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Qualified Annuity Services, Inc.

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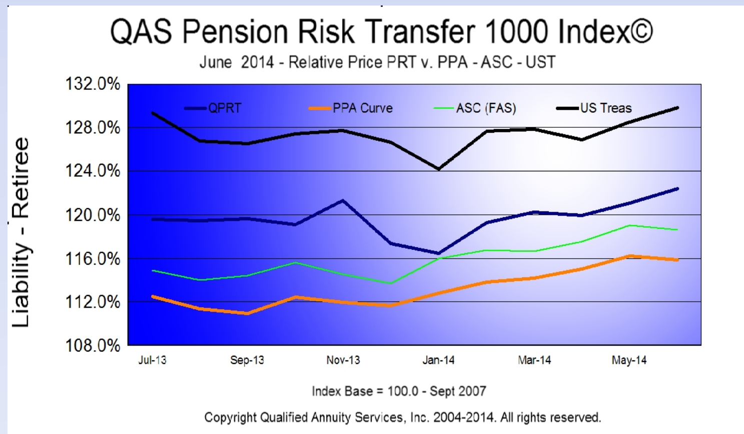
Anomaly of a Bond Market

Predictions of a rise in interest rates in anticipation of Fed action have been muted by a bond rally even as stocks reach all time highs. What is driving the bond rally at this time? It may be that risk aversion continues to be the norm.



Has risk taking been redefined once again?

Why this rate trend?

The Fed's low subsidized interest rate is intended to stimulate growth via risk taking. *Why hasn't it?*

Corporate cash is a precious resource. Spend wisely, or fear the return of illiquidity. The Fed clearly wants growth. Corporations and individuals want certainty. Long term investors are a bit of a rare breed these days. The Fed's policy relies upon a willingness to take risk - invest capital to grow business. Instead, business mergers are growing. M&A transactions do not produce growth. They result in belt tightening and job losses.

What's the point?

The Fed goal of risk taking is not resonating. Washington clamped down on risk taking at commercial banks via Dodd-Frank. As lending wanes, banks grow capital very slowly from basic operations which are largely a commodity.

How does this impact the PRT Market ?

Volatility has moderated lower. Period to period changes have been range bound:

PRT Trax Index - Change

Change %	12 Mos	3 Mos	1 Month
QPRT	2.36%	2.06%	1.08%
PPA Curve	2.98%	0.74%	-0.32%
ASC (FAS)	3.25%	0.89%	-0.35%
US Treasury	0.37%	2.32%	1.03%

QAS Independent ERISA Fiduciary

QAS follows a rigorous internal risk management discipline. This discipline allowed us to navigate the Great Recession and meet ERISA *procedural prudence* (the "appropriate standard") for selecting a provider. Learn more here: http://qualifiedannuity.com/services_fs.html

Get more information on custom PRT modeling capabilities.
Get Informed. Think Strategic. Act Tactical.

For information contact Don Cunningham (513-772-4488) or Joe Cleary (201-447-3900) or QAS.

Date	Immediate	Deferred
April 1, 2014	3.13%	3.46%
May 1, 2014	2.99%	3.31%
June 1, 2014	2.85%	3.18%