

Open-End Net Fund Flows (\$)	4/15	3/15	YTD (Apr)
Equity	-1.4B	5.0B	24.8B
Taxable Bond	6.4B	4.8B	31.3B
Municipal Bond	0.4B	1.5B	9.1B
Hybrid	0.2B	3.2B	9.3B
Taxable Money Market	-67.5B	-30.9B	-143.9B

Key Interest Rates	5/29/15	12/31/14	5/30/14
Federal Funds Target Rate	0.25%	0.25%	0.25%
LIBOR (3-Month)	0.28%	0.26%	0.23%
2-Year T-Note	0.61%	0.66%	0.37%
10-Year T-Note	2.12%	2.17%	2.48%
Bond Buyer 40	4.39%	4.27%	4.50%

Commodities/U.S. Dollar	5/15	YTD	12 Mo.
U.S. Dollar Index (DXY)	2.44%	7.36%	20.58%
TR/CC CRB Commodity Index	-2.75%	-2.95%	-26.94%
Crude Oil (Barrel)	1.12%	13.20%	-41.29%
Natural Gas (per million BTUs)	-4.00%	-8.65%	-41.85%
Gold Bullion (Ounce)	0.60%	0.45%	-4.51%

Total Return Performance

U.S. Stock Indices	5/15	YTD	12 Mo.
S&P 500	1.29%	3.23%	11.80%
DJIA	1.35%	2.14%	10.28%
NASDAQ 100	2.31%	6.98%	22.08%
S&P 400	1.78%	5.59%	12.26%
Russell 2000	2.28%	3.98%	11.32%
Russell 3000	1.38%	3.67%	11.85%

U.S. Styles/Market Caps	5/15	YTD	12 Mo.
S&P 500 Growth	1.78%	4.80%	14.54%
S&P 500 Value	0.74%	1.54%	8.84%
S&P MidCap 400 Growth	2.60%	7.52%	14.39%
S&P MidCap 400 Value	0.92%	3.43%	9.89%
Russell 2000 Growth	3.67%	7.30%	17.73%
Russell 2000 Value	0.83%	0.63%	5.09%

Foreign Stock Indices (USD)	5/15	YTD	12 Mo.
MSCI World (Ex-U.S.)	-0.87%	7.39%	-1.13%
MSCI Emerging Markets	-4.00%	5.69%	-0.01%
MSCI Europe	-0.77%	7.11%	-4.82%
MSCI BRIC	-4.37%	11.48%	7.76%
MSCI EM Latin America	-7.05%	-7.29%	-21.01%
Nikkei 225	1.56%	14.30%	17.17%

Barclays Bond Indices	5/15	YTD	12 Mo.
U.S. Treasury: Intermediate	-0.10%	1.18%	2.74%
GNMA 30 Year	0.21%	0.96%	4.19%
Municipal Bond (22+)	-0.94%	0.63%	7.99%
U.S. Aggregate	-0.36%	1.24%	4.46%
Intermediate Corporate	0.01%	1.90%	3.70%
U.S. Corporate High Yield	1.21%	3.76%	2.58%
Global Aggregate	1.06%	-0.88%	-3.73%
EM Hard Currency Aggregate	2.18%	3.09%	2.32%

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

We have noted many times over the past few years how critical new job growth is to the current economic recovery. Following the last recession, which ended in June 2009, some pundits commented that the U.S. would need at least 250,000 new jobs per month, on average, to make a serious dent in the unemployment rate. As it turns out, from July 2009 through May 2015, data from the Bureau of Labor Statistics shows that U.S. nonfarm payrolls averaged 151,200 per month, well below the 250,000 target, according to Bloomberg. In fact, from July 2009 through May 2015, U.S. nonfarm payrolls only reached or exceeded the 250,000 mark in 14 out of the 71 months. Two of those 14 months, however, occurred in the last four months. It appears that consistent job growth has been more important than the volume of new jobs so far in this recovery, in our opinion. Despite falling short of the target, the U.S. unemployment rate still managed to decline from 9.5% to 5.5% over the same period.

