DILLON FINANCIAL LLC

SPECIALIZING IN MONEY MANAGEMENT AND STOCK MARKET RESEARCH

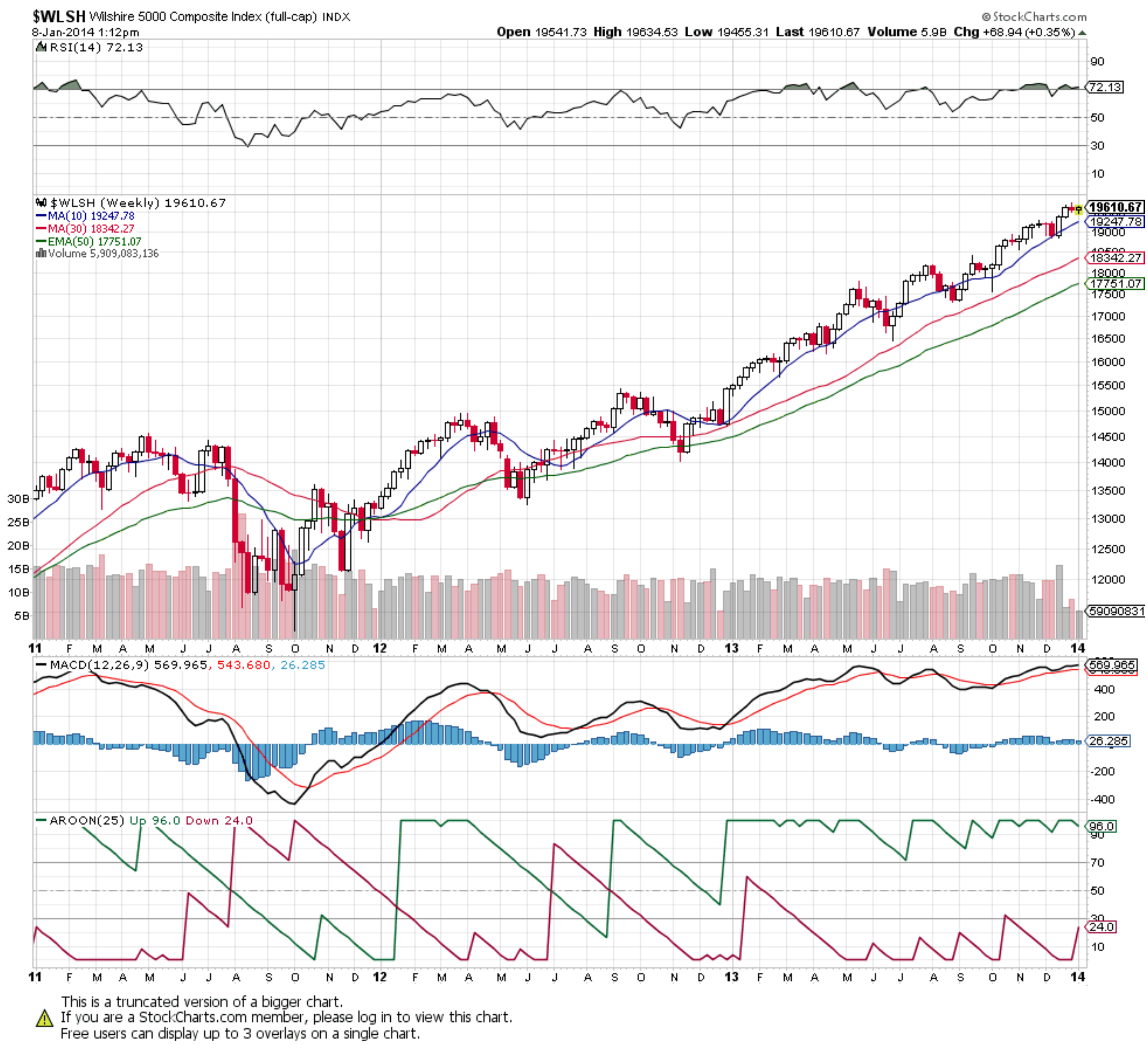
Market Commentary, January 8, 2014 (Part 1 of 2)

As we said in our last market commentary of 2013:

"The stock market continues its "melt up". There is really nothing wrong with this market short-term or intermediate-term. We remain fully allocated in all portfolios, as we have throughout the government shutdown and the "Obamacare" fallout."

We continue to remain fully allocated in all portfolios, up to each individual client's model. The trend remains up on all timeframes, i.e., daily, weekly and monthly. Even with the minor pullbacks we have had, including 2014, the "bulls" have never really lost control (yet), as we confirm using our various technical tools. Here is a picture of the Wilshire 5000 (S&P 500 looks similar) on a weekly chart. I consider the weekly chart to show us things slower than a daily chart, but faster than a monthly chart, more of an "intermediate" time frame. You can see the trend remains solidly up.

