

Open-End Net Fund Flows (\$)	1/16	12/15	YTD (Jan)
Equity	-5.14B	-36.82B	-5.14B
Taxable Bond	-9.42B	-33.0B	-9.42B
Municipal Bond	4.27B	5.77B	4.27B
Hybrid	-10.67B	-12.25B	-10.67B
Taxable Money Market	-11.08B	27.06B	-11.08B

Key Interest Rates	2/29/16	12/31/15	2/27/15
Federal Funds Rate (Upper)	0.50%	0.50%	0.25%
LIBOR (3-Month)	0.63%	0.61%	0.26%
2-Year T-Note	0.77%	1.05%	0.62%
10-Year T-Note	1.74%	2.27%	1.99%
Bond Buyer 40	4.06%	4.21%	4.26%

Commodities/U.S. Dollar	2/16	YTD (Feb)	12 Mo.
U.S. Dollar Index (DXY)	-1.41%	-0.43%	3.06%
TR/CC CRB Commodity Index	-2.12%	-5.33%	-27.16%
Crude Oil (Barrel)	0.39%	-8.88%	-32.17%
Natural Gas (per million BTUs)	-25.65%	-26.92%	-37.36%
Gold Bullion (Ounce)	10.57%	16.43%	1.76%

## Total Return Performance

U.S. Stock Indices	2/16	YTD	12 Mo.
S&P 500	-0.13%	-5.09%	-6.20%
DJIA	0.75%	-4.68%	-6.55%
NASDAQ 100	-1.60%	-8.28%	-4.20%
S&P 400	1.41%	-4.36%	-10.00%
Russell 2000	-0.01%	-8.81%	-14.98%
Russell 3000	-0.04%	-5.68%	-7.85%

U.S. Styles/Market Caps	2/16	YTD	12 Mo.
S&P 500 Growth	-0.79%	-5.79%	-4.62%
S&P 500 Value	0.55%	-4.36%	-8.10%
S&P MidCap 400 Growth	0.59%	-5.27%	-8.02%
S&P MidCap 400 Value	2.25%	-3.43%	-12.23%
Russell 2000 Growth	-0.72%	-11.48%	-16.66%
Russell 2000 Value	0.68%	-6.09%	-13.35%

Foreign Stock Indices (USD)	2/16	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	-1.40%	-8.18%	-15.69%
MSCI Emerging Markets NET	-0.16%	-6.64%	-23.41%
MSCI Europe NET	-1.79%	-8.26%	-16.14%
MSCI BRIC NET	-2.04%	-11.82%	-27.72%
MSCI EM Latin America NET	3.76%	-1.01%	-30.17%
Nikkei 225	-1.91%	-9.97%	-7.95%

Barclays Bond Indices	2/16	YTD	12 Mo.
U.S. Treasury: Intermediate	0.52%	2.15%	2.61%
GNMA 30 Year	0.33%	1.49%	2.57%
Municipal Bond (22+)	0.18%	1.35%	4.80%
U.S. Aggregate	0.71%	2.10%	1.50%
Intermediate Corporate	0.44%	0.98%	0.57%
U.S. Corporate High Yield	0.57%	-1.04%	-8.30%
Global Aggregate	2.23%	3.11%	0.84%
EM Hard Currency Aggregate	1.33%	1.23%	0.21%

Sources: Bloomberg, Barclays, Investment Company Institute

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## Climate

The U.S. economy is sending mixed messages to investors. While some economic indicators have softened in recent months, such as manufacturing, the U.S. continues to benefit from a strengthening labor market. Nonfarm payrolls increased by 242,000 in February, well above the consensus survey estimate of 195,000 from Bloomberg. As the U.S. labor market strengthens, more workers are voluntarily quitting their jobs, according to Reuters. In December 2015 (most recent data available), the number of job openings in the U.S. increased by 261,000 to a seasonally adjusted 5.61 million, the second highest total since the survey began in 2001, according to the Job Openings and Labor Turnover Survey (JOLTS) conducted by the U.S. Labor Department. Job creation and lower gasoline prices can potentially boost consumer spending moving forward. Consumer spending accounts for nearly two-thirds of U.S. GDP. A research report from Jefferies noted that U.S. consumers will save an estimated \$65 billion to \$80 billion in 2016 due to lower gasoline prices, according to 24/7 Wall St.

