Winans' Investment *focus*

ADDRESSING THE NEEDS OF INDIVIDUAL INVESTORS AND PLANTING THE SEEDS FOR A SECURE FUTURE

Fourth Quarter 2013

Winans Investments News & Notes

If you haven't already told us, or the information has changed, please let us know who your accountant is so that we may directly communicate tax information to them. Email Karen Blair at karen@winansintl.com.

Have you moved, changed your phone number, or your email? Please let us know as soon as possible. Email Kathleen Cuenco at kathleen@winansintl.com.

Ken Winans can be heard on CBS Radio in Los Angeles – KFWB News Talk 980AM Money-101 Mondays & Wednesdays 9:45am & 10:45am.

ADVs are available upon request by calling (415) 506-3070.

Fourth Quarter 2013 Market Summary

U.S. common stocks reached record levels, but weakness continued in preferred shares and long-term corporate bonds. U.S. housing prices are near post Great Recession highs.

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MARKET WATCH

	12/31/12	12/30/13		High Point		Low Point	
	$	$	% Chg	$	Month	$	Month
S&P 500 Index Dividend % = 1.9%	1426.19	1848.36	29.60%	1849.44	Dec.	1426.19	Jan.
DJ Corp. Bond Average Interest % =3.1%	121.64	115.58	(5.00%)	122.49	May	113.02	Sep.
WI Preferred Stock Index Dividend % = 6.6%	25.15	22.47	(10.70%)	26.03	May	22.40	Dec.
WI Real Estate Index	278.80	305.60	9.60%	308.20	Apr.	278.80	Jan.

2013 & Beyond

Watch For Changes in Investment Trends!

Mixed Bag: 2013 has not been kind to everyone!

While U.S. common stocks and housing continue their advance from the depths of the Great Recession, many popular investments are posting their worst returns in a decade.

While it might not be a surprise that investments in gold (-28% YTD) and emerging stock markets in China and India (-9% YTD) have been terrible, the real "jaw dropper" is how poorly "safe" investments like municipal bonds and 20-year treasuries have performed (-13% after interest payments). Ignoring long-term changes in price trends is a time-tested mistake, and many investors have paid a price for this oversight. Remember, holding a losing investment in hopes of a financial recovery is a lousy defensive strategy.

Future advances in stocks and real estate should continue as long as:

1. The growth of the U.S. economy legitimately accelerates or,
2. The Federal Reserve continues to provide large amounts of financial liquidity to encourage large consumer purchases (homes, cars, vacations, etc.) with cheap financing.

Our Investment Course for 2014:

Common Stocks: *Disciplined Trading is the Key!* We are holding fundamentally strong stocks that are trading above their 200-day moving averages. If our market indicators turn negative, we will likely take profits or cut losses at pre-established prices to raise cash balances.

Watch January! January's performance will be key to our immediate course of action. Since 1936, a positive January performance in the S&P 500 has been followed by strong market advances (91% of the time). If the S&P 500 closes at a higher level in January than the previous December, we will likely stay fully invested. However, a negative performance in the S&P 500 during this time frame has typically been followed by intermediate market declines (83% of the time), and would warrant a more defensive posture by raising cash levels in our stock portfolios.

Corporate Bonds: *Keep Maturities on New Bonds Short!* Our strategy of keeping average bond maturities in client portfolios to less than 4 years has dramatically reduced volatility. Also, certain preferred stocks maintain attractive yields and can be a good addition to an income portfolio. We continue to favor corporate bonds over most municipal issues as a more attractive after-tax investment, especially given the financial uncertainty that surrounds large municipalities (not to mention potential bankruptcies).

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We collect nonpublic personal information about you from the following sources:

Information we receive from you on applications or other forms;
Information about your transactions with us or others; and
Information we receive from brokerage firms

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law.

We have physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information. We continually review our policies and practices, monitor our computer networks, and test the strength of our security in order to help us secure the safety of your customer information. All client information is either stored in a locked facility or shredded before it leaves the office.