

April 4, 2014

Clients,

I'm finally regaining my footing after a year or so of re-examining, re-search and transition.

Most of your accounts went from mostly cash into a temporary timing posture on February 7 in time to catch a strong uptrend and 3.5% gains by February 18. While the results are incorporated in your returns, the portfolio and action doesn't show up on your reports because it was not being held at the end of the quarter.

More positions giving ongoing diversification and investment were purchased in early March. This ended the extreme movement to cash based on the fractal market reports of David Nichols that did not serve us well during the market run-up during last year's fourth quarter.

I was very proud of my research this quarter using trends (Coefficient of Variation), a Fractal Dimension Indicator and correlations. I used twelve years of monthly data and over a million rows. Deployment started a month ago; since then the returns from using just the research results were very poor. However, using the results as a final screen on the O'Shaughnessy portfolio worked well.

So going forward, I expect the core or dominant portfolios to be:

1. O'Shaughnessy (see attached).
2. High Income (Mostly preferred stocks)
3. Gold and Silver
4. Piotroski Relative Strength (PRS, a statistical screen.)

Except for gold and silver, I plan to hold more positions in each portfolio. I would like to hold positions for a longer duration.

Thanks for your trust and perseverance in weathering the ups and downs.

Sincerely,



Enclosures:

O'Shaughnessy Portfolio Added  
Update on Stock Selection Methodology  
Performance Summary

**An alternative to mutual funds.**

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