

Open-End Net Fund Flows (\$)	4/16	3/16	YTD (Apr)
Equity	-23.82B	-9.86B	-29.84B
Taxable Bond	13.49B	15.95B	16.45B
Municipal Bond	5.58B	5.41B	19.95B
Hybrid	0.28B	3.16B	-8.65B
Taxable Money Market	-26.79B	-2.92B	4.47B

Key Interest Rates	5/31/16	12/31/15	5/29/15
Federal Funds Rate (Upper)	0.50%	0.50%	0.25%
LIBOR (3-Month)	0.69%	0.61%	0.28%
2-Year T-Note	0.88%	1.05%	0.61%
10-Year T-Note	1.85%	2.27%	2.12%
Bond Buyer 40	3.90%	4.21%	4.39%

Commodities/U.S. Dollar	5/16	YTD (May)	12 Mo.
U.S. Dollar Index (DXY)	3.02%	-2.78%	-1.05%
TR/CC CRB Commodity Index	0.83%	5.68%	-16.59%
Crude Oil (Barrel)	6.93%	32.56%	-18.57%
Natural Gas (per million BTUs)	5.05%	-2.14%	-13.26%
Gold Bullion (Ounce)	-5.87%	14.58%	2.14%

Total Return Performance

U.S. Stock Indices	5/16	YTD	12 Mo.
S&P 500	1.80%	3.57%	1.71%
DJIA	0.49%	3.34%	1.39%
NASDAQ 100	4.45%	-0.89%	1.67%
S&P 400	2.31%	7.48%	-0.42%
Russell 2000	2.25%	2.27%	-5.98%
Russell 3000	1.79%	3.41%	0.22%

U.S. Styles/Market Caps	5/16	YTD	12 Mo.
S&P 500 Growth	2.67%	1.91%	2.61%
S&P 500 Value	0.91%	5.31%	0.44%
S&P MidCap 400 Growth	3.29%	5.29%	-0.10%
S&P MidCap 400 Value	1.42%	9.73%	-0.97%
Russell 2000 Growth	2.69%	-1.15%	-9.15%
Russell 2000 Value	1.83%	5.76%	-2.76%

Foreign Stock Indices (USD)	5/16	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	-1.13%	0.06%	-9.66%
MSCI Emerging Markets NET	-3.73%	2.32%	-17.63%
MSCI Europe NET	-0.59%	-0.71%	-9.94%
MSCI BRIC NET	-2.89%	0.68%	-21.84%
MSCI EM Latin America NET	-10.82%	12.58%	-16.25%
Nikkei 225	1.23%	-0.49%	-4.28%

Barclays Bond Indices	5/16	YTD	12 Mo.
U.S. Treasury: Intermediate	-0.15%	2.16%	2.12%
GNMA 30 Year	0.13%	2.00%	2.57%
Municipal Bond (22+)	0.87%	4.21%	8.60%
U.S. Aggregate	0.03%	3.45%	2.99%
Intermediate Corporate	-0.07%	3.54%	2.79%
U.S. Corporate High Yield	0.62%	8.06%	-0.81%
Global Aggregate	-1.34%	5.87%	5.32%
EM Hard Currency Aggregate	-0.34%	6.33%	3.24%

Sources: Bloomberg, Barclays, Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

Climate

Since the early stages of the current economic recovery, we have been steadfast in saying that consistent job creation was the silver lining to what has been a relatively modest growth pace to date. U.S. nonfarm payrolls have expanded for 68 consecutive months through May 2016, according to data from the Bureau of Labor Statistics. The average monthly gain has been 199,000 jobs (10/10-5/16). Looking ahead, there is some concern over the 38,000 new jobs created in May, which was well below the consensus target of 160,000 in Bloomberg's survey of top economists. We'll monitor to see if the number for May gets revised up or not. There are plenty of job opportunities still available. On 5/10/16, the Bureau of Labor Statistics reported there were 5.8 million openings in the U.S. as of the end of March.

