August 2014

WealthManagement

SOLUTIONS FOR YOUR LIFENEEDS™

Market Insights

A periodic newsletter from Idaho Trust

Early in 2014 we saw a selloff in emerging markets when the Federal Reserve began tapering its quantitative easing program but the selloff has proved to be short-lived with emerging markets now up more than six percent for the year. Recent economic reports have shown that U.S. economic growth has rebounded from the first quarter's weather-induced contraction.

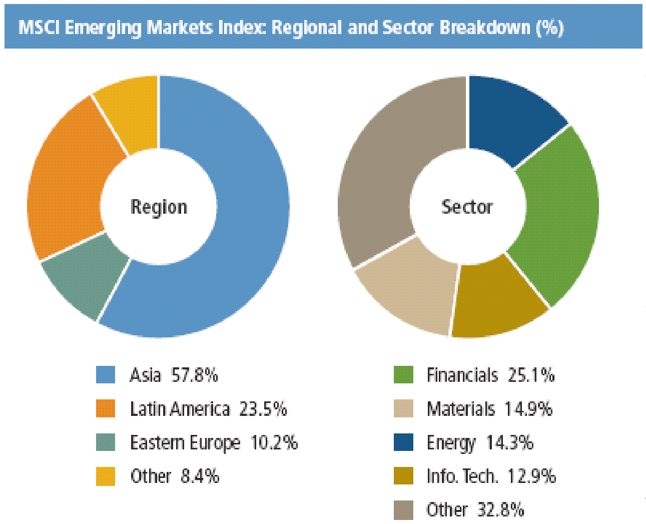
Emerging Markets

Assets across emerging markets sold off early this year when the Federal Reserve began tapering its quantitative easing program and concerns about slowing Chinese growth collided with domestic economic tensions in countries such as Argentina. Fear that a tighter monetary policy would drive up interest rates and drive down emerging market stock prices caused nervous investors to sell altogether.

The violent swings and fear in emerging markets have since calmed, even as the Fed has steadily cut its monthly quantitative easing from $85 billion to the current $35 billion. There has also been a large policy response from central banks from Turkey to South Africa as they quickly raised interest rates and defended their currencies in attempt to attract investors seeking higher returns.

Idaho Trust Bank offers total wealth solutions including its LifeNeeds™ investing process. The LifeNeeds™ investment process utilizes proven strategies and techniques delivered by a highly trained staff of wealth management professionals.

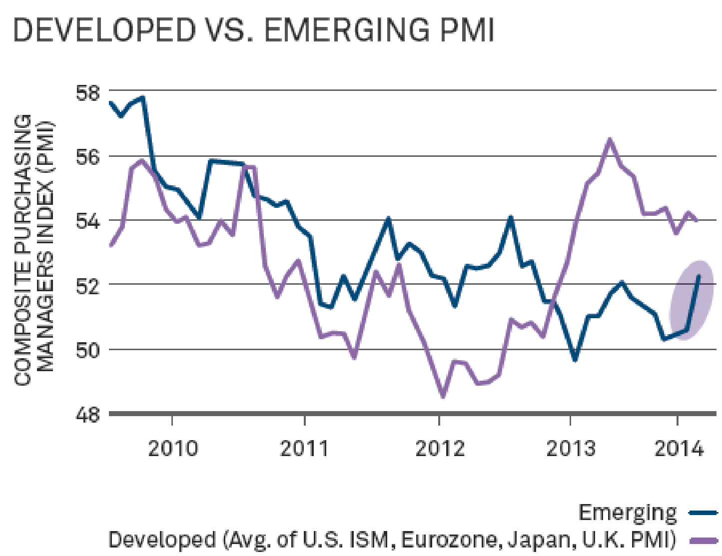
LifeNeeds™ wealth management accounts feature optimized asset allocations, robust security screening and Idaho Trust's unique TacticLogic™ investment process. All of which are tailored to our clients' unique financial needs.



Source: MSCI
Region: Other includes Egypt 0.47%, Morocco 0.15%, South America 7.81%.
Sector: Other includes Consumer Discretionary 6.92%, Consumer Staples 6.68%, Health Care 0.97%, Industrials 7.38%, Telecommunication Services 7.42%, Utilities 3.41%.

Investors have been putting their faith back into emerging markets and stocks have climbed 16 percent from their low point in early February and are now up more than 6 percent for the year. In the last week of July alone, emerging markets saw an inflow of $5.3 billion, the highest weekly number since January of last year. China was a major recipient to the inflows along with Mexico and Greece.

