

# Premise Capital

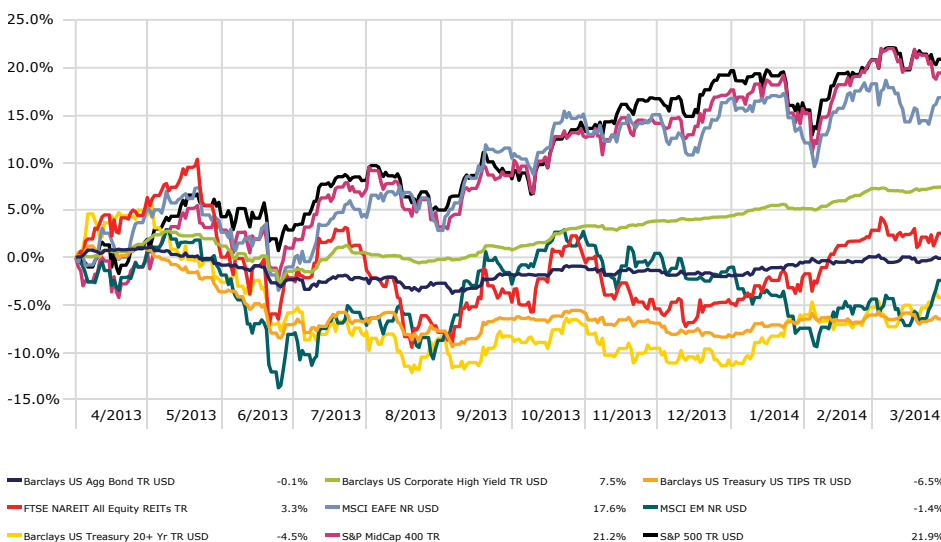
## 1st Quarter 2014 Summary

Premise investors,

The first quarter was rocky for most styles of tactical management. The S&P sell off in January was followed by a strong February and March and we found ourselves back at new highs. While other managers were whipsawed in the volatility, our analysis allowed us to remain steady and our returns have generally remained near those of the diversified benchmarks with corresponding equity to fixed income ratios. This is another way of saying, “it was a great time to not be tactical and stay in the diversified portfolio, and that is what our system allowed us to do.”

There are a few trades that we made in the fourth quarter of 2013 and at the beginning of the first quarter that I would like to run through. In November of 2013, we received buy signals in **Investment Growth**

Time Period: 4/1/2013 to 3/31/2014



two major classes, real estate and high yield fixed income. Both moves were very positive as the returns in the first quarter for high yield were very favorable from a return and risk standpoint versus other fixed income classes. (See the quarterly return number table), and the return on the real estate index outpaced all other major classes in our diversified portfolios.

The volatility in January did have an effect on our portfolios, but it was

but it was generally positive. In January, the only class that we lightened up on was emerging markets and as the table shows, moving that money into other equity classes was a positive as emerging markets was the only class to post a negative result for the quarter.

The recent strength in fixed income gave us signals to move money from cash and short term fixed income into intermediate fixed income in January. This was also a positive as we were able to get a boost to our more conservative portfolio allocations, and saw the benefit of diversification in our more aggressive portfolios.

The recent strength in fixed income has us watching for an entry point in long term bonds and treasury inflation protected securities, but as of end of quarter, we are still underweight those classes.

As always, thank you for investing with Premise Capital.

Jason Rolence CFA  
 Senior Portfolio Manager

