LYKE Financial Inc.

Q1 2014: Stocks suffer early losses, then recover

U.S. stocks ended the first quarter of 2014 with only minimal changes, as a sell-off early in the quarter gave way to a recovery that more than offset previous losses in most cases. The decline was relatively brief and confined to a two-week stretch in late January and the beginning of February. A weak December 2013 employment report, concerns about emerging markets, and the Federal Reserve's ongoing downsizing of its Quantitative Easing program (QE) were all factors weighing on share prices. Worries about emerging markets eased, however, and enabled stocks to embark on a recovery. Reassuring comments from new U.S. Federal Reserve Chair Janet Yellen, who replaced Ben Bernanke at the end of January, also helped bolster the market.

Foreign stocks in developed markets were roughly even with their domestic counterparts for much of the quarter, despite the drama unfolding in Ukraine. In this environment, the MSCI EAFE Index rose 0.66% during the first quarter.

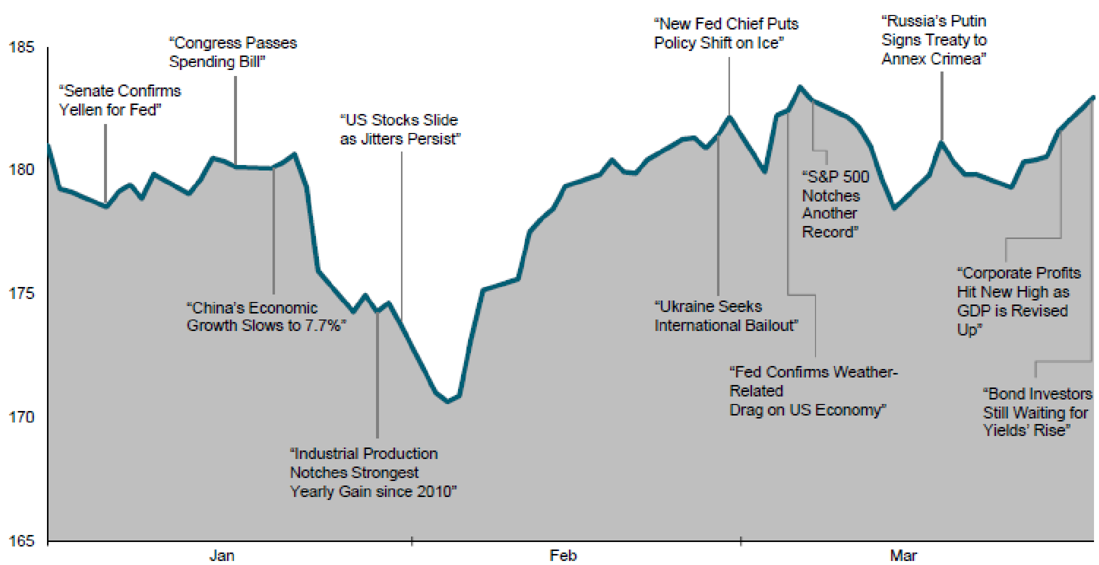
European stocks rose as investors cheered slow but stable economic growth and strong corporate earnings, particularly in the health care sector. Signs of improvement in Europe's weakest economies boosted investor sentiment throughout the quarter as markets in Italy, Portugal and Ireland posted double-digit gains. Overall, the MSCI EAFE Index advanced 2% and the euro in February climbed to its highest level of the year against the dollar.

After rising more than 50% in 2013, Japanese equities finished the first quarter sharply lower as investor enthusiasm for aggressive government attempts to reflate the economy appeared to wane. Disappointing domestic economic data, a strengthening yen and concerns over a pending sales tax hike weighed on the market. The MSCI Japan Index declined 8% , while the MSCI Pacific Index lost 5%.

Emerging market stocks ended the quarter flat amid concerns about military tensions be-

World Stock Market Performance

MSCI All Country World Index with selected headlines from Q1 2014



Investing Insight

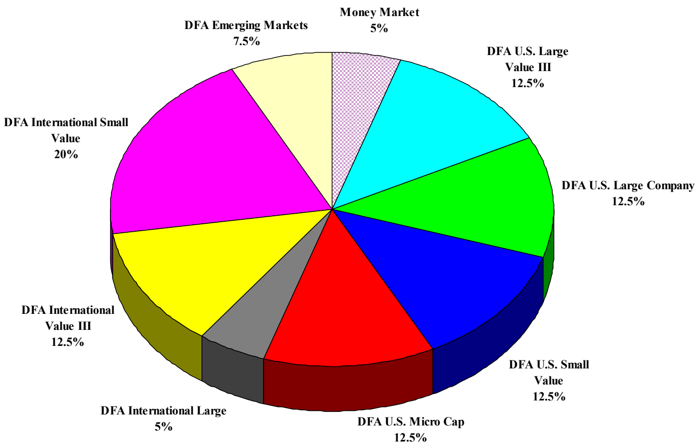
LYKE FINANCIAL, INC.