Stock Market

The S&P 500 Index closed at 2,096.96 on 5/31/16, which was 1.59% below its all-time high of 2,130.82 set on 5/21/15, according to Bloomberg. In May, the top three performing major sectors that comprise the S&P 500 Index were Information Technology, Health Care and Financials, up 5.60%, 2.20% and 2.03%, respectively, on a total return basis. The two worst performers were Energy and Industrials, down 0.58% and 0.48%, respectively. The top three performing S&P 500 Index subsectors in May were Home Entertainment Software, Semiconductor Equipment and Security & Alarm Services, up 19.22%, 13.35% and 10.82%, respectively, according to Bloomberg. The two worst performers were Diversified Metals & Mining and Department Stores, down 20.86% and 19.03%, respectively. Year-to-date through May, the top performing sector was Utilities, up 14.48%, while the top subsector was Gold, up 80.33%. The VIX Index (Chicago Board Options Exchange Volatility Index), which uses S&P 500 Index options activity to gauge investors' expectations of volatility, stood at a reading of 14.19 on 5/31/16, according to Bloomberg. Year-to-date through May, the index averaged 18.08, up from an average of 16.68 in 2015. It has averaged 19.43 in the current equity bull market (3/9/09-5/31/16). From 1996-2015 (20 years), the index averaged 20.98. Our point is that despite all of the rhetoric that has been spewed about how bad things are domestically and abroad, some of which comes from political candidates, the levels of volatility displayed by the VIX Index post 2008-2009 financial crisis, for the most part, have not reflected such negativity, in our opinion.

Bond Market

In May, the yield on the benchmark 10-Year Treasury Note rose two basis points to 1.85%, which was 28 basis points below its 2.13% yield on 5/29/15 and 48 basis points below its three-year average of 2.33%, according to Bloomberg. The aforementioned unexpected drop in the monthly nonfarm payroll number for May triggered a big rally in the Treasury market on 6/3/16. U.S. Commodity Futures Trading reported that hedge funds and other speculative investors were net short two-year Treasury note futures for the week ended 5/31/16 by the most since prior to the 2008-2009 financial crisis, according to Bloomberg. Two-year notes rallied on 6/3/16 by the most since September 2015, according to Bloomberg. Bond investors were wagering that a positive jobs report might trigger a Fed rate hike in June or July.

Takeaway

The 22nd Edition of Dalbar's Quantitative Analysis of Investor Behavior revealed that equity fund investors, on average, continue to earn returns significantly below those posted by the S&P 500 Index, according to MarketWatch. Over the past 20 years (thru 2015), the S&P 500 Index posted an average annual total return of 8.19%, compared to an annual gain of 4.67% for the average equity fund investor. Dalbar estimates that the 3.52 percentage point annual disparity over that 20-year period cost investors approximately \$286 billion. Dalbar noted in 2015 that underperformance tends to stem from bad investor decisions at critical points, such as during severe market declines and when the market surges. A new study from Bank of America U.S. Trust found that 77% of the firm's clients rose from the middle class and poorer backgrounds to become high net worth (at least \$3 million in investable assets) individuals by building their wealth slowly over time, according to Yahoo! Finance.

