

Open-End Net Fund Flows (\$)	2/15	1/15	YTD (Feb)
Equity	8.3B	12.4B	20.8B
Taxable Bond	14.7B	5.5B	20.2B
Municipal Bond	2.7B	4.6B	7.3B
Hybrid	3.3B	2.6B	6.0B
Taxable Money Market	-13.8B	-31.8B	-45.6B

Key Interest Rates	3/31/15	12/31/14	3/31/14
Federal Funds Target Rate	0.25%	0.25%	0.25%
LIBOR (3-Month)	0.27%	0.26%	0.23%
2-Year T-Note	0.56%	0.67%	0.42%
10-Year T-Note	1.92%	2.17%	2.72%
Bond Buyer 40	4.22%	4.27%	4.75%

Commodities/U.S. Dollar	3/15	YTD	12 Mo.
U.S. Dollar Index (DXY)	+3.22%	+8.96%	+22.79%
TR/CC CRB Commodity Index	-5.45%	-7.87%	-30.46%
Crude Oil (Barrel)	-4.34%	-10.64%	-53.14%
Natural Gas (per million BTUs)	-3.44%	-8.62%	-39.60%
Gold Bullion (Ounce)	-2.47%	-0.08%	-7.82%

## Total Return Performance

U.S. Stock Indices	3/15	YTD	12 Mo.
S&P 500	-1.58%	0.95%	12.72%
DJIA	-1.85%	0.33%	10.57%
NASDAQ 100	-2.33%	2.63%	22.03%
S&P 400	1.32%	5.31%	12.17%
Russell 2000	1.74%	4.32%	8.21%
Russell 3000	-1.02%	1.80%	12.36%

U.S. Styles/Market Caps	3/15	YTD	12 Mo.
S&P 500 Growth	-1.67%	2.47%	16.11%
S&P 500 Value	-1.48%	-0.69%	9.11%
S&P MidCap 400 Growth	2.37%	7.55%	13.27%
S&P MidCap 400 Value	0.13%	2.83%	10.80%
Russell 2000 Growth	1.80%	6.63%	12.06%
Russell 2000 Value	1.69%	1.98%	4.42%

Foreign Stock Indices (USD)	3/15	YTD	12 Mo.
MSCI World (Ex-U.S.)	-1.67%	3.83%	-1.39%
MSCI Emerging Markets	-1.42%	2.24%	0.44%
MSCI Europe	-2.66%	3.45%	-4.94%
MSCI BRIC	-1.91%	3.55%	3.61%
MSCI EM Latin America	-7.48%	-9.55%	-20.94%
Nikkei 225	2.52%	10.24%	12.93%

Barclays Bond Indices	3/15	YTD	12 Mo.
U.S. Treasury: Intermediate	0.54%	1.28%	3.22%
GNMA 30 Year	0.41%	0.75%	4.95%
Municipal Bond (22+)	0.51%	1.58%	10.76%
U.S. Aggregate	0.46%	1.61%	5.72%
Intermediate Corporate	0.40%	1.89%	4.51%
U.S. Corporate High Yield	-0.55%	2.52%	2.00%
Global Aggregate	-0.96%	-1.92%	-3.66%
EM Hard Currency Aggregate	0.05%	0.90%	1.30%

Sources: Bloomberg, Barclays, Investment Company Institute

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## Climate

One of the side effects of having endured two punishing bear markets in a single decade (3/00 -10/02 & 10/07-3/09) appears to be stressing over the next one's arrival, in our opinion. Anyone who follows the markets closely has likely seen or heard the "b" word (bubble) used in recent weeks, especially when the topic of discussion turns to valuations in the technology sector. The simple mention of the word bubble can bring back bad memories of the bursting of the Internet bubble in 2000, but, in our opinion, it simply isn't the case. The S&P 500 Information Technology Index has posted an average price-to-earnings (P/E) ratio of 16.99 in the current bull market (3/09 -3/15), according to Bloomberg. The index posted an average P/E of 32.06 during the Internet Revolution (12/94 -12/99). Bloomberg's P/E estimate for 2015 was 16.63, as of 4/8/15. We do not see a bubble situation brewing. Another concern for investors heading into Q2'15 is the number of downward earnings revisions from equity analysts and companies. As of the third week of March, nearly 20% of S&P 500 companies had warned on earnings for Q1'15, with at least 49 of them citing the strong U.S. dollar as being partially responsible, according to Reuters. Earnings season commences on 4/8/15.

