

Open-End Net Fund Flows (\$)	6/15	5/15	YTD (Jun)
Equity	-3.00B	-3.78B	17.81B
Taxable Bond	9.99B	6.11B	47.38B
Municipal Bond	-1.74B	-0.64B	6.73B
Hybrid	-0.07B	1.27B	10.49B
Taxable Money Market	15.18B	35.28B	-93.62B

Key Interest Rates	7/31/15	12/31/14	7/31/14
Federal Funds Target Rate	0.25%	0.25%	0.25%
LIBOR (3-Month)	0.31%	0.26%	0.24%
2-Year T-Note	0.66%	0.66%	0.53%
10-Year T-Note	2.18%	2.17%	2.56%
Bond Buyer 40	4.39%	4.27%	4.53%

Commodities/U.S. Dollar	7/15	YTD	12 Mo.
U.S. Dollar Index (DXY)	1.94%	7.83%	19.49%
TR/CC CRB Commodity Index	-10.83%	-11.91%	-31.20%
Crude Oil (Barrel)	-20.77%	-11.54%	-52.00%
Natural Gas (per million BTUs)	-3.89%	-5.88%	-29.17%
Gold Bullion (Ounce)	-6.68%	-7.80%	-14.57%

Total Return Performance

U.S. Stock Indices	7/15	YTD	12 Mo.
S&P 500	2.10%	3.35%	11.20%
DJIA	0.52%	0.55%	9.34%
NASDAQ 100	4.42%	9.03%	19.30%
S&P 400	0.14%	4.33%	11.28%
Russell 2000	-1.16%	3.54%	12.03%
Russell 3000	1.67%	3.64%	11.28%

U.S. Styles/Market Caps	7/15	YTD	12 Mo.
S&P 500 Growth	3.62%	6.51%	15.49%
S&P 500 Value	0.38%	-0.07%	6.58%
S&P MidCap 400 Growth	2.35%	9.03%	16.49%
S&P MidCap 400 Value	-2.21%	-0.63%	5.80%
Russell 2000 Growth	0.41%	9.18%	20.08%
Russell 2000 Value	-2.76%	-2.02%	4.30%

Foreign Stock Indices (USD)	7/15	YTD	12 Mo.
MSCI World (Ex-U.S.)	1.59%	5.99%	-2.03%
MSCI Emerging Markets	-6.93%	-4.19%	-13.38%
MSCI Europe	3.12%	7.06%	-1.03%
MSCI BRIC	-8.38%	-0.78%	-10.75%
MSCI EM Latin America	-8.36%	-14.21%	-30.53%
Nikkei 225	0.21%	14.65%	11.14%

Barclays Bond Indices	7/15	YTD	12 Mo.
U.S. Treasury: Intermediate	0.42%	1.23%	2.50%
GNMA 30 Year	0.57%	0.69%	3.08%
Municipal Bond (22+)	1.06%	1.02%	5.67%
U.S. Aggregate	0.70%	0.59%	2.82%
Intermediate Corporate	0.29%	1.08%	1.95%
U.S. Corporate High Yield	-0.58%	1.93%	0.36%
Global Aggregate	0.22%	-2.86%	-6.04%
EM Hard Currency Aggregate	0.10%	1.60%	-1.75%

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

With all of the challenges still confronting the U.S. economy plus the numerous geopolitical headwinds underway, the strength in the U.S. dollar, up 7.83% through the first seven months of 2015 and up 19.49% over the past 12 months, as measured by the U.S. Dollar Index, indicates that the U.S. remains a safe haven for foreign capital in the current climate, in our opinion. A geopolitical event that exemplifies our perspective is the economic trade sanction battle between the U.S. and Europe against Russia. The U.S. and Europe struck first in March 2014 in an effort to exert some pressure on Russia's government to end its military activity in Ukraine. There have been multiple rounds of sanctions imposed by both sides. The strength in the U.S. dollar has played a major role in pushing down the price of crude oil (critical to Russia's economy) since June 2014, in our opinion. From 3/31/14-7/31/15, the S&P 500 posted a cumulative total return of 15.41%, compared to -1.03% (USD) and -23.29% (USD) for the MSCI Europe Index and the Russian RTS Index, respectively, according to Bloomberg.

