

Open-End Net Fund Flows (\$)	12/15	11/15	YTD (Dec)
Equity	-36.79B	-20.57B	-76.83B
Taxable Bond	-32.99B	-7.53B	-40.54B
Municipal Bond	5.77B	2.48B	14.79B
Hybrid	-12.24B	-4.46B	-20.79B
Taxable Money Market	27.02B	0.76B	26.93B

Key Interest Rates	1/29/16	12/31/15	1/30/15
Federal Funds Rate (Upper)	0.50%	0.50%	0.25%
LIBOR (3-Month)	0.61%	0.61%	0.25%
2-Year T-Note	0.78%	1.05%	0.45%
10-Year T-Note	1.92%	2.27%	1.64%
Bond Buyer 40	4.14%	4.21%	4.09%

Commodities/U.S. Dollar	1/16	6 Mo.	12 Mo.
U.S. Dollar Index (DXY)	0.99%	2.33%	5.07%
TR/CC CRB Commodity Index	-5.33%	-17.68%	-23.80%
Crude Oil (Barrel)	-9.23%	-28.65%	-30.31%
Natural Gas (per million BTUs)	-1.71%	-15.44%	-14.50%
Gold Bullion (Ounce)	5.30%	1.96%	-12.68%

## Total Return Performance

U.S. Stock Indices	1/16	YTD	12 Mo.
S&P 500	-4.96%	-4.96%	-0.67%
DJIA	-5.39%	-5.39%	-1.67%
NASDAQ 100	-6.79%	-6.79%	4.41%
S&P 400	-5.69%	-5.69%	-6.70%
Russell 2000	-8.80%	-8.80%	-9.92%
Russell 3000	-5.64%	-5.64%	-2.48%

U.S. Styles/Market Caps	1/16	YTD	12 Mo.
S&P 500 Growth	-5.04%	-5.04%	1.90%
S&P 500 Value	-4.88%	-4.88%	-3.59%
S&P MidCap 400 Growth	-5.83%	-5.83%	-4.48%
S&P MidCap 400 Value	-5.55%	-5.55%	-9.12%
Russell 2000 Growth	-10.84%	-10.84%	-10.01%
Russell 2000 Value	-6.72%	-6.72%	-9.94%

Foreign Stock Indices (USD)	1/16	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	-6.88%	-6.88%	-9.39%
MSCI Emerging Markets NET	-6.49%	-6.49%	-20.91%
MSCI Europe NET	-6.59%	-6.59%	-9.24%
MSCI BRIC NET	-9.98%	-9.98%	-22.97%
MSCI EM Latin America NET	-4.60%	-4.60%	-29.86%
Nikkei 225	-8.21%	-8.21%	-2.11%

Barclays Bond Indices	1/16	YTD	12 Mo.
U.S. Treasury: Intermediate	1.63%	1.63%	1.16%
GNMA 30 Year	1.16%	1.16%	2.12%
Municipal Bond (22+)	1.16%	1.16%	3.12%
U.S. Aggregate	1.38%	1.38%	-0.16%
Intermediate Corporate	0.54%	0.54%	-0.29%
U.S. Corporate High Yield	-1.61%	-1.61%	-6.62%
Global Aggregate	0.87%	0.87%	-2.16%
EM Hard Currency Aggregate	-0.09%	-0.09%	0.06%

Sources: Bloomberg, Barclays, Investment Company Institute

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## Climate

Last month we noted that 2015 represented the biggest year ever for global mergers and acquisitions activity at \$5.0 trillion, according to Dealogic. In January, the MoneyTree™ Report from PricewaterhouseCoopers LLP (PwC) and the National Venture Capital Association (NVCA) revealed that venture capital (VC) firms invested a total of \$58.8 billion in 2015, the second highest amount for a calendar year in the last 20 years. These two announcements indicate that corporate executives and institutional investors deem the current business/economic climate as suitable for investing significant amounts of their capital, in our opinion. The global exchange-traded products industry took in a record \$372.0 billion in new assets in 2015, up 10% from the prior record of \$338.3 billion in 2014, according to ETFGI. December marked the 23<sup>rd</sup> consecutive month of positive net inflows and was the best month for asset gathering in 2015 (\$55 billion). Our message to investors is keep an eye on the big picture. While it may be true that the plunge in the price of crude oil and slower growth in China have steered some investors away from risk-taking, we believe the bigger picture suggests otherwise.

