

Open-End Net Fund Flows (\$)	2/16	1/16	YTD (Feb)
Equity	7.49B	-4.97B	2.52B
Taxable Bond	-3.98B	-9.43B	-13.41B
Municipal Bond	4.69B	4.27B	8.96B
Hybrid	-1.46B	-10.64B	-12.10B
Taxable Money Market	44.93B	-10.87B	34.05B

Key Interest Rates	3/31/16	12/31/15	3/31/15
Federal Funds Rate (Upper)	0.50%	0.50%	0.25%
LIBOR (3-Month)	0.63%	0.61%	0.27%
2-Year T-Note	0.72%	1.05%	0.56%
10-Year T-Note	1.77%	2.27%	1.92%
Bond Buyer 40	4.01%	4.21%	4.22%

Commodities/U.S. Dollar	3/16	YTD (Mar)	12 Mo.
U.S. Dollar Index (DXY)	-3.69%	-4.10%	-3.83%
TR/CC CRB Commodity Index	4.47%	-3.19%	-19.51%
Crude Oil (Barrel)	13.60%	3.51%	-19.45%
Natural Gas (per million BTUs)	14.62%	-16.24%	-25.76%
Gold Bullion (Ounce)	-0.02%	16.41%	4.32%

## Total Return Performance

U.S. Stock Indices	3/16	YTD	12 Mo.
S&P 500	6.78%	1.35%	1.77%
DJIA	7.22%	2.20%	2.08%
NASDAQ 100	6.79%	-2.06%	4.74%
S&P 400	8.51%	3.78%	-3.60%
Russell 2000	7.98%	-1.53%	-9.77%
Russell 3000	7.04%	0.96%	-0.35%

U.S. Styles/Market Caps	3/16	YTD	12 Mo.
S&P 500 Growth	6.72%	0.53%	3.52%
S&P 500 Value	6.85%	2.20%	-0.33%
S&P MidCap 400 Growth	6.88%	1.24%	-3.97%
S&P MidCap 400 Value	10.12%	6.35%	-3.46%
Russell 2000 Growth	7.66%	-4.70%	-11.86%
Russell 2000 Value	8.29%	1.70%	-7.73%

Foreign Stock Indices (USD)	3/16	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	6.79%	-1.95%	-8.44%
MSCI Emerging Markets NET	13.23%	5.71%	-12.03%
MSCI Europe NET	6.28%	-2.51%	-8.44%
MSCI BRIC NET	14.93%	1.34%	-15.31%
MSCI EM Latin America NET	20.36%	19.14%	-9.16%
Nikkei 225	5.69%	-4.84%	-5.29%

Barclays Bond Indices	3/16	YTD	12 Mo.
U.S. Treasury: Intermediate	0.19%	2.35%	2.25%
GNMA 30 Year	0.26%	1.76%	2.42%
Municipal Bond (22+)	0.88%	2.24%	5.19%
U.S. Aggregate	0.92%	3.03%	1.96%
Intermediate Corporate	1.76%	2.76%	1.93%
U.S. Corporate High Yield	4.44%	3.35%	-3.69%
Global Aggregate	2.70%	5.90%	4.57%
EM Hard Currency Aggregate	3.55%	4.83%	3.71%

Sources: Bloomberg, Barclays, Investment Company Institute

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## Climate

After raising the upper bound of the federal funds target rate for the first time in nearly a decade on 12/16/15, the Federal Reserve (Fed) chose to maintain the range at 0.25% to 0.50% in March 2016. In December, the Fed had indicated its desire to raise interest rates as many as four times in 2016. In March, the Fed lowered its forecast to two or three rate hikes for the remainder of the year. Slower economic growth in China and Europe and the uncertainty over the impact on the U.S. economy were cited as the primary reasons for the Fed holding rates steady in March. The U.S. dollar, which began appreciating against most major world currencies in July 2014, declined 3.35% from 12/16/15 through 3/31/16, as measured by the U.S. Dollar Index (DXY). On 3/31/16, the U.S. Dollar Index stood 5.72% below its 3/13/15 peak dating back to the start of the rally in July 2014, according to data from Bloomberg. Our message continues to be that the U.S. economy appears to be in a better state than most other major economies around the globe. With respect to the ongoing recovery in the U.S. banking sector, the number of bank failures in the U.S. in Q1'16 totaled just one, according to the Federal Deposit Insurance Corporation. There were eight bank failures in 2015. These totals are terrific compared to the 157 posted in 2010, just after the 2008-2009 financial crisis.