Stock Market

The S&P 500 posted a total return of 2.10% in July, and was up 3.35% through the first seven months of 2015. As indicated in the chart labeled U.S. Styles/Market Caps, growth stocks have significantly outperformed value stocks so far in 2015. Seven S&P 500 sectors posted gains in July, with Utilities (+6.06%) and Consumer Staples (+5.51%) posting the highest total returns, according to Bloomberg. Year-to-date through July, the top performing sectors were Health Care (+12.63%) and Consumer Discretionary (+11.95%). In July, 83 out of 131 S&P 500 subsectors were up, or 63.4%, according to S&P Dow Jones Indices. Year-to-date, 65 out of 131 S&P 500 subsectors were up, or 49.6%. As of 7/30/15, there were 11,879 analyst ratings on stocks in the S&P 500, which equates to nearly 24 ratings per stock, according to Bespoke Investment Group. The number of buys, sells and holds total 5,859, 769 and 5,251, respectively. The S&P 500 sectors with the highest percentage of buy ratings are as follows: 58% (Health Care); 52% (Energy); 51% (Technology); and 51% (Industrials).

Bond Market

In June, the yield on the benchmark 10-Year Treasury Note fell 17 basis points to 2.18%, according to Bloomberg. It stood at 2.56% on 7/31/14. Bond investors continue to benefit from the gradual slowdown in global economic growth. It has given central bankers around the world more freedom to keep interest rates at artificially low levels, in our opinion. The International Monetary Fund (IMF) lowered its 2015 global growth estimate from 3.5% in April 2015 to 3.3% in July, with growth rebounding to 3.8% in 2016, according to Reuters. Due to the 0.2% decline in real GDP growth in the U.S. in Q1'15, as reported by the Bureau of Economic Analysis, the IMF lowered its 2015 estimate for U.S. growth from 3.1% to 2.5%. The top performing major category over the past 12 months has been municipal bonds (see chart). While Puerto Rico defaulted on an interest payment at the start of August, Detroit received a ratings upgrade from Moody's at the end of July, according to *Barrons*.

Takeaway

With the exception of some selling pressure in emerging markets equities, particularly in China, July was a decent month for the markets. There was an interesting tidbit released in July. ETFGI, an industry research group, reported that total assets invested in exchange-traded funds (ETFs) and other exchange-traded products (ETPs) reached \$2.971 trillion globally in June 2015, up \$45.0 billion from March 2015, according to the *Financial Times*. Hedge Fund Research reported that hedge fund assets totaled \$2.969 trillion in June. This is the first time that ETFs/ETPs held more assets than hedge funds. Some institutional investors are embracing ETFs/ETPs. The findings of a *Pensions & Investments* survey released in April 2015 showed that nearly 34% of officials at defined benefit plans, foundations and endowments use ETFs or exchange-traded notes, and one-quarter of those officials plan to increase their usage, according to *Investment News*.