While this year's GDP growth estimates have been reduced for emerging markets, the pace of economic expansion still far exceeds that of the U.S., Western Europe and Japan and there is no indication that the trend will be changing any time soon. The nature of the economic growth does continue to shift with China, who was once content as the factory of the world, now redirecting its production to meet a growing demand for goods and services at home. The shift from exportation to domestic consumption is not unique to China.

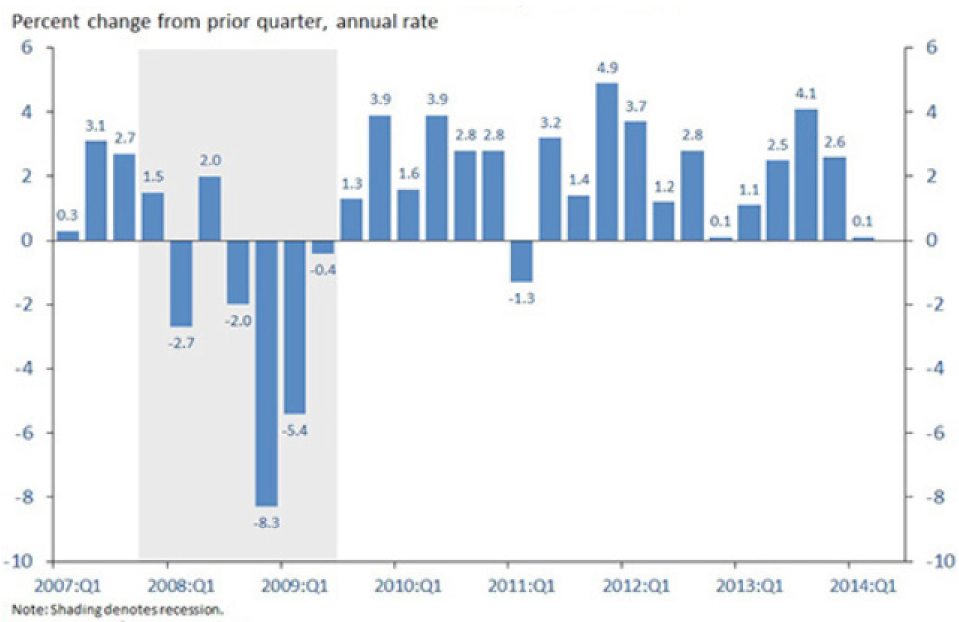


Emerging market manufacturing data have shown clear signs of improvement in recent months, helping to boost investor sentiment toward the developing world.
Sources: Thomson Reuters Datastream, BlackRock Investment Institute as of 7/1/2014.

.

U.S. Economy

In the beginning of 2014, U.S. stocks were also tested by an uncertain economy, mixed valuations and a harsh winter lull. Gross Domestic Product (GDP) growth for the first quarter was a stunner. The GDP of a country is a measure of the output of goods and services produced by labor and property located in that country. The initial reading was a slight expansion, but that was ultimately revised to a 2.9 percent contraction, the worst quarterly showing in five years.



The second quarter data showed substantial improvement. Gains in consumer spending and business investment helped the U.S. economy rebound more than forecast in the second quarter. GDP rose at a four percent annualized rate, the most since the third quarter of 2013. According to a survey of economists, real GDP is pegged to stay stable and grow at an annual rate of three percent for the remainder of the year which would put GDP growth at two percent for the full year.

Conclusion

In the first weeks of 2014 emerging markets tanked when the Federal Reserve began tapering its quantitative easing program. Emerging markets have since stabilized and investors are tiptoeing back into emerging markets, as fears of a currency crisis spreading throughout developing countries have eased. GDP growth in the first quarter of the year saw a contraction but the second quarter data was certainly much better while gains in consumer spending and business investment helped the U.S. economy rebound from the first quarter slump. The U.S. economy is expected to continue to improve, growing around two percent this year.