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	2096.96	-1.59%	3.57%	2.17%
S&P 500 Growth	1199.09	11/3/2015	363.99	3/9/2009	1177.71	-1.78%	1.91%	1.66%
S&P 500 Value	944.41	5/21/2015	307.16	3/9/2009	911.57	-3.48%	5.31%	2.70%
S&P MidCap 400	1549.44	6/23/2015	404.62	3/9/2009	1493.05	-3.64%	7.48%	1.79%
S&P MidCap 400 Growth	707.04	8/17/2015	174.44	11/20/2008	684.41	-3.20%	5.29%	1.26%
S&P MidCap 400 Value	533.88	6/23/2015	144.98	3/9/2009	509.68	-4.53%	9.73%	2.27%
S&P 100	945.61	7/20/2015	322.13	3/9/2009	927.65	-1.90%	2.86%	2.28%
DJIA	18312.39	5/19/2015	6547.05	3/9/2009	17787.20	-2.87%	3.34%	2.58%
NASDAQ 100	4719.05	11/3/2015	1036.51	11/20/2008	4523.89	-4.14%	-0.89%	1.28%
Russell 2000	1295.80	6/23/2015	343.26	3/9/2009	1154.79	-10.88%	2.27%	1.57%
Russell 2000 Growth	808.08	6/23/2015	190.73	3/9/2009	696.97	-13.75%	-1.15%	0.83%
Russell 2000 Value	1572.13	6/23/2015	469.32	3/9/2009	1447.59	-7.92%	5.76%	2.28%
Russell 3000	1273.39	6/23/2015	389.61	3/9/2009	1236.22	-2.92%	3.41%	2.10%
MSCI World Net (ex U.S.) (USD)	5496.51	7/3/2014	2131.84	3/9/2009	4786.87	-12.91%	0.06%	3.44%
MSCI Emerging Markets Net (USD)	473.36	10/29/2007	164.51	10/27/2008	349.56	-26.15%	2.32%	2.95%
Ibovespa/Brazil (USD)	44638.24	5/19/2008	9077.09	1/21/2016	13484.97	-69.79%	21.45%	3.60%
RTS/Russia (USD)	2487.92	5/19/2008	498.20	1/23/2009	904.33	-63.65%	19.92%	4.27%
S&P BSE 500/India (USD)	226.04	1/7/2008	57.52	3/9/2009	160.32	-29.08%	0.37%	1.46%
Shanghai Composite/China (USD)	832.07	6/12/2015	191.40	6/14/2006	443.13	-46.74%	-18.63%	2.13%
KOSPI/South Korea (USD)	2.29	10/31/2007	0.63	11/20/2008	1.67	-27.03%	0.21%	1.69%
Hang Seng (USD)	4082.25	10/30/2007	1420.72	10/27/2008	2679.08	-34.37%	-4.07%	4.10%
MSCI Euro (USD)	1985.51	10/31/2007	682.47	3/9/2009	1133.98	-42.89%	-0.48%	3.67%
S&P 500 Consumer Discretionary	648.09	11/25/2015	125.72	3/9/2009	628.78	-2.98%	1.88%	1.63%
S&P 500 Consumer Staples	553.32	5/10/2016	199.80	3/9/2009	539.07	-2.58%	5.02%	2.58%
S&P 500 Energy	737.09	6/23/2014	304.81	3/5/2009	496.54	-32.64%	12.41%	3.19%
S&P 500 Utilities	252.91	4/1/2016	113.81	3/9/2009	248.16	-1.88%	14.48%	3.43%
S&P 500 Financials	509.55	2/20/2007	81.74	3/6/2009	319.34	-37.33%	0.16%	2.28%
S&P 500 Banks	414.38	2/20/2007	49.02	3/5/2009	221.25	-46.61%	-4.56%	2.18%
FTSE NAREIT All Equity REITs	685.39	1/26/2015	163.57	3/6/2009	655.29	-4.39%	6.49%	4.25%
S&P 500 Health Care	892.26	7/20/2015	252.84	3/5/2009	822.36	-7.83%	-0.60%	1.65%
S&P 500 Pharmaceuticals	639.79	7/20/2015	214.50	3/3/2009	599.11	-6.36%	0.60%	2.45%
NYSE Arca Biotechnology	4431.87	7/17/2015	541.77	3/9/2009	3227.86	-27.17%	-15.29%	0.26%
S&P 500 Information Technology	750.26	12/4/2015	198.51	11/20/2008	733.57	-2.23%	2.51%	1.64%
Philadelphia Semiconductor	746.08	6/1/2015	171.32	11/20/2008	699.36	-6.26%	6.37%	1.89%
S&P 500 Telecom Services	181.06	5/31/2007	88.10	3/9/2009	167.07	-7.73%	14.18%	4.64%
S&P 500 Industrials	498.14	2/20/2015	132.83	3/9/2009	483.71	-2.90%	5.42%	2.28%
S&P 500 Materials	326.60	2/24/2015	108.33	3/2/2009	293.99	-9.98%	8.43%	2.22%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	80.58	-64.80%	78.33%	0.76%
TR/CC CRB Commodity	473.52	7/2/2008	155.01	2/11/2016	186.15	-60.69%	5.68%	N/A
BofA ML Perpetual Preferred	233.96	5/31/2016	51.79	3/9/2009	233.96	0.00%	3.84%	5.21%
BofA ML U.S. High Yield Constrained	360.88	5/31/2015	130.37	12/12/2008	357.69	-0.88%	8.15%	7.65%

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.