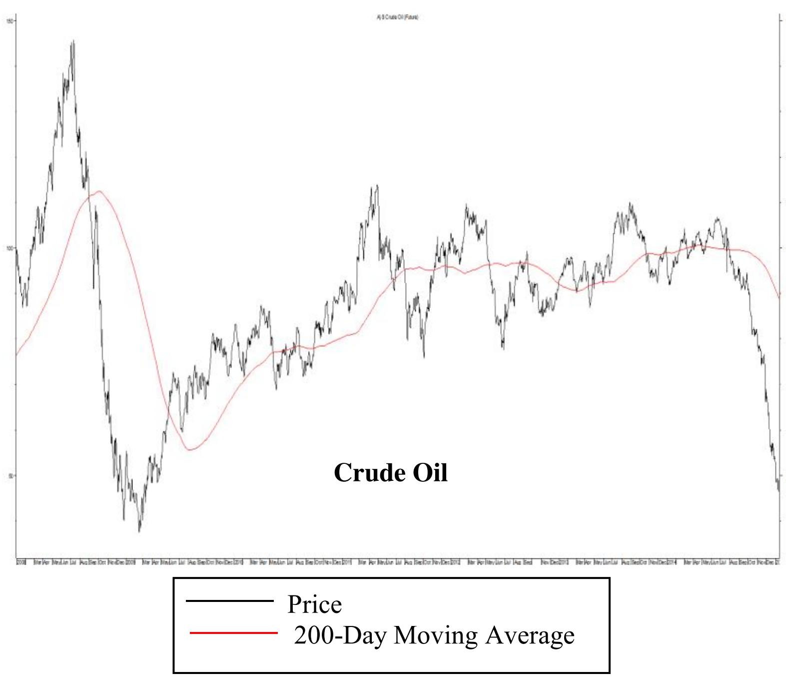
Winans' Investment focus

Established 1992

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

Fourth Quarter 2014

January 2008 - December 2014



Winans Investments News & Notes

Quarterly Overviews now reflect accrued interest. The "**Change in Accrued**" on the front page of the report is:

Beginning Year Accrued Interest
+
Accrued Interest from Any New Purchases
-
Accrued Interest Paid
=
Change in Accrued Interest

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.

Fourth Quarter 2014 Market Summary

- Crude oil prices have "crashed" by 50% since last August!
- U.S. common stocks had volatile year but finish well.
- Corporate bond prices: 1 – 5 year notes declined significantly.
- U.S. housing price increases are slowing down.
- Many global stock markets are in serious bear markets.

330 Ignacio Blvd., Ste. 203
Novato, CA 94949
(800) 494-6267
www.winansinvestments.com

MARKET WATCH

	12/31/13	12/31/14		High Point		Low Point	
	$	$	% Chg	$	Month	$	Month
Dow Jones Industrial Average Dividend % = 2.2%	16,577	17,823	7.5%	18,103	Dec.	15,341	Feb.
DJ Corp. Bond Average Interest % =3.1%	115.58	120.37	4.1%	121.22	Oct.	115.8	Jan.
WI Preferred Stock Index Dividend % = 6.0%	22.47	24.95	11.0%	25.19	Nov.	22.69	Jan.
WI Real Estate Index	298.4	301.4	1.0%	312.8	Jul.	297.2	Feb.

2014 & Beyond

Fact: Since 1970, U.S. stocks have posted losing years 22% of the time. Average loss = (14%).

Common Stocks: Entering final phase in current bull market.

Similar to late-stage equity bull markets of the past, volatility has increased and unhealthy divergences are occurring within the various segments of the U.S. stock universe. Last October, most of the U.S. market indices were in negative territory. Most of 2014's profits were made in November. Wide performance variances also occurred in individual stocks. Every day, we track 90 U.S. stocks that are some of the best long-term performers. In 2014, 30% of these marquee stocks had posted significant declines and many had broken below their 200-day moving averages (versus only 3% in 2013 and 12% in 2012).

While most of our market indicators remain positive or neutral, these stock price divergences remind us of the market in 1998 & 99 and indicate that this six-year old bull market is growing tired. Bottom-line: We believe we are within 15 months of a significant stock market top followed by a 15% to 20% broad price correction.

Corporate Bonds & Preferreds: Interest Rates Moved Higher in 2014

Although bond prices in energy companies are taking a beating due to the crash in crude oil prices, most of the corporate income investments (bonds and preferred stocks) had a fairly good year.

However, there are price divergences between shorter term corporate notes and long term corporate bonds. While market prices of bonds with maturities from 10 years to 30 years increased (yields decrease), shorter term notes under 6 years actually saw their values decline in 2014 as investor appetite for long term bonds increased.

This proves that the "great rotation" out of bonds and into stocks for fear of future increases in interest rates is not happening. We feel that most investors are not likely to part ways with their bonds for fear that rising rates will hurt stocks more than bonds.

Our income strategy continues to strike a solid balance between risk and return by maintaining well diversified portfolios and keeping average bond maturities to less than five years. The bonds of lesser known companies and preferred shares continue to offer attractive yields (above 6%).

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