## Stock Market

The S&P 500 Index closed at 1,932.23 on 2/29/16, which was 9.32% below its all-time high of 2,130.82 set on 5/21/15, according to Bloomberg. The Russell 2000 Index closed at 1,033.90 on 2/29/16, which was 20.21% below its all-time high of 1,295.80 set on 6/23/15. What is interesting about these two benchmark indices for large-capitalization (cap) and small-cap stocks is that while the Russell 2000 Index sits in bear market territory (price decline in the index of 20% or more) the S&P 500 Index is closer to correction mode (price decline in the index of 10% or more but <20%), yet they have identical returns since the start of the bull market in March 2009. From 3/9/09-2/29/16, the S&P 500 and Russell 2000 Indices posted cumulative total returns of 231.0%, according to Bloomberg. The S&P MidCap 400 Index outperformed both with a cumulative total return of 265.6%. The S&P Mid-Cap 400 Index closed at 1,334.20 on 2/29/16, which was 13.89% below its all-time high of 1,549.44 set on 6/23/15. Year-to-date through February, the top three performing major sectors that comprise the S&P 500 Index were defensive in nature. They were Telecommunication Services, Utilities and Consumer Staples, up 9.64%, 6.97% and 0.78%, respectively, on a total return basis. The two worst performers were Financials and Health Care, down 11.53% and 8.05%, respectively. The top three performing S&P 500 Index subsectors Y-T-D were Gold, Casinos & Gaming and Leisure Products, up 43.58%, 19.98% and 17.68%, respectively, according to Bloomberg. The two worst performers were Real Estate Services and Investment Banking & Brokerage, down 26.52% and 20.05%, respectively.

## Bond Market

In February, the yield on the benchmark 10-Year Treasury Note (T-Note) fell 18 basis points to 1.74%, which was 25 basis points below its 1.99% yield on 2/27/15 and 59 basis points below its three-year average (2.33%), according to Bloomberg. Perhaps one of the more pressing concerns in the bond market of late is the outstanding debt issued by energy companies, particularly those issues that carry speculative-grade ratings. Moody's reported that its Oil & Gas Liquidity Stress Index surged to a record high of 27.2% in February following the downgrade of 19 energy companies, according to its own release. Data from Galvin/Solmonese and *The Deal* revealed that there were 67 oil and natural gas bankruptcies in 2015, up from 14 in 2014, according to CNNMoney.

## Takeaway

The sell-off in the S&P 500 Index, which commenced at the start of 2016, ran out of steam on 2/11/16. Over the past few months, the S&P 500 Index has tracked the direction of the price of crude oil fairly closely. The 2/11/16 date happened to mark the recent bottom in the price of crude oil at \$26.21 per barrel. From 2/11/16-2/29/16, the price of crude oil jumped to \$33.75 per barrel, or a gain of 28.77%, according to Bloomberg. Over the same period, the S&P 500 Index appreciated 5.64% on a price-only basis (does not include dividends). Barring something dramatic, the current bull market will turn seven on 3/9/16.