S&P 500 Index

3 Month	3.03%
Year-to-Date	5.66%
1 Year	16.93%
3 Year	16.78%
5 Year	17.05%

MSCI EAFE Net Index

3 Month	0.23%
Year-to-Date	2.72%
1 Year	15.07%
3 Year	7.94%
5 Year	9.98%

Barclays Aggregate Bond Index

3 Month	0.71%
Year-to-Date	3.67%
1 Year	3.97%
3 Year	3.03%
5 Year	4.63%

As of 7.31.2014

Boise Branch
888 W. Broad St.
Boise, Idaho
208.373.6500

Coeur d'Alene Branch
622 E. Sherman Ave.
Coeur d'Alene, Idaho
208.664.6448

Las Vegas Trust Office
2850 W. Horizon Ridge PKWY, Ste 200
Henderson, Nevada
702.430.4747

Info@IdahoTrust.com
www.IdahoTrust.com

Exchange Traded Funds (ETF), mutual funds and individual stocks are subject to risks and fluctuate in value. Neither asset allocation nor diversification assure a profit or protect against loss. International investing involves special risks including increased volatility, political risks, differences in auditing and other financial standards. Small-cap stocks have historically experienced greater volatility than average. High yield, lower-rated securities generally entail greater market, credit and liquidity risks than investment grade securities and may include higher volatility and higher risk of default. Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices. Past performance is no guarantee of future results. For more information about performance of Idaho Trust Strategies and our performance calculation methodology, please contact us. Actual client performance may vary from the performance of model portfolios and/or any strategy. No representation is hereby made of the risk and/or return of any particular portfolio. There is no guarantee that any suggested investment strategy will work in any market. You should fully and carefully consider all objectives, risks, expenses and fees before you invest.

Portfolios are illustrative only. Actual LifeNeeds™ Portfolios will vary from time to time as determined by Idaho Trust Bank. The Idaho Trust investment strategies will vary from time to time as determined by Idaho Trust Bank. The information and analysis expressed herein are for general information only and are not intended to provide specific advice or recommendations for any individual or entity. Information contained herein has been obtained by sources we consider reliable, but is not guaranteed. Any opinions expressed are based on our interpretation of data available to us at the time of the original publication of the report. These opinions are subject to change at any time without notice.

NOT A DEPOSIT • NOT FDIC INSURED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • NOT GUARANTEED BY THE BANK • MAY GO DOWN IN VALUE

1. Consult an Idaho trust Bank financial consultant for more details. Securities and insurance products are offered through LPL Financial and its affiliates, Member FINRA/SIP. Idaho Trust Bank is not a registered broker/dealer and has a brokerage affiliate arrangement with LPL Financial. Idaho Trust Bank is a separate company from LPL Financial. Investment accounts generally under $300,000; Insurance and Annuities of all sizes.
2. Pleas see the Idaho Trust Bank Schedule for Fees. Investment accounts generally over $300,000.
3. Please see the Idaho trust Bank Schedule of Fees. Investment accounts generally over $500,000.

Certain products may be provided by a Financial Consultant of Idaho Trust Financial is utilized: (1) Securities and insurance products are offered through LPL Financial and its affiliates, Member FINRA/SIPC; (2) Idaho Trust Bank is not a registered broker/dealer and has a brokerage affiliate arrangement with LPL Financial; and, (3) Idaho Trust Bank is a separate company from LPL Financial, Idaho Trust Bank does not provide tax or legal advice. Overlay Asset Management utilizes external and/or internal managers selected by Idaho Trust Bank.

4. Certain products may be provided by a Financial Consultant of Idaho Trust Financial. Securities and insurance products are offered through LPL Financial and its affiliates, Member FINRA/SIPC. Idaho Trust Bank is not a registered broker/dealer and has a brokerage affiliate arrangement with LPL Financial. Idaho Trust Bank is a separate company from LPL Financial. Idaho Trust Bank does not provide tax or legal advice.
5. Exchange Traded Funds (ETF), mutual funds and individual stocks are subject to risks and fluctuate in value. Neither asset allocation nor diversification assure a profit or protect against loss. International investing involves special risks including increased volatility, political risks, and differences in auditing and other financial standards. Small-cap stocks have historically experienced greater volatility than average. High yield, lower-rated securities generally entail greater market, credit and liquidity risks than investment grade securities and may include higher volatility and higher risk of default. Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices. Past performance is no guarantee of future results. No representation is hereby made of the risk and/or return of any particular portfolio. There is no guarantee that any suggested investment strategy will work in any market. You should fully and carefully consider all objectives, risks, expenses and fee before you invest.
6. Portfolios are illustrative only. ActualLifeNeedsTM Portfolios will vary from time to time as determined by Idaho Trust Bank. No representation is hereby made of the risk and/or return of any particular portfolio. There is no guarantee that any suggested investment strategy will work in any market. You should fully and carefully consider all objectives, risks, expenses and fees before you invest. Past performance is no guarantee of future results.