## Stock Market

The current bull market turned six years old on 3/9/15. It is the fourth longest and fourth strongest, in terms of gains posted by the S&P 500, in U.S. history, according to data from Bespoke Investment Group. The S&P 500 has not endured a 10% correction in more than three years. Historically, 10% sell-offs occur about every 18 months or so, according to *USA TODAY*. It is one more reason why investors might be looking over their shoulder. In 2014, the S&P 500 posted 53 record closes. The index, however, also suffered four pullbacks in 2014 ranging from 4% to 7%, yet managed to post a 13.68% total return. With the S&P 500 and other major stock indices trading near their respective record highs, some investors are naturally going to be cautious. As evidenced by the year-to-date total returns in the U.S. Styles/Market Caps chart, the growth style of investing significantly outperformed the value style in Q1'15, while mid- and small-cap growth stocks significantly outperformed large-cap growth stocks. We believe that one possible explanation for investors favoring small- and mid-cap stocks is that they tend to garner the majority of their revenues from the U.S., so they are less vulnerable, from a currency exchange perspective, to a strengthening U.S. dollar. Why growth over value? Economic forecasters, in general, were optimistic heading into 2015 that real GDP growth in the U.S. could accelerate to 3.0% or above, making cyclical stocks the potentially more attractive story relative to a value approach, in our opinion.

## Bond Market

It seems as though every time some soft economic data is released, the prospects for a Federal Reserve rate hike get diminished. It just happened again at the start of April, when the U.S. nonfarm payroll number for March was around half of the consensus estimate (126,000 vs. 245,000 estimate), according to Bloomberg. Data from Thomson Reuters shows that investment grade companies sold approximately \$48 billion of debt in the first week of March, the second most ever for a single week, according to *The Wall Street Journal*. Year-to-date through 3/7/15, investment grade companies sold approximately \$233 billion worth of debt, up around 9% from the same period a year ago. The \$233 billion is the most for any year through March 7 on record, according to Thomson Reuters.

## Takeaway

Corporate America appears to be cash-rich. The S&P 500 (ex-Financials) cash and marketable securities balance stood at a record-high \$1.43 trillion at the end of Q4'14, according to FactSet. In general, U.S. consumers have done a fairly effective job in getting their fiscal houses in order. From 2/09-2/15, the S&P/Experian Consumer Credit Default Index declined from a period/recession high of 5.51% (5/09) to 1.12% (2/15), according to Bloomberg. We believe investors have reasons to be encouraged about the prospects for the rest of 2015. Companies are hiring, raising their stock dividend payouts, repurchasing stock and aggressively pursuing mergers and acquisitions. Low interest rates and low inflation favors the investor in the current climate, in our opinion.

