implemented. Technology company's balance sheets are very solid, with large cash balances and relatively low debt. This financial strength also helps provide stability to the group, which in turn gives it a certain level of defensiveness, contrary to its high-beta history. The demand for IT spending will be bullish during this decade, therefore affording us with a great time to plant seeds for future harvest.

"I don't focus on where the puck is. I focus on where it's going to be."

—Wayne Gretzky

"For any period of less than five years you are evaluating serendipity rather than skill."

—Bill Nygren

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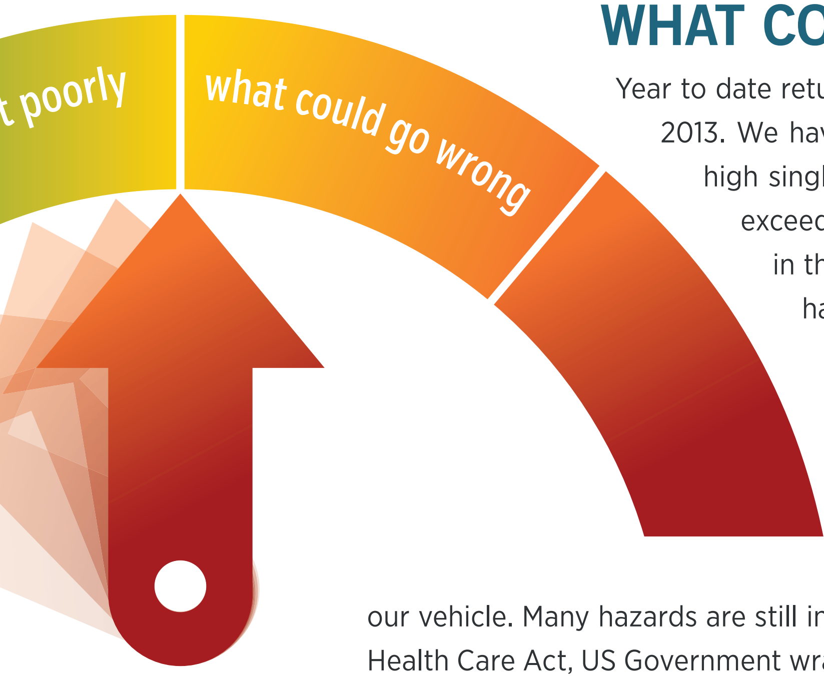

WHAT COULD GO WRONG

Year to date returns in the S&P 500 are up 20.56% as of September 25, 2013. We have discussed our expectations for equities being in the high single-digit range for this decade. To date, returns have far exceeded our expectations albeit with muted earnings growth in the underlying companies. The P/E multiple of the market has expanded, which means valuations (price paid for future growth) is a bit elevated, therefore causing us to get defensive in the short term. If the stock market continues its rapid ascent the possibility exists that we could underperform due to our defensive posture. Our job is to keep the car on the road and out of the ditches, so we have slowed down the speed of our vehicle. Many hazards are still in the road such as the implementation of the Affordable Health Care Act, US Government wrangling, Fed tapering and the continued deleveraging of public (government) debt around the world.

LANDMARK FINANCIAL ADVISORS WEIGHTINGS AGAINST THE S&P 500