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	1932.23	-9.32%	-5.09%	2.29%
S&P 500 Growth	1199.09	11/3/2015	363.99	3/9/2009	1093.23	-8.83%	-5.79%	1.71%
S&P 500 Value	944.41	5/21/2015	307.16	3/9/2009	833.62	-11.73%	-4.36%	2.89%
S&P MidCap 400	1549.44	6/23/2015	404.62	3/9/2009	1334.20	-13.89%	-4.36%	1.89%
S&P MidCap 400 Growth	707.04	8/17/2015	174.44	11/20/2008	617.70	-12.64%	-5.27%	1.26%
S&P MidCap 400 Value	533.88	6/23/2015	144.98	3/9/2009	450.96	-15.53%	-3.43%	2.51%
S&P 100	945.61	7/20/2015	322.13	3/9/2009	859.44	-9.11%	-5.26%	2.43%
DJIA	18312.39	5/19/2015	6547.05	3/9/2009	16516.50	-9.81%	-4.68%	2.73%
NASDAQ 100	4719.05	11/3/2015	1036.51	11/20/2008	4201.12	-10.98%	-8.28%	1.26%
Russell 2000	1295.80	6/23/2015	343.26	3/9/2009	1033.90	-20.21%	-8.81%	1.76%
Russell 2000 Growth	808.08	6/23/2015	190.73	3/9/2009	625.53	-22.59%	-11.48%	0.90%
Russell 2000 Value	1572.13	6/23/2015	469.32	3/9/2009	1293.03	-17.75%	-6.09%	2.59%
Russell 3000	1273.39	6/23/2015	389.61	3/9/2009	1133.56	-10.98%	-5.68%	2.21%
MSCI World Net (ex U.S.) (USD)	5496.51	7/3/2014	2131.84	3/9/2009	4392.56	-20.08%	-8.18%	3.60%
MSCI Emerging Markets Net (USD)	473.36	10/29/2007	164.51	10/27/2008	318.94	-32.62%	-6.64%	3.13%
Ibovespa/Brazil (USD)	44638.24	5/19/2008	9077.09	1/21/2016	10754.93	-75.91%	-3.14%	4.34%
RTS/Russia (USD)	2487.92	5/19/2008	498.20	1/23/2009	768.80	-69.10%	1.71%	4.73%
S&P BSE 500/India (USD)	226.04	1/7/2008	57.52	3/9/2009	134.95	-40.30%	-15.82%	1.56%
Shanghai Composite/China (USD)	832.07	6/12/2015	154.70	3/9/2006	410.13	-50.71%	-24.81%	2.28%
KOSPI/South Korea (USD)	2.29	10/31/2007	0.63	11/20/2008	1.55	-32.33%	-7.07%	1.61%
Hang Seng (USD)	4082.25	10/30/2007	1420.72	10/27/2008	2457.81	-39.79%	-13.05%	4.52%
MSCI Euro (USD)	1985.51	10/31/2007	682.47	3/9/2009	1060.24	-46.60%	-9.10%	3.71%
S&P 500 Consumer Discretionary	648.09	11/25/2015	125.72	3/9/2009	590.19	-8.93%	-4.75%	1.71%
S&P 500 Consumer Staples	530.75	2/25/2016	199.80	3/9/2009	521.06	-1.82%	0.78%	2.60%
S&P 500 Energy	737.09	6/23/2014	304.81	3/5/2009	423.54	-42.54%	-4.84%	3.81%
S&P 500 Utilities	251.40	1/29/2015	113.81	3/9/2009	233.94	-6.95%	6.97%	3.63%
S&P 500 Financials	509.55	2/20/2007	81.74	3/6/2009	283.61	-44.34%	-11.53%	2.41%
S&P 500 Banks	414.38	2/20/2007	49.02	3/5/2009	192.20	-53.62%	-17.57%	2.48%
FTSE NAREIT All Equity REITs	685.39	1/26/2015	163.57	3/6/2009	597.07	-12.89%	-3.93%	4.18%
S&P 500 Health Care	892.26	7/20/2015	252.84	3/5/2009	764.03	-14.37%	-8.05%	1.74%
S&P 500 Pharmaceuticals	639.79	7/20/2015	214.50	3/3/2009	565.35	-11.64%	-5.68%	2.57%
NYSE Arca Biotechnology	4431.87	7/17/2015	541.77	3/9/2009	2815.23	-36.48%	-26.16%	0.29%
S&P 500 Information Technology	750.26	12/4/2015	198.51	11/20/2008	675.63	-9.95%	-6.00%	1.67%
Philadelphia Semiconductor	746.08	6/1/2015	171.32	11/20/2008	622.11	-16.62%	-5.83%	2.09%
S&P 500 Telecom Services	181.06	5/31/2007	88.10	3/9/2009	162.38	-10.32%	9.64%	4.75%
S&P 500 Industrials	498.14	2/20/2015	132.83	3/9/2009	451.92	-9.28%	-1.98%	2.42%
S&P 500 Materials	326.60	2/24/2015	108.33	3/2/2009	262.46	-19.64%	-3.77%	2.44%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	63.92	-72.08%	41.24%	0.93%
TR/CC CRB Commodity	473.52	7/2/2008	155.01	2/11/2016	163.22	-65.53%	-7.34%	N/A
BofA ML Perpetual Preferred	226.67	1/8/2016	51.79	3/9/2009	224.43	-0.99%	-0.39%	5.39%
BofA ML U.S. High Yield Constrained	360.88	5/31/2015	130.37	12/12/2008	327.03	-9.38%	-1.12%	9.30%

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