## Stock Market

The S&P 500 Index closed at 1,940.24 on 1/29/16, which was 8.94% below its all-time high of 2,130.82 set on 5/21/15, according to Bloomberg. The index posted a total return of -4.96% in January, the worst January for stocks since 2009, according to Bloomberg. Only three of the 10 major sectors that comprise the index finished January in positive territory, and all three are defensive in nature. They were Telecommunication Services, Utilities and Consumer Staples, up 6.77%, 4.93% and 0.65%, respectively, on a total return basis. The two worst performers were Materials and Financials, down 10.57% and 8.85%, respectively. The top four performing S&P 500 Index subsectors in January were Gold, Department Stores, Integrated Telecommunication Services and Leisure Products, up 10.95%, 7.51%, 7.41% and 5.78%, respectively, according to Bloomberg. The two worst performers were Diversified Metals & Mining and Aluminum, down 32.05% and 26.14%, respectively. Earnings reporting season for Q4'15 kicked off in January. As of 1/29/16, 153 of the 201 S&P 500 Index companies that had reported beat their respective estimates, or 76.1%, according to Bloomberg. The VIX Index, which uses S&P 500 Index options activity to gauge investors' expectations of volatility, stood at a reading of 20.20 on 1/29/16. While up from the 12-month average of 17.03, it was still below the 20-year average of 21.02 (thru 1/29/16), according to Bloomberg.

## Bond Market

In January, the yield on the benchmark 10-Year Treasury Note (T-Note) fell 35 basis points to 1.92%, which was 28 basis points higher than its 1.64% yield on 1/30/15, according to Bloomberg. All of the investment grade bond categories in the chart (lower left) posted solid total returns in January in response to the sharp dip in the yield on the 10-Year T-Note. The high yield corporate bond category was down 1.61%, on a total return basis (-2.21% on a price-only basis), largely due to selling pressure in energy/commodity-related debt, in our opinion. From an investor sentiment perspective, January's performance figures continued to reflect a "risk off" mentality. Slower global growth and Japan's recent decision to transition to negative short-term interest rates could make it difficult for the Federal Reserve to hike the federal funds target rate another 3-4 times as projected heading into 2016.

