

THE STRATEGIST

DIRECTION. CONFIDENCE. INDEPENDENCE.



The Next Act... US markets decisively put an end to the secular bear market in 2013. Where we go from here depends on a variety of risks and opportunities and our bias is structurally positive for portfolio growth. We expect an intense focus on corporate earnings, a bout of volatility, and continued evolution in the commercial application of technology.

"No asset or strategy is so good that you should invest irrespective of the price paid." James Montier

Our 2014 OUTLOOK is shaped by:

- **Risk free, free risk?**
Global QE and its influence on financial assets.
- **Deleveraging.**
Are we there yet?
- **Technology and the Age of Context.**
Services meet systems.



SANDSTONE Asset Management Inc. is a Calgary based firm offering discretionary investment management services to private individuals, foundations, and family trusts. Our pride of ownership is evident through our passion for investing and our dedication to providing **DIRECTION, CONFIDENCE, and INDEPENDENCE** to every relationship we build.

VISION: To create possibilities for our clients, employees & community as a whole.

MISSION: To provide intelligent and independent investment expertise that is both progressive and responsive, resulting in top-ranked returns that preserve and grow client assets.

SANDSTONE Asset Management's investment team has over 65 years of industry experience, with strong research and analytical skills complemented by the ability to respond effectively to changing conditions in the marketplace. In addition to the experience garnered as licensed Portfolio Managers, we have start-up and ownership experience and entrepreneurial skills.

We believe in the importance of both formal and informal education, recognizing that powerful life experiences contribute to an informed world view, and complement our training and expertise in the financial world. We strive to be highly engaged in understanding our local, national, and international circumstances, continuously re-examining the financial, psychological, and fiscal matters that shape our world of today.

We have a deep commitment to providing service in the community. The Partners have completed in-depth governance education, and serve extensively on boards in the not-for-profit sector. We have provided leadership in the Chair or on governance/finance and audit committees for a long list of agencies in the areas of arts, immigrant services, children's programs, health, education, as well as industry boards. This engagement has brought us great knowledge of our diverse constituencies in Calgary, and enabled us to build powerful partnerships for advancing the interests of our community

Bottom Line: We understand your challenges and have the tools, aptitudes, experience and desire to create possibilities for your financial future.

Contents

- 2 Outlook 2014
The Next Act...** US markets decisively put an end to the secular bear market in 2013. Where we go from here depends on a variety of risks and opportunities and our bias is structurally positive for portfolio growth. We expect an intense focus on corporate earnings, a bout of volatility, and continued evolution in the commercial application of technology.
- 3 2013: Moody,
Grungy, Defiant** True to the teenage label we put on the year, 2013 had its moments. Moody over Fed tapering, Grungy in what drove prices up, Defiant in the speed of the breakout.
- 4 Technical Breakout
to New Secular
Bull Market** The technical breakout has been achieved on a combination of factors: easy money, share buybacks and rising confidence. The Next Act requires some additional elements.
- 7 Key Issues 2014** The coming year offers opportunities for equity markets to move higher, however this will take place in the context of much more volatility than we've seen in the past four years.
- 9 The Big Picture:
Push / Pull** We are in a Push/Pull world. While governments and central banks pursue inflationary policies, corporations and individuals are acting as a counterweight. This is happening in the context of a mega shift in the structure of the global economy.
- 11 Technology Focus:
The Age of Context** We have identified the key technologies that are poised to reshape the global economy, altering fundamental assumptions. To derive value from these changes, companies will have to invest to ensure access to hubs of innovation, capable suppliers, and highly skilled workers.
- 15 Global
Challengers** Succeeding as a company in the networked economy requires new strategic thinking from senior management. We cover the key characteristics.
- 16 2014 Investment
Strategy** Due to the probability of a much more volatile environment, 2014 will require special emphasis on risk management. Within this context, there will be many opportunities and with the secular bull breakout, our bias will be to the buy side.
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OUTLOOK 2014

THE NEXT ACT...

Welcome to the annual Outlook edition of The Strategist.

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What will define The Next Act?

This is our 10th annual Outlook booklet and while it is produced with a view on specific time periods, we view it more as a continuum. We have consistently brought you the big picture view with the intention of showing why a view to the future is important to the growth of your portfolio. This year's version continues that theme following an important technical breakout for US markets.

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Meet SAMI the sensor