Stock Market

From 1926 through 2014, the S&P 500 posted an average annual total return of 10.12%, according to Ibbotson Associates/Morningstar. Year-to-date through 5/31/15, the S&P 500 was up 3.23%, on a total return basis. The index was up 1.29% in May. The top performing sector in May was Health Care. The S&P 500 Health Care Index posted a total return of 4.53%, according to Bloomberg. It also happened to be the best performer year-to-date (thru May), up 9.86%. Of the 118 subsectors that comprise the S&P 500, 60% were up in May and 50% were up year-to-date. As of 6/4/15, only 41.8% of the stocks in the S&P 500 were trading above their 50-day moving averages, according to Bespoke Investment Group. The following reflects the percentage of stocks in each of the S&P 500 sectors that were trading above their 50-day moving averages on 6/4/15: Health Care (62.3%); Information Technology (55.2%); Financials (48.3%); Consumer Discretionary (43.5%); Materials (41.4%); Telecom. Services (40.0%); Industrials (40.0%); Consumer Staples (28.9%); Energy (17.1%); and Utilities (6.7%). Volatility, as measured by the VIX Index (CBOE SPX Volatility Index), declined from a reading of 14.55 on 4/30/15 to 13.84 on 5/31/15, according to Bloomberg. The VIX Index stood at 19.20 at the close of 2014, and averaged 20.12 for the 10-year period ended May 31, 2015.

Bond Market

Both speculative-grade and foreign bonds outperformed U.S. investment-grade bonds for the second month in a row. In May, the yield on the benchmark 10-Year Treasury Note rose 9 basis points to 2.12%, but still stood below its three-year average of 2.22%, according to Bloomberg. Yields on foreign government bonds were up as well. Yields on 10-Year government bonds in Europe rose by as much as 43 basis points. Germany and France saw their government bond yields rise by 20.2 and 22.9 basis points, respectively, according to Bloomberg. Moody's reported that the global speculative-grade default rate stood at 2.2% in April, down from 2.3% in March, according to its own release. Moody's is forecasting a default rate of 2.6% for December 2015. The historical average for the default rate on global speculative-grade debt has been 4.5% since 1983. Moody's also reported that, due to companies' refinancing efforts, maturing speculative-grade debt is not likely to be a concern until 2018 and 2019, according to *Barron's*.