Inside this issue:

Portfolio Returns:
January 1, 2014—March 31, 2014*

AGGRESSIVE GROWTH

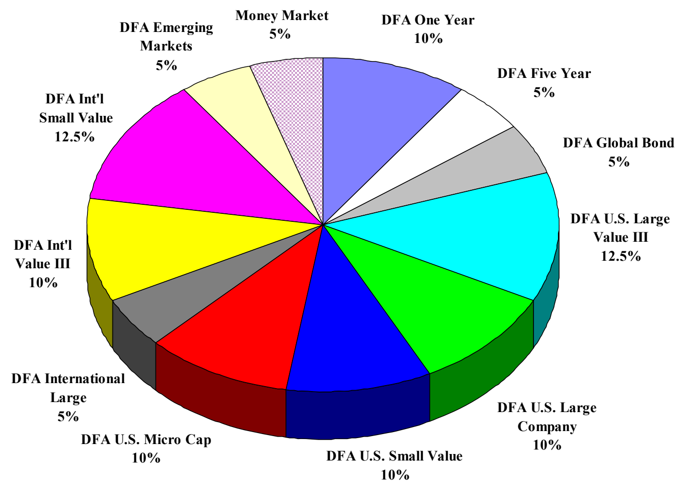
95% Equities/5% Fixed



Rate of Return 1.74%

LONG TERM GROWTH

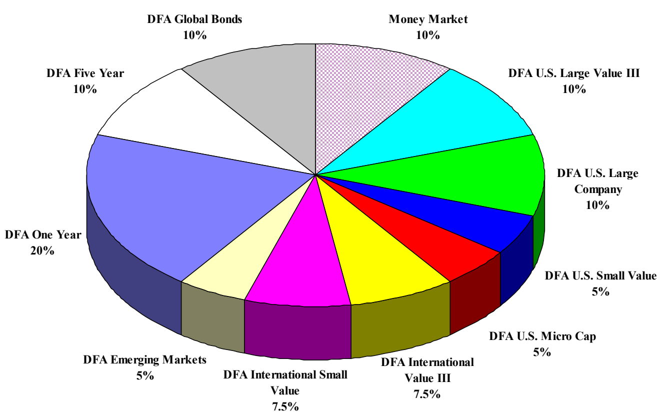
75% Equities/25% Fixed



Rate of Return 1.38%

BALANCED GROWTH

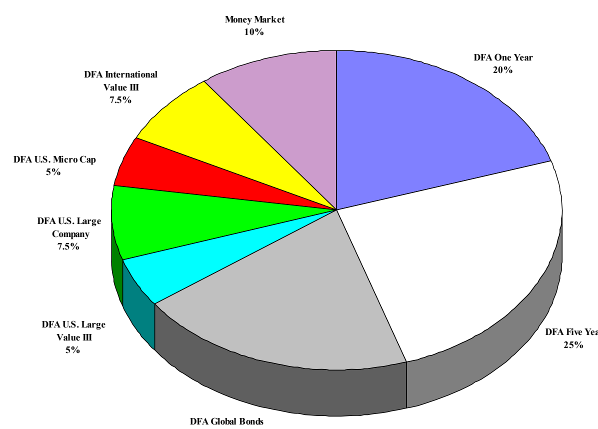
50% Equities/50% Fixed



Rate of Return 0.86%

INCOME & GROWTH

25% Equities/75% Fixed



Rate of Return 0.56%

*Individual returns may vary slightly based upon assets, size and fees charged, performance shown is net of fees. Performance shown reflects the reinvestment of dividends and other earnings. The returns shown represent past performance and are not indicators of future results.

tween Russia and Ukraine and political uncertainty in countries such as Venezuela and Thailand. Markets such as India and Indonesia rallied, lifted by hopes for reform and improving current account deficits. Consumer discretionary and technology stocks led market gains. Commodity-relative stocks fell.

In the bond market, concern early in the quarter about slowing U.S. economic growth along with a flight to quality in the face of emerging market volatility helped drive yields lower on U.S. Treasury securities. Lower yields produced a favorable backdrop for bond prices.