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	2117.39	03/02/15	676.53	03/09/09	2067.89	-2.34%	0.95%	2.00%
S&P 500 Growth	1175.75	03/02/15	363.99	03/09/09	1144.69	-2.64%	2.47%	1.58%
S&P 500 Value	941.10	12/29/14	307.16	03/09/09	915.87	-2.68%	-0.69%	2.46%
S&P MidCap 400	1539.61	03/20/15	404.62	03/09/09	1524.03	-1.01%	5.31%	1.52%
S&P MidCap 400 Growth	702.77	03/20/15	174.44	11/20/08	695.30	-1.06%	7.55%	1.21%
S&P MidCap 400 Value	528.95	03/20/15	144.98	03/09/09	523.89	-0.96%	2.83%	1.85%
S&P 100	931.75	03/02/15	322.13	03/09/09	901.99	-3.19%	-0.14%	2.14%
DJIA	18288.63	03/02/15	6547.05	03/09/09	17776.12	-2.80%	0.33%	2.29%
NASDAQ 100	4483.05	03/02/15	1036.51	11/20/08	4333.69	-3.33%	2.63%	1.22%
Russell 2000	1266.37	03/20/15	343.26	03/09/09	1252.77	-1.07%	4.32%	1.37%
Russell 2000 Growth	779.47	03/20/15	190.73	03/09/09	768.80	-1.37%	6.63%	0.71%
Russell 2000 Value	1558.84	03/23/15	469.32	03/09/09	1546.28	-0.81%	1.98%	2.05%
Russell 3000	1263.03	03/02/15	389.61	03/09/09	1240.28	-1.80%	1.80%	1.87%
MSCI World (ex U.S.) (USD)	5496.51	07/03/14	2131.84	03/09/09	5123.19	-6.79%	3.83%	2.96%
MSCI Emerging Markets (USD)	473.36	10/29/07	164.51	10/27/08	410.51	-13.28%	2.24%	2.64%
Ibovespa/Brazil (USD)	44638.24	05/19/08	9495.07	04/15/05	15947.55	-64.27%	-15.31%	4.90%
RTS/Russia (USD)	2487.92	05/19/08	498.20	01/23/09	880.42	-64.61%	11.35%	4.61%
S&P BSE 500/India (USD)	226.04	01/07/08	57.52	03/09/09	177.32	-21.55%	4.75%	1.25%
Shanghai Composite/China (USD)	810.67	10/16/07	122.21	07/11/05	604.35	-25.45%	15.99%	1.75%
KOSPI/South Korea (USD)	2.29	10/31/07	0.63	11/20/08	1.84	-19.47%	5.38%	1.28%
Hang Seng (USD)	4082.25	10/30/07	1420.72	10/27/08	3211.82	-21.32%	6.00%	3.62%
MSCI Euro (USD)	1985.51	10/31/07	682.47	03/09/09	1288.09	-35.13%	5.25%	3.06%
S&P 500 Consumer Discretionary	608.95	03/20/15	125.72	03/09/09	597.86	-1.82%	4.80%	1.45%
S&P 500 Consumer Staples	516.45	01/22/15	199.80	03/09/09	501.33	-2.93%	0.99%	2.68%
S&P 500 Energy	737.09	06/23/14	302.96	05/16/05	565.76	-23.24%	-2.85%	2.93%
S&P 500 Utilities	251.40	01/29/15	113.81	03/09/09	225.68	-10.23%	-5.17%	3.58%
S&P 500 Financials	509.55	02/20/07	81.74	03/06/09	324.95	-36.23%	-2.05%	1.83%
S&P 500 Banks	414.38	02/20/07	49.02	03/05/09	226.85	-45.26%	-3.80%	1.88%
FTSE NAREIT All Equity REITs	685.39	01/26/15	163.57	03/06/09	649.75	-5.20%	3.98%	3.60%
S&P 500 Health Care	866.47	03/20/15	252.84	03/05/09	840.73	-2.97%	6.53%	1.40%
S&P 500 Pharmaceuticals	623.12	03/23/15	214.50	03/03/09	605.84	-2.77%	4.46%	2.30%
NYSE Arca Biotechnology	4242.85	03/19/15	484.48	04/04/05	3987.60	-6.02%	16.05%	0.39%
S&P 500 Information Technology	724.39	03/02/15	198.51	11/20/08	693.12	-4.32%	0.57%	1.57%
Philadelphia Semiconductor	734.51	03/02/15	171.32	11/20/08	695.48	-5.31%	1.65%	2.22%
S&P 500 Telecom Services	181.06	05/31/07	88.10	03/09/09	152.93	-15.54%	1.54%	4.98%
S&P 500 Industrials	498.14	02/20/15	132.83	03/09/09	479.66	-3.71%	-0.86%	2.08%
S&P 500 Materials	326.60	02/24/15	108.33	03/02/09	306.51	-6.15%	0.99%	2.12%
Philadelphia Gold & Silver	228.95	04/08/11	61.63	11/05/14	65.50	-71.39%	-4.43%	1.61%
TR/CC CRB Commodity	473.52	07/02/08	200.34	03/02/09	211.86	-55.26%	-7.87%	N/A
Merrill Lynch Perpetual Preferred	216.37	03/31/15	51.79	03/09/09	216.37	0.00%	3.34%	5.30%
Merrill Lynch High Yield Constrained	358.03	09/01/14	130.37	12/12/08	355.55	-0.69%	2.54%	6.63%

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