## Stock Market

The S&P 500 Index closed at 2059.74 on 3/31/16, which was 3.34% below its all-time high of 2,130.82 set on 5/21/15, according to Bloomberg. In March, the top three performing major sectors that comprise the S&P 500 Index were Energy, Information Technology and Utilities, up 9.31%, 9.15% and 8.03%, respectively, on a total return basis. While both posted gains, the two worst performers were Health Care and Consumer Staples, up 2.77% and 4.75%, respectively. The top three performing S&P 500 Index subsectors in March were Diversified Metals & Mining, Steel and Independent Power Producers & Energy Traders, up 35.52%, 21.19% and 20.46%, respectively, according to Bloomberg. The two worst performers were Specialized Consumer Services and Food Retail, down 19.08% and 3.35%, respectively. In Q4'15 (most recent data), S&P 500 Index companies distributed a record \$99.4 billion in dividends, up 7.1% from the \$92.8 billion paid out in Q4'14 and up 4.5% from the \$95.1 billion paid out in Q3'15. S&P 500 Industrials (Old), defined as the S&P 500 minus Financials, Utilities and Transportation companies, had cash and equivalent holdings totaling \$1.326 trillion in Q4'15, down slightly from the all-time high of \$1.333 trillion set in Q4'14, according to S&P Dow Jones Indices.

## Bond Market

In March, the yield on the benchmark 10-Year Treasury Note rose 3 basis points to 1.77%, which was 15 basis points below its 1.92% yield on 3/31/15 and 56 basis points below its three-year average (2.33%), according to Bloomberg. As we noted a month ago, high yield corporate bonds issued by energy-related companies have been a hot topic in the bond market. The plunge in crude oil prices since mid-2014, in particular, has investors concerned about the potential for rising defaults moving forward. As noted in the table at the lower left of this page, high yield corporate bonds posted a big total return in March. The price of crude oil spiked from \$33.75 per barrel on 2/29/16 to \$38.34 on 3/31/16, or a gain of 13.60%, according to Bloomberg. The fact that interest rates were relatively unchanged helped the other bond groups post positive returns.

## Takeaway

It seems that for every negative indicator one can cite as a reason to be worried about the U.S. or global economy, another offers reason for optimism. The aforementioned decline in the U.S. dollar helped provide a lift to the U.S. manufacturing sector in March, in our opinion. The ISM Manufacturing PMI had been below a reading of 50, which indicates that activity is contracting, for five consecutive months (10/15-2/16), according to Bloomberg. It was 51.8 in March. The fact that we are in a presidential election year means that politicians campaigning for the job may spook the markets from time to time with their rhetoric. We believe this too shall pass.