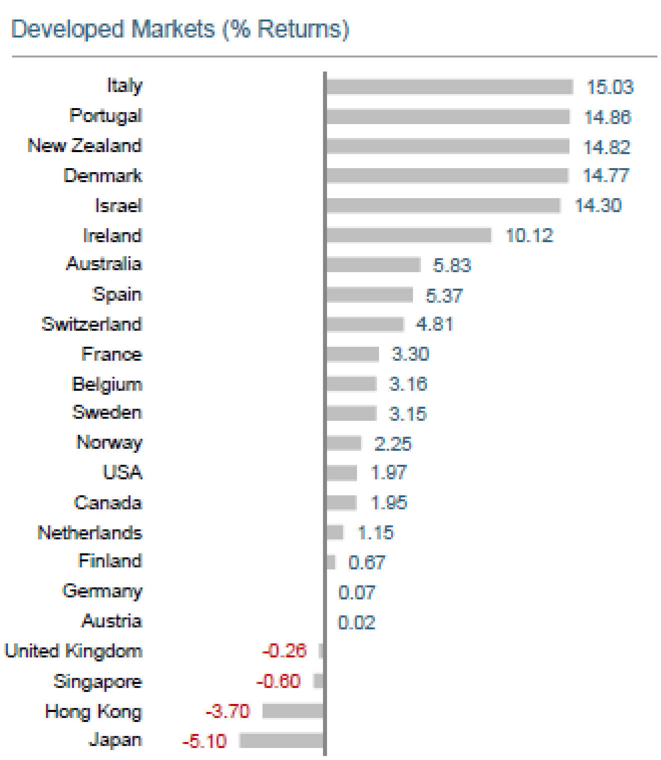
For comparison purposes, the Barclays U.S. 1-3 Year Government Bond Index ended up 0.14% while 13-week Treasury Bills returned 0.01%.

Index	1Q2014	One Year	Five Years (Annualized)	Ten Years (Annualized)
Barlclays U.S. Aggregate Bond	1.84%	-0.10%	4.80%	4.46%
Dow Jones Industrial Average	-0.15%	15.66%	19.85%	7.47%
S&P 500 Index	1.81%	21.86%	21.16%	7.42%
NASDAQ Composite Index	0.54%	28.51%	22.40%	7.73%
Russell 2000 Index	1.12%	24.90%	24.31%	8.53%
MSCI EAFE Index	0.66%	17.56%	16.02%	6.53%
MSCI Emerging Markets Index	-0.43%	-1.43%	14.48%	10.11%

Source: Morningstar Direct

Select Country Performance

Italy and Greece continued to record strong returns for the quarter; Italy was the best-performing developed market. Indonesia was the best-performing emerging market. With Russia's recent military action and political unrest dominating headlines, the Russian equity market recorded the lowest return in US dollar terms.



Continued on back……………………………………………………….

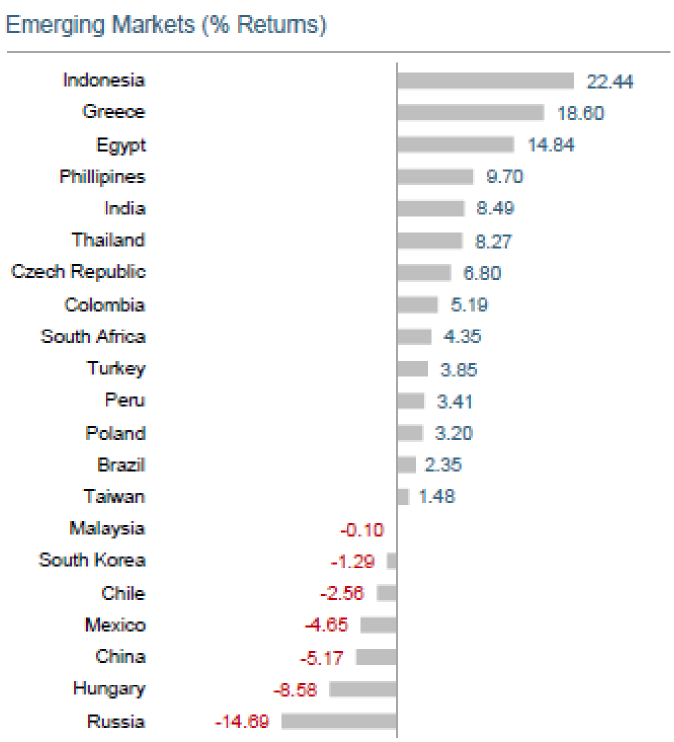
Meeting Expectations

All DFA portfolios are designed to deliver "market rates of return." DFA is not trying to "beat" the market by employing crystal ball type strategies, only working to achieve market returns, historically outpacing 90% of the active managers who attempt to beat the market.