## Takeaway

The International Monetary Fund (IMF) updates its forecasts for global economic growth throughout the year. In its latest report (1/19/16), the IMF set its global growth rate estimates for 2016 and 2017 at 3.4% and 3.6%, respectively, both up from 3.0% in 2015, according to its own release. Its 2016 and 2017 estimates for "Emerging Market and Developing Economies" growth rates were 4.5% and 4.9%, respectively, both up from 4.0% in 2015. While economic growth rate targets remain modest overall, the key takeaway is that current indicators do not suggest that a recession is looming. With the exception of the U.S., many central banks around the world are still applying stimulus measures to their respective economies.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	2130.82	5/21/2015	676.53	3/9/2009	1940.24	-8.94%	-4.96%	2.27%
S&P 500 Growth	1199.09	11/3/2015	363.99	3/9/2009	1104.33	-7.90%	-5.04%	1.68%
S&P 500 Value	944.41	5/21/2015	307.16	3/9/2009	831.90	-11.91%	-4.88%	2.89%
S&P MidCap 400	1549.44	6/23/2015	404.62	3/9/2009	1317.74	-14.95%	-5.69%	1.94%
S&P MidCap 400 Growth	707.04	8/17/2015	174.44	11/20/2008	614.75	-13.05%	-5.83%	1.27%
S&P MidCap 400 Value	533.88	6/23/2015	144.98	3/9/2009	441.96	-17.22%	-5.55%	2.64%
S&P 100	945.61	7/20/2015	322.13	3/9/2009	868.34	-8.17%	-4.58%	2.41%
DJIA	18312.39	5/19/2015	6547.05	3/9/2009	16466.30	-10.08%	-5.39%	2.71%
NASDAQ 100	4719.05	11/3/2015	1036.51	11/20/2008	4279.17	-9.32%	-6.79%	1.25%
Russell 2000	1295.80	6/23/2015	343.26	3/9/2009	1035.38	-20.10%	-8.80%	1.77%
Russell 2000 Growth	808.08	6/23/2015	190.73	3/9/2009	630.45	-21.98%	-10.84%	0.93%
Russell 2000 Value	1572.13	6/23/2015	469.32	3/9/2009	1286.85	-18.15%	-6.72%	2.59%
Russell 3000	1273.39	6/23/2015	389.61	3/9/2009	1136.84	-10.72%	-5.64%	2.20%
MSCI World Net (ex U.S.) (USD)	5496.51	7/3/2014	2131.84	3/9/2009	4454.78	-18.95%	-6.88%	3.45%
MSCI Emerging Markets Net (USD)	473.36	10/29/2007	164.51	10/27/2008	319.46	-32.51%	-6.49%	3.09%
Ibovespa/Brazil (USD)	44638.24	5/19/2008	9077.09	1/21/2016	9996.04	-77.61%	-9.97%	4.83%
RTS/Russia (USD)	2487.92	5/19/2008	498.20	1/23/2009	745.30	-70.04%	-1.40%	4.71%
S&P BSE 500/India (USD)	226.04	1/7/2008	57.52	3/9/2009	147.54	-34.73%	-8.08%	1.39%
Shanghai Composite/China (USD)	832.07	6/12/2015	154.70	3/9/2006	416.42	-49.95%	-23.67%	2.25%
KOSPI/South Korea (USD)	2.29	10/31/2007	0.63	11/20/2008	1.58	-31.04%	-5.30%	1.43%
Hang Seng (USD)	4082.25	10/30/2007	1420.72	10/27/2008	2528.63	-38.06%	-10.57%	4.40%
MSCI Euro (USD)	1985.51	10/31/2007	682.47	3/9/2009	1092.59	-44.97%	-6.42%	3.60%
S&P 500 Consumer Discretionary	648.09	11/25/2015	125.72	3/9/2009	588.78	-9.15%	-5.11%	1.70%
S&P 500 Consumer Staples	526.08	12/29/2015	199.80	3/9/2009	520.74	-1.01%	0.65%	2.71%
S&P 500 Energy	737.09	6/23/2014	304.81	3/5/2009	434.67	-41.03%	-3.02%	3.81%
S&P 500 Utilities	251.40	1/29/2015	113.81	3/9/2009	230.77	-8.21%	4.93%	3.66%
S&P 500 Financials	509.55	2/20/2007	81.74	3/6/2009	292.90	-42.52%	-8.85%	2.31%
S&P 500 Banks	414.38	2/20/2007	49.02	3/5/2009	206.48	-50.17%	-11.67%	2.29%
FTSE NAREIT All Equity REITs	685.39	1/26/2015	163.57	3/6/2009	601.06	-12.30%	-3.52%	4.14%
S&P 500 Health Care	892.26	7/20/2015	252.84	3/5/2009	769.48	-13.76%	-7.59%	1.71%
S&P 500 Pharmaceuticals	639.79	7/20/2015	214.50	3/3/2009	575.84	-10.00%	-4.37%	2.50%
NYSE Arca Biotechnology	4431.87	7/17/2015	541.77	3/9/2009	2898.73	-34.59%	-24.00%	0.28%
S&P 500 Information Technology	750.26	12/4/2015	198.51	11/20/2008	686.16	-8.54%	-4.83%	1.61%
Philadelphia Semiconductor	746.08	6/1/2015	171.32	11/20/2008	613.68	-17.75%	-7.45%	2.13%
S&P 500 Telecom Services	181.06	5/31/2007	88.10	3/9/2009	158.12	-12.67%	6.77%	4.88%
S&P 500 Industrials	498.14	2/20/2015	132.83	3/9/2009	436.62	-12.35%	-5.74%	2.43%
S&P 500 Materials	326.60	2/24/2015	108.33	3/2/2009	244.59	-25.11%	-10.57%	2.59%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	45.96	-79.93%	1.51%	1.40%
TR/CC CRB Commodity	473.52	7/2/2008	156.32	1/20/2016	166.75	-64.78%	-5.33%	N/A
BofA ML Perpetual Preferred	226.67	1/8/2016	51.79	3/9/2009	224.90	-0.78%	-0.18%	5.30%
BofA ML U.S. High Yield Constrained	360.88	5/31/2015	130.37	12/12/2008	325.45	-9.82%	-1.60%	9.30%

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