Quantitative Asset Management, LLC
Investment & Advisory Services

Newsletter

October 28, 2014

Dear Clients,

Quarter Ending September 30, 2014			
Year to Date Performance	**Last Full Quarter**	**YTD**	**Index Close**
Dow Jones Industrial Averages	1.90%	4.60%	17,042
NASDAQ Composite Price	2.20%	7.90%	4,493
Standard & Poor's Averages	1.13%	8.34%	1,972
EAFE-Global Markets	-5.90%	-1.00%	

The month of September produced some of the weakest global economic and performance numbers since the start of the market recovery. By the end of the third quarter 2014, investors started showing signs of doubt as to whether the recovery could, or would continue. The Euro reached a two-year low vs. the dollar and the world stock markets experienced their biggest declines since the Euro crisis started.

The U.S. economy however, has improved since the sluggish first quarter economic reports. This trend is still positive, but on fragile footings. The Fed continues its balancing act, and their zero interest rate policy appears to be with us for a while longer than some earlier forecasts. This economic recovery can and probably will continue for many quarters to come.

According to a recent article published by "The Economist", our current economic expansion is more than five years old, exceeding the post WWII average of 58 months. Recent history has shown recessions have become rarer. The last three expansions pre-2008 have lasted 95 months. Structurally, companies today have better technology and other tools with which to control their expenses and inventories and this trend will continue as companies are now beginning to invest in their future. They have also been helped by a very moderate inflationary environment and zero interest rate Fed policy.

The equity markets so far in October have reflected investor doubts about the sustainability of this current recovery. By October 10th the equity markets produced one of their worst weeks since May of 2012. These results pushed the Dow into, all be it briefly, negative territory for the year. The ensuing days saw the markets recover as third quarter corporate earnings announcements have on average exceeded expectations. Volatility has returned to the markets

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and will be with us for a while as the global economic and geopolitical issues tug at investor sentiment.

This is a good time to address the "technical pundits" and their impact on our markets. The markets today are certainly influenced by these technical forces, and usually more extreme when fear becomes the major influence on pricing. Too many investors have been convinced the charts can predict the future, good for Wall Street not so good for investors. There are too many pitfalls associated with a trading mentality, and I defy the pundits of technical trading to produce a history of their "value added" when evaluating investment performance over time.

Find value, be patient and success will be the outcome.

Sincerely,

Jeffrey L. Farni Sr.

**As required by Advisors Act Rule 204-3 advisory disclosure documents (ADV Part 2A) are available upon request.*

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