To evaluate your portfolio, it is helpful to look at the various DFA funds and **compare them** to the specific markets in which they are invested:

	01/01/14 through 03/31/14 Return*
DFA U.S. Large Co.	**1.78%**
S&P 500 Index	1.81%
DFA U.S. Large Value	**1.62%**
S&P 500 Value	2.26%
DFA U.S. Micro Cap	**0.57%**
Russell 2000	1.12%
DFA U.S. Small Value	**1.21%**
Russell 2000 Value	1.78%
DFA Emerging Markets	**-0.27%**
MSCI Emerging Market Idx	-0.43%
DFA Int'l Large Company	**0.87%**
MSCI EAFE Large Co Idx	0.66%
DFA Int'l Large Value	**1.11%**
MSCI EAFE Value	1.22%
DFA Int'l Small Value	**6.09%**
MSCI EAFE Sm Cap Index	2.87%
DFA One Yr. Gov't Bond	**0.14%**
BarCap 1-3 Yr. Gov't	0.15%
DFA Short-Term Gov't Bond	**0.39%**
BarCap 1-5 Yr. Gov't	0.25%
DFA 5 Yr. Global Bond	**0.80%**
Citi World Bond Index	2.67%

**Morningstar 03/31/14*



Not Rocket Science

When the media raises the subject of beating the market through astute stock picking, the name Warren Buffett is usually cited. But what does this legendary investor actually say about the smart way to invest?

Buffet is considered to have such a track record of picking stock winners and avoiding losers that his annual letter to shareholders in his Berkshire Hathaway conglomerate is treated as a major event by the financial media.

What does he think about the Federal Reserve taper? What could be the implications for emerging markets of a Russian military advance into Ukraine? What does an economic slowdown in China mean for developed markets?

Buffett has a neat way of parrying these questions from journalists and analysts. Instead of offering instant opinions about the crisis of the day, he recounts in his most recent annual letter a folksy story about a farm he has owned for nearly 30 years.

Has he laid awake at night worrying about fluctuations in the farm's market price? No, says Buffett, he has focused on its long-term value. And he counsels investors to take the same sanguine, relaxed approach to liquid investments such as stocks as they do to the value of their family home.

"Those people who can sit quietly for decades when they own a farm or apartment house too often become frenetic when they are exposed to a stream of stock quotations," Buffet wrote. "For these investors, liquidity is transformed from the unqualified benefit it should be to a curse."

While many individuals seek to ape Buffett in analyzing individual companies in minute detail in the hope of finding a bargain, he advocates that the right approach for most people is to let the market do all the work and worrying for them.

"The goal of the non-professional should not be to pick winners," Buffet wrote. "The 'know-nothing' investor who both diversifies and keeps his costs minimal is virtually certain to get satisfactory results."

As to all the predictions out there about interest rates, emerging markets, or geopolitics, there will always be a range of opinions, he says. But we are under no obligation to listen to the media commentators, however distracting they may be.

"Owners of stocks….too often let the capricious and irrational behavior of their fellow owners cause them to behave irrationally," Buffet wrote. "Because there is so much chatter about markets, the economy, interest rates, price behavior of stocks, etc., some investors believe it is important to listen to pundits—and, worse yet, important to consider acting upon their comments."

The Buffet prescription isn't rocket science, as one might expect from an unassuming, plainspoken octogenarian from Nebraska. He rightly points out that an advanced intellect and success in long-term investment don't necessarily go together.

"You don't need to be a rocket scientist," he has said. "Investing is not a game where the guy with the 160 IQ beats the guy with 130 IQ."

Dimensional Fund Advisors, Inc. Quarterly Market Review, First Quarter 2014

LYKE FINANCIAL, INC.

Jerry@LykeFinancial.com
Trevor@LykeFinancial.com

1375 South Main Street, Suite 202
North Canton, Ohio 44720

Phone: 330-499-4022
Phone: 800-336-0244
Fax: 330-499-4020

We continue to send out additional presentations and notifications via email. If your email has changed or you would like to be added to our distribution list, please forward to Jerry@LykeFinancial.com Trevor@LykeFinancial.com or Lisa@LykeFinancial.com.