

LANDMARK FINANCIAL ADVISORS, LLC

WEALTH MANAGEMENT

JAN
2014

WHAT DROVE THE MARKET LAST YEAR?

Wow!!! We just experienced a year when the S&P 500 moved up 32.4%, Small Caps moved up 38.8%, International Developed Stocks moved up 22.7%, International Emerging Market Stocks declined -4.3% and the broad bond market declined -2.0%. The last time the S&P 500 gained at least 30% in a calendar year was 1997 (gain of 33.4%).

It may surprise you to learn that we have gotten a bit more conservative during this rapid rise in the markets. When you look at the share of Total Return in the S&P 500 for 2013, it shows that the 32.4% return was comprised of 2.8% Dividends, 11.2% Earnings and 18.4% Multiple Expansion. This expansion of P/E multiples is not sustainable in the future, so while the equity markets are still attractive over the long haul, an overweight to domestic equities is not warranted today.

In our opinion, international stocks may be the most attractive equity play over the next several years, as foreign companies are cheaper and have severely underperformed US stocks. In addition, bonds have become fairly valued as the 10 Year Treasury yield moved from 1.78% to 3.04% last year. The inflation outlook is very low, therefore we now have positive real yields projected in bonds again. We won't predict returns for the year, but we do caution that volatility is likely to return in 2014!

NEW ADDITION TO LANDMARK



We are excited to have added Tanner Stepp to the Landmark team. Tanner is a recent Western Kentucky University graduate in the Certificate Program in Financial Planning. Tanner will be assuming the role of the Financial Planning Specialist at Landmark while working towards his ambition of being actively involved with clients and their families to help them achieve their lifetime financial goals.

Tanner will be sitting for the CFP® Exam this summer to become a Certified Financial Planner. Tanner is engaged and will be married this June in Bowling Green.



“ To ignore what you know because of predictions about something nobody knows is silly. ”

—Warren Buffet

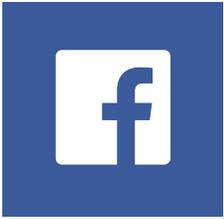
“ Your money will be managed right alongside money that is very near and dear to us. Ours. ”

—Brent Mason



LANDMARK VENTURES INTO SOCIAL MEDIA

In addition to our blog, we have added Twitter@LandmarkFin and Facebook to our online presence. Our objective is to give you insight into different articles, financial tips and items of interest that we feel are worth sharing. Please take the time to Follow/Like us for regular updates.



In the event you missed them, we would like to recap some recent posts to our website on the **OUR THOUGHTS** tab which are very appropriate for the New Year. Please note, if you are not receiving them, you can subscribe to them on our blog site.



- *Make the “Magic” Happen*—Personal Financial Tips to Strive to Live By as you venture into the “New Year!”
- *Stock Market Forecasts*—All the Wall Street “experts” will be giving you their crystal ball projections for the market in 2014. This post shows you why we wouldn’t recommend paying any attention to their predictions.
- *Talking Heads*—Great article by Vanguard about not abandoning your strategic asset allocation in favor of chasing the markets. It’s not different this time. _____

LANDMARK FINANCIAL ADVISORS WEIGHTINGS AGAINST THE S&P 500