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	2059.74	-3.34%	1.35%	2.19%
S&P 500 Growth	1199.09	11/3/2015	363.99	3/9/2009	1164.94	-2.85%	0.53%	1.65%
S&P 500 Value	944.41	5/21/2015	307.16	3/9/2009	888.95	-5.87%	2.20%	2.75%
S&P MidCap 400	1549.44	6/23/2015	404.62	3/9/2009	1445.19	-6.73%	3.78%	1.79%
S&P MidCap 400 Growth	707.04	8/17/2015	174.44	11/20/2008	659.30	-6.75%	1.24%	1.23%
S&P MidCap 400 Value	533.88	6/23/2015	144.98	3/9/2009	495.52	-7.18%	6.35%	2.31%
S&P 100	945.61	7/20/2015	322.13	3/9/2009	912.93	-3.46%	0.77%	2.30%
DJIA	18312.39	5/19/2015	6547.05	3/9/2009	17685.09	-3.43%	2.20%	2.56%
NASDAQ 100	4719.05	11/3/2015	1036.51	11/20/2008	4483.66	-4.99%	-2.06%	1.26%
Russell 2000	1295.80	6/23/2015	343.26	3/9/2009	1114.03	-14.03%	-1.53%	1.61%
Russell 2000 Growth	808.08	6/23/2015	190.73	3/9/2009	672.73	-16.75%	-4.70%	0.84%
Russell 2000 Value	1572.13	6/23/2015	469.32	3/9/2009	1395.78	-11.22%	1.70%	2.36%
Russell 3000	1273.39	6/23/2015	389.61	3/9/2009	1211.17	-4.89%	0.96%	2.11%
MSCI World Net (ex U.S.) (USD)	5496.51	7/3/2014	2131.84	3/9/2009	4690.77	-14.66%	-1.95%	3.43%
MSCI Emerging Markets Net (USD)	473.36	10/29/2007	164.51	10/27/2008	361.14	-23.71%	5.71%	2.92%
Ibovespa/Brazil (USD)	44638.24	5/19/2008	9077.09	1/21/2016	14067.19	-68.49%	26.69%	3.71%
RTS/Russia (USD)	2487.92	5/19/2008	498.20	1/23/2009	876.20	-64.78%	15.92%	4.62%
S&P BSE 500/India (USD)	226.04	1/7/2008	57.52	3/9/2009	153.98	-31.88%	-3.70%	1.54%
Shanghai Composite/China (USD)	832.07	6/12/2015	161.94	3/31/2006	465.53	-44.05%	-14.66%	2.03%
KOSPI/South Korea (USD)	2.29	10/31/2007	0.63	11/20/2008	1.75	-23.57%	4.96%	1.68%
Hang Seng (USD)	4082.25	10/30/2007	1420.72	10/27/2008	2678.76	-34.38%	-4.81%	4.06%
MSCI Euro (USD)	1985.51	10/31/2007	682.47	3/9/2009	1135.49	-42.81%	-2.54%	3.61%
S&P 500 Consumer Discretionary	648.09	11/25/2015	125.72	3/9/2009	628.44	-3.03%	1.60%	1.62%
S&P 500 Consumer Staples	545.36	3/30/2016	199.80	3/9/2009	543.56	-0.33%	5.57%	2.54%
S&P 500 Energy	737.09	6/23/2014	304.81	3/5/2009	462.41	-37.27%	4.02%	3.48%
S&P 500 Utilities	251.93	3/31/2016	113.81	3/9/2009	251.93	0.00%	15.56%	3.35%
S&P 500 Financials	509.55	2/20/2007	81.74	3/6/2009	303.71	-40.40%	-5.06%	2.38%
S&P 500 Banks	414.38	2/20/2007	49.02	3/5/2009	203.01	-51.01%	-12.82%	2.35%
FTSE NAREIT All Equity REITs	685.39	1/26/2015	163.57	3/6/2009	654.87	-4.45%	5.99%	4.22%
S&P 500 Health Care	892.26	7/20/2015	252.84	3/5/2009	783.85	-12.15%	-5.50%	1.71%
S&P 500 Pharmaceuticals	639.79	7/20/2015	214.50	3/3/2009	570.68	-10.80%	-4.61%	2.55%
NYSE Arca Biotechnology	4431.87	7/17/2015	541.77	3/9/2009	2959.00	-33.23%	-22.37%	0.29%
S&P 500 Information Technology	750.26	12/4/2015	198.51	11/20/2008	737.12	-1.75%	2.60%	1.60%
Philadelphia Semiconductor	746.08	6/1/2015	171.32	11/20/2008	676.89	-9.27%	2.52%	1.95%
S&P 500 Telecom Services	181.06	5/31/2007	88.10	3/9/2009	172.55	-4.70%	16.61%	4.47%
S&P 500 Industrials	498.14	2/20/2015	132.83	3/9/2009	483.64	-2.91%	4.99%	2.27%
S&P 500 Materials	326.60	2/24/2015	108.33	3/2/2009	281.81	-13.71%	3.61%	2.29%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	69.51	-69.64%	53.77%	0.91%
TR/CC CRB Commodity	473.52	7/2/2008	155.01	2/11/2016	170.52	-63.99%	-3.19%	N/A
BofA ML Perpetual Preferred	228.80	3/30/2016	51.79	3/9/2009	228.78	-0.01%	1.54%	5.30%
BofA ML U.S. High Yield Constrained	360.88	5/31/2015	130.37	12/12/2008	341.48	-5.37%	3.25%	8.58%

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