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	2103.84	-1.27%	3.35%	2.02%
S&P 500 Growth	1195.28	07/20/15	363.99	03/09/09	1183.94	-0.95%	6.51%	1.59%
S&P 500 Value	944.41	05/21/15	307.16	03/09/09	914.41	-3.18%	-0.07%	2.52%
S&P MidCap 400	1549.44	06/23/15	404.62	03/09/09	1502.89	-3.00%	4.33%	1.59%
S&P MidCap 400 Growth	705.76	06/22/15	174.44	11/20/08	702.20	-0.50%	9.03%	1.24%
S&P MidCap 400 Value	533.88	06/23/15	144.98	03/09/09	503.48	-5.69%	-0.63%	1.98%
S&P 100	945.61	07/20/15	322.13	03/09/09	931.13	-1.53%	3.81%	2.14%
DJIA	18312.39	05/19/15	6547.05	03/09/09	17689.86	-3.40%	0.55%	2.37%
NASDAQ 100	4679.67	07/20/15	1036.51	11/20/08	4588.91	-1.94%	9.03%	1.18%
Russell 2000	1295.80	06/23/15	343.26	03/09/09	1238.68	-4.41%	3.54%	1.44%
Russell 2000 Growth	808.08	06/23/15	190.73	03/09/09	785.70	-2.77%	9.18%	0.76%
Russell 2000 Value	1572.13	06/23/15	469.32	03/09/09	1476.97	-6.05%	-2.02%	2.15%
Russell 3000	1273.39	06/23/15	389.61	03/09/09	1255.44	-1.41%	3.64%	1.90%
MSCI World (ex U.S.) (USD)	5496.51	07/03/14	2131.84	03/09/09	5229.58	-4.86%	5.99%	3.03%
MSCI Emerging Markets (USD)	473.36	10/29/07	164.51	10/27/08	384.71	-18.73%	-4.19%	2.79%
Ibovespa/Brazil (USD)	44638.24	05/19/08	10960.91	08/19/05	14989.32	-66.42%	-20.40%	3.77%
RTS/Russia (USD)	2487.92	05/19/08	498.20	01/23/09	858.82	-65.48%	12.69%	4.81%
S&P BSE 500/India (USD)	226.04	01/07/08	57.52	03/09/09	175.58	-22.32%	4.48%	1.23%
Shanghai Composite/China (USD)	832.07	06/12/15	133.55	12/05/05	590.10	-29.08%	14.84%	1.76%
KOSPI/South Korea (USD)	2.29	10/31/07	0.63	11/20/08	1.75	-23.58%	0.08%	1.33%
Hang Seng (USD)	4082.25	10/30/07	1420.72	10/27/08	3177.89	-22.15%	6.75%	3.34%
MSCI Euro (USD)	1985.51	10/31/07	682.47	03/09/09	1289.52	-35.05%	7.74%	3.28%
S&P 500 Consumer Discretionary	635.81	07/31/15	125.72	03/09/09	635.81	0.00%	11.95%	1.44%
S&P 500 Consumer Staples	516.46	07/29/15	199.80	03/09/09	515.20	-0.24%	4.69%	2.62%
S&P 500 Energy	737.09	06/23/14	304.81	03/05/09	508.05	-31.07%	-11.97%	3.28%
S&P 500 Utilities	251.40	01/29/15	113.81	03/09/09	223.22	-11.21%	-5.26%	3.72%
S&P 500 Financials	509.55	02/20/07	81.74	03/06/09	338.84	-33.50%	2.74%	1.87%
S&P 500 Banks	414.38	02/20/07	49.02	03/05/09	249.72	-39.74%	6.62%	1.80%
FTSE NAREIT All Equity REITs	685.39	01/26/15	163.57	03/06/09	613.59	-10.48%	-0.72%	3.88%
S&P 500 Health Care	892.26	07/20/15	252.84	03/05/09	884.71	-0.85%	12.63%	1.40%
S&P 500 Pharmaceuticals	639.79	07/20/15	214.50	03/03/09	636.84	-0.46%	10.60%	2.23%
NYSE Arca Biotechnology	4431.87	07/17/15	541.77	03/09/09	4262.24	-3.83%	24.22%	0.51%
S&P 500 Information Technology	731.61	07/20/15	198.51	11/20/08	712.03	-2.68%	3.78%	1.56%
Philadelphia Semiconductor	746.08	06/01/15	171.32	11/20/08	646.29	-13.38%	-4.96%	2.55%
S&P 500 Telecom Services	181.06	05/31/07	88.10	03/09/09	151.71	-16.21%	3.15%	5.03%
S&P 500 Industrials	498.14	02/20/15	132.83	03/09/09	467.04	-6.24%	-2.87%	2.21%
S&P 500 Materials	326.60	02/24/15	108.33	03/02/09	288.24	-11.74%	-4.55%	2.18%
Philadelphia Gold & Silver	228.95	04/08/11	46.64	07/30/15	47.57	-79.22%	-30.37%	1.98%
TR/CC CRB Commodity	473.52	07/02/08	200.34	03/02/09	202.57	-57.22%	-11.91%	N/A
BofA ML Perpetual Preferred	217.97	04/15/15	51.79	03/09/09	217.21	-0.35%	3.74%	5.37%
BofA ML U.S. High Yield Constrained	360.88	05/31/15	130.37	12/12/08	353.20	-2.13%	1.87%	7.24%

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.