See below:



We have made small changes with various ETF and Mutual Fund tools along the way, but really just "equity swaps", where we swap out one investment tool for another. As an investment shows signs breaking down, we swap it out for something that looks better, keeping the same diversification and asset allocation, but potentially resulting in better performance. This is "hands-on" ongoing, money management; instead of just relying on diversification to help us during a bear market or severe pullback, and limiting our gains during uptrends. We simply take the same approach one would at any firm (asset allocation, diversification, rebalancing, etc.): but, invest in only what looks strong, or soon should be, while not overly concentrating in one area. We do this with daily monitoring, and various forms of in-depth technical analysis.

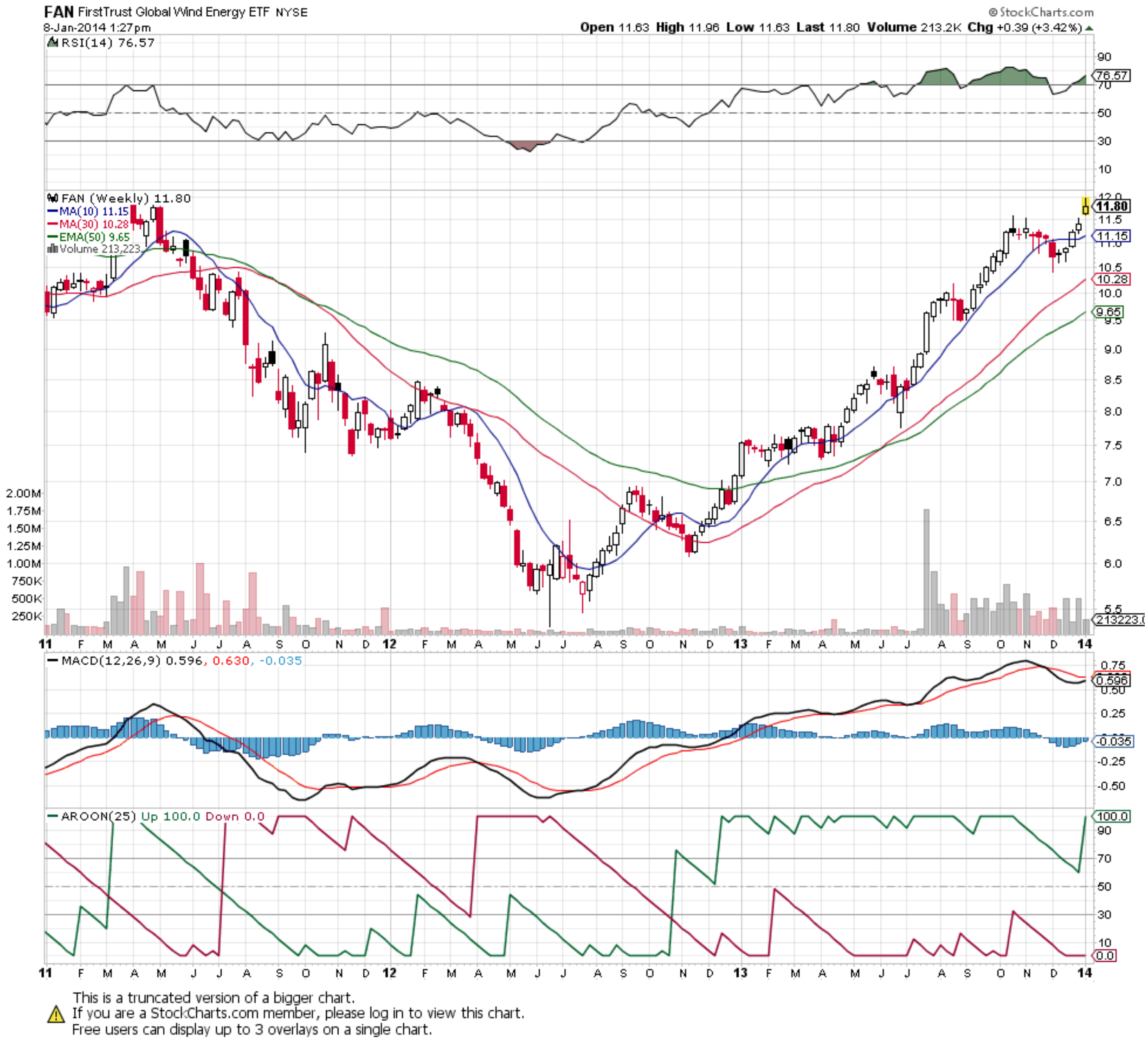
Clients should note an actual significant improvement in portfolios, especially since the beginning of the 4th quarter of 2013, and I only believe it will get better. Along with more technical knowledge and tools we acquire each year in our analysis, we would not be able to do as well (or efficiently) without the "new" Enhanced Trading System LPL Financial rolled out last year. It is a phenomenal platform if you are a Money Manager, not just a Financial Advisor.

Despite "diversification", here is an example of a sector we did not hold last year, which is gold (GLD), nor did we hold silver, as they look similar. When the time is right, we will get back into it.

See below:

Here is an example of something we did hold in 2013, and there is still nothing wrong with it (yet). It's FAN, an ETF for the Global Wind Energy sector.

See below:



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