Takeaway

Stocks posted a good month in May, defying the "sell in May and go away" strategy. Nonfarm payrolls were strong in May, with 280,000 new jobs created. U.S. auto sales totaled an annualized 17.71 million units in May, the best month posted to date in the current economic recovery, according to Bloomberg. The S&P/Experian Consumer Credit Default Composite Index stood at 0.97% in April 2015 – a record low, according to the S&P Dow Jones Indices. State tax collections have been higher on a year-over-year basis in 19 of the past 20 quarters, according to the Rockefeller Institute. There is much to be optimistic about, 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	2130.82	05/21/15	676.53	03/09/09	2107.39	-1.10%	3.23%	1.99%
S&P 500 Growth	1179.05	05/18/15	363.99	03/09/09	1167.62	-0.97%	4.80%	1.58%
S&P 500 Value	944.41	05/21/15	307.16	03/09/09	932.41	-1.27%	1.54%	2.45%
S&P MidCap 400	1543.61	05/18/15	404.62	03/09/09	1524.67	-1.23%	5.59%	1.54%
S&P MidCap 400 Growth	702.77	03/20/15	174.44	11/20/08	693.9	-1.26%	7.52%	1.23%
S&P MidCap 400 Value	533.77	05/18/15	144.98	03/09/09	525.52	-1.55%	3.43%	1.86%
S&P 100	936.8	05/21/15	322.13	03/09/09	926.11	-1.14%	2.93%	2.12%
DJIA	18312.39	05/19/15	6547.05	03/09/09	18010.68	-1.65%	2.14%	2.30%
NASDAQ 100	4546.06	05/27/15	1036.51	11/20/08	4508.25	-0.83%	6.98%	1.19%
Russell 2000	1275.35	04/15/15	343.26	03/09/09	1246.53	-2.26%	3.98%	1.38%
Russell 2000 Growth	786.52	04/15/15	190.73	03/09/09	772.94	-1.73%	7.30%	0.72%
Russell 2000 Value	1565.93	04/15/15	469.32	03/09/09	1521.72	-2.82%	0.63%	2.09%
Russell 3000	1272.78	05/21/15	389.61	03/09/09	1259.27	-1.06%	3.67%	1.88%
MSCI World (ex U.S.) (USD)	5496.51	07/03/14	2131.84	03/09/09	5298.6	-3.60%	7.39%	2.99%
MSCI Emerging Markets (USD)	473.36	10/29/07	164.51	10/27/08	424.38	-10.35%	5.69%	2.59%
Ibovespa/Brazil (USD)	44638.24	05/19/08	9839.47	06/09/05	16601.26	-62.81%	-11.84%	4.14%
RTS/Russia (USD)	2487.92	05/19/08	498.2	01/23/09	968.81	-61.06%	23.30%	4.99%
S&P BSE 500/India (USD)	226.04	01/07/08	57.52	03/09/09	173.09	-23.43%	2.36%	1.26%
Shanghai Composite/China (USD)	810.67	10/16/07	122.21	07/11/05	744.79	-8.13%	43.16%	1.44%
KOSPI/South Korea (USD)	2.29	10/31/07	0.63	11/20/08	1.9	-16.91%	8.74%	1.23%
Hang Seng (USD)	4082.25	10/30/07	1420.72	10/27/08	3537.05	-13.36%	17.24%	3.08%
MSCI Euro (USD)	1985.51	10/31/07	682.47	03/09/09	1280.77	-35.49%	6.65%	3.31%
S&P 500 Consumer Discretionary	615.58	04/24/15	125.72	03/09/09	604.41	-1.81%	6.14%	1.45%
S&P 500 Consumer Staples	516.45	01/22/15	199.8	03/09/09	500.09	-3.17%	1.06%	2.71%
S&P 500 Energy	737.09	06/23/14	304.81	03/05/09	571.41	-22.48%	-1.33%	2.92%
S&P 500 Utilities	251.4	01/29/15	113.81	03/09/09	224.68	-10.63%	-4.97%	3.62%
S&P 500 Financials	509.55	02/20/07	81.74	03/06/09	330.53	-35.13%	-0.07%	1.85%
S&P 500 Banks	414.38	02/20/07	49.02	03/05/09	237.48	-42.69%	1.10%	1.83%
FTSE NAREIT All Equity REITs	685.39	01/26/15	163.57	03/06/09	613.76	-10.45%	-1.38%	3.83%
S&P 500 Health Care	867.54	05/20/15	252.84	03/05/09	864.75	-0.32%	9.86%	1.39%
S&P 500 Pharmaceuticals	630.64	05/28/15	214.5	03/03/09	627.13	-0.56%	8.66%	2.26%
NYSE Arca Biotechnology	4242.85	03/19/15	531.36	06/08/05	4155.95	-2.05%	20.99%	0.42%
S&P 500 Information Technology	729.65	05/27/15	198.51	11/20/08	723.41	-0.85%	5.30%	1.54%
Philadelphia Semiconductor	745.41	05/29/15	171.32	11/20/08	745.41	0.00%	9.29%	2.09%
S&P 500 Telecom Services	181.06	05/31/07	88.1	03/09/09	157.11	-13.23%	5.60%	4.79%
S&P 500 Industrials	498.14	02/20/15	132.83	03/09/09	479.48	-3.75%	-0.55%	2.13%
S&P 500 Materials	326.6	02/24/15	108.33	03/02/09	316.72	-3.02%	4.59%	2.03%
Philadelphia Gold & Silver	228.95	04/08/11	61.63	11/05/14	69.7	-69.56%	1.85%	1.36%
TR/CC CRB Commodity	473.52	07/02/08	200.34	03/02/09	223.18	-52.87%	-2.95%	N/A
BofA ML Perpetual Preferred	217.97	04/15/15	51.79	03/09/09	216.41	-0.72%	3.36%	5.31%
BofA ML U.S. High Yield Constrained	360.81	05/29/15	130.37	12/12/08	360.81	0.00%	4.06%	6.42%

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.