



CAPSTONE
Investment Financial Group, LLC.
Management

Financial Planning • Asset Management • Risk

www.capstoneinvest.com

PORTFOLIO REPORTER

OPTIMISM UNPERTURBED

As investors, one of the greatest challenges we face is remaining devoted during times of upheaval -- or should we say downheaval -- when stocks prices decline.

One of the most tremendous attributes of living in the United States is the unheralded optimism our society evokes. This optimism has recently been challenged in the financial markets, economy, society, through violence and acts of terrorism.

However, we do maintain a hopeful outlook for the future and believe in the opportunities that this country brings.

Later this month, the Federal Reserve may elect to increase interest rates for the first time since 2006. These changes are likely already priced into stocks and bonds, as the Federal Reserve has been telegraphing this move for over a year; however, the portfolio will be adjusted accordingly in response to a changing landscape.

Forecasting can be fun, but when it comes to investing, it is often a losing man's game. The economy's reaction to any one event can send the market sideways. Unlike in the United States where interest rates are expected to climb, the rest of the world is heading in the opposite direction.

Stocks in November created a microcosm of the movements this year. They dipped and recovered by the end of the month, finishing in positive territory. Foreign stocks lagged and suffered losses of 0.8%, and emerging markets experienced a powerful -2.5%. The Dow was up by 0.7% and the S&P 500 gained 0.4%. Nasdaq 100 rose 0.6% for the month, buoyed by gains in the technology sector. Small-cap stocks advanced the most, climbing 3.3%.

Portfolio Notes

The foregoing comments represent the general investment analysis and economic views of the Advisor, and are provided solely for the purpose of information, instruction and discourse. Only comments in the Portfolio Notes section relate specifically to the Capstone Portfolios and the investment positions.

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"crafted portfolios for the thoughtful investor"

6143 S. Willow Drive, Suite 102 • Greenwood Village, CO 80111

phone 303.468.2824 • fax 800.793.4866 • toll free 1.877.491.7514

ETF PORTFOLIOS (Aggressive, Growth, Moderate, Conservative and Income)

Changes to the portfolio that were completed in October performed well in November. The Aggressive, Growth, Moderate, and Conservative portfolios were up 0.2%, 0.1%, 0.2%, 0.0%, and the Income portfolio experienced a loss of 1.8%, net of fees over the last 12 months, while the S&P 500 rose by 2.75% and the DOW (an index of 30 companies) increased 1.9%. Growth continues to come from biotechnology and pharmaceutical holdings.

Analyst Upgrades declined 2.9%, while the S&P 500 increased 2.7% in the last 12 months. Losses are accruing from Freeport-McMoRan (FCX) down 19%, EQT Corp (EQT) down 16% and Mosaic (MOS) with a loss of 16%. Gains came from Hewlett Packard (HPQ) up 25%, recovering from an initial loss of 49% last month, Dow Chemical (DOW) up by 21% and NVIDIA (NVDA) with an increase of 18%.

Analyst Momentum declined 1.7% versus the S&P 500 rise of 2.7% in the last 12 months. Drags to the portfolio came from Dynegy (DYN) down 30%, Ascena Retail Group (ASNA) with a fall of 13%, and Greenbrier Companies (GBX) declining by 10%. Increases to the portfolio were slim, as growth is outpacing value stocks to finish out the year.

Focused Strength gave up 5.9% in the last 12 months, compared to the S&P with a loss of 2.7%. The portfolio has moved out of defensive mode and is now in growth mode, with 50% allocation to Vanguard REIT (VNQ) and 50% to Vanguard S&P 500 (VOO).

MaxBalanced is down 3.0% over the last 12 months versus the Dow Jones Global Moderate portfolio with a slide of 0.8%. The MaxBalanced portfolio is structured like a university endowment; investing in more than 12 asset classes. The idea behind this investment is that we cannot predict the market, nor can we accurately forecast how assets are measuring up at any given point.

Guggenheim Multi-Asset Income (CVY) is down the most, with a detrimental loss of 22%.

WisdomTree Emerging Markets Small-Cap Dividend (DGS) is down 20%. iShares Mexico Index Fund

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(EWW) was sold for a loss of 23%. The gains in this portfolio came from SPDR Regional Banks (KRE) with a growth of 15% and holding consumer staples up by 11%.

Bond ETF decreased 1.3% in the last 12 months, compared to the Barclays Aggregate Bond Index up by 0.8%. Of the 13 holdings, 6 indicated losses, and the 7 that have gains are ever so slight. The initial gain is led by long-dated, iShares Barclays 20-year plus (TLT) with ascent of 5.4%. The two largest losses are from emerging market bonds (EMB) and high-yield bonds (HYG), down 8.5% and 8.4% respectively.

Please feel free to pass "The Portfolio Reporter" to interested friends and family members. For more information about your investments, please contact your financial professional.

The Analyst Upgrades, Analyst Momentum, Target 2015 Conservative, and Bond ETF programs are based on Ready-to-Go Folios selected by Capstone to meet specific objectives of investors. Detailed information on these programs is available from Folio. Prior to 4/1/15, the MaxBalanced program was managed at a predecessor firm but using the same methodology and by the same manager. The performance reported above is model performance reflecting how the programs were actually traded but without any deposits or withdrawals as would be typical in an actual account. The returns are in U.S. Dollars and include reinvested. Past performance is no guarantee of future performance. There can be no assurance that a client's investment objective will be achieved or that a client will not lose a portion or all of his or her investment. All returns are in time-weighted total return and include dividends. If a dividend is declared but not paid out in that month, then the returns from a previous month may be adjusted higher to account for the dividend payment.

For a list of all recommendations made over the past 12 months, please contact CIFG.

MONTHLY CONFERENCE CALL

Our next monthly conference call will occur Thursday, December 17th at 11:00 a.m. Mountain Time (1 p.m. EST).

To listen to the Live Call, below is the information:

Phone Number: [866-740-1260](tel:866-740-1260)

Access Code: 4682824

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To *view* the slides during the Live Call, you will need Internet access and a phone: *

Website: www.readytalk.com

Access Code: 4682824

(Enter 4682824 in the field under "PARTICIPANT, Join a Conference")

*You must also dial into the phone number above to hear the live conference call.

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