

Open-End Net Fund Flows (\$)	6/16	5/16	YTD (Jun)
Equity	-19.42B	-18.00B	-67.10B
Taxable Bond	2.00B	5.58B	23.95B
Municipal Bond	6.32B	7.30B	33.57B
Hybrid	-4.18B	-1.41B	-14.26B
Taxable Money Market	7.53B	-0.59B	11.79B

Key Interest Rates	7/29/16	12/31/15	7/31/15
Federal Funds Rate (Upper)	0.50%	0.50%	0.25%
LIBOR (3-Month)	0.76%	0.61%	0.31%
2-Year T-Note	0.66%	1.05%	0.66%
10-Year T-Note	1.45%	2.27%	2.18%
Bond Buyer 40	3.79%	4.21%	4.39%

Commodities/U.S. Dollar	7/16	YTD (Jul)	12 Mo.
U.S. Dollar Index (DXY)	-0.63%	-3.14%	-1.86%
TR/CC CRB Commodity Index	-6.00%	2.76%	-10.64%
Crude Oil (Barrel)	-13.93%	12.31%	-11.71%
Natural Gas (per million BTUs)	-1.37%	23.08%	5.88%
Gold Bullion (Ounce)	2.15%	27.24%	23.21%

Total Return Performance

U.S. Stock Indices	7/16	YTD	12 Mo.
S&P 500	3.69%	7.66%	5.60%
DJIA	2.94%	7.38%	7.01%
NASDAQ 100	7.13%	3.73%	4.41%
S&P 400	4.29%	12.56%	5.53%
Russell 2000	5.97%	8.31%	-0.01%
Russell 3000	3.97%	7.73%	4.44%

U.S. Styles/Market Caps	7/16	YTD	12 Mo.
S&P 500 Growth	4.65%	6.27%	5.27%
S&P 500 Value	2.72%	9.13%	5.78%
S&P MidCap 400 Growth	4.52%	10.42%	3.32%
S&P MidCap 400 Value	4.09%	14.77%	7.80%
Russell 2000 Growth	6.54%	4.83%	-5.31%
Russell 2000 Value	5.40%	11.80%	5.58%

Foreign Stock Indices (USD)	7/16	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	4.92%	1.79%	-6.88%
MSCI Emerging Markets NET	5.03%	11.77%	-0.75%
MSCI Europe NET	4.19%	-1.16%	-10.30%
MSCI BRIC NET	4.81%	9.50%	-4.49%
MSCI EM Latin America NET	5.52%	32.39%	6.42%
Nikkei 225	7.26%	3.61%	-0.64%

Barclays Bond Indices	7/16	YTD	12 Mo.
U.S. Treasury: Intermediate	0.04%	3.70%	3.65%
GNMA 30 Year	0.22%	2.90%	3.63%
Municipal Bond (22+)	-0.10%	6.73%	10.42%
U.S. Aggregate	0.63%	5.98%	5.94%
Intermediate Corporate	0.75%	5.84%	5.84%
U.S. Corporate High Yield	2.70%	12.01%	4.98%
Global Aggregate	0.75%	9.78%	9.45%
EM Hard Currency Aggregate	1.64%	10.85%	8.91%

Sources: Bloomberg, Barclays, Investment Company Institute

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Climate

Job creation is back. After adding just 24,000 new jobs in May, U.S. nonfarm payrolls increased by 292,000 in June and 255,000 in July, according to data from the Bureau of Labor Statistics. July's gain exceeded Bloomberg's consensus estimate from the economists it polls by 75,000 jobs. Brian Wesbury, Chief Economist at First Trust Advisors L.P, thinks the Federal Reserve will raise interest rates at least once in 2016. The residential and commercial real estate markets continue to be silver linings as well. ATTOM Data Solutions, the new parent company of RealtyTrac, reported that U.S. single family homes and condos sold for a median price of \$231,000 in June 2016, up 6% from the previous month and up 9% from June 2015, according to its own release. The median price of \$231,000 topped the previous record high of \$228,000, set in July 2005. June marked the 52nd consecutive month where the median U.S. home price increased on a year-over-year basis. Year-to-date through July, the FTSE NAREIT All Equity REITs Index posted a total return of 18.28%, compared to 7.66% for the S&P 500 Index, according to Bloomberg. As of the close of July, the FTSE NAREIT All Equity REITs Index, on a price-only basis, stood at an all-time high, according to Bloomberg.

Stock Market

The S&P 500 Index closed at 2,173.60 on 7/29/16, which was 0.07% below its all-time high of 2,175.03 set on 7/22/16, according to Bloomberg. In July, the top two performing major sectors that comprise the S&P 500 Index were Information Technology and Materials, up 7.89% and 5.10%, respectively, on a total return basis. The two worst performers were Energy and Consumer Staples, down 1.93% and 0.71%, respectively. Year-to-date through July, the top two performing sectors were Telecommunication Services and Utilities, up 26.11% and 22.56%, respectively, while the two worst performers were Financials and Consumer Discretionary, up 0.39% and 5.26%, respectively. As indicated in the table labeled U.S. Styles/Market Caps, value stocks outperformed growth stocks in all three capitalization groups in the first seven months of 2016. Growth stocks, however, outperformed value stocks in July. Emerging market equities have outperformed most of the major U.S. equity indices so far in 2016.

Bond Market

In July, the yield on the benchmark 10-year Treasury note fell two basis points to 1.45%, which was 73 basis points below its 2.18% yield on 7/31/15 and 83 basis points below its three-year average of 2.28%, according to Bloomberg. Sustaining the current low interest rate climate is obviously paramount for bond investors, particularly those who favor investment-grade bonds, in our opinion. While job creation continues to impress, GDP growth has been stuck at around a 1.0% annualized growth rate over the past three quarters (thru Q2'16), according to the Bureau of Economic Analysis. With global growth still sluggish, it looks as though bond investors can sit tight until some additional catalysts, other than job creation and housing, come along to boost economic growth. Brian Wesbury released the following statement in a piece released on 7/18/16: "The M2 measure of the money supply has grown at an 8.2% annual rate in the first six months of 2016, the fastest pace since 2012. This is consistent with our forecast that both real GDP growth and inflation should be accelerating more than most investors expect in the next year or so, which, in turn, should be good for equities and bad for most bonds."

Takeaway

Slow and steady appears to be winning the race, in our opinion. Despite the moderate pace of economic growth since the previous recession ended in 2009, the current bull market in stocks is the second-longest in U.S. history at 2,701 days through July, as measured by the S&P 500 Index, according to Bespoke Investment Group. From 3/9/09-7/29/16, the S&P 500 Index posted a cumulative total return of 275.51%, according Bloomberg. From 2009-2015, the S&P 500 Index increased its annual earnings from \$58.15 to \$109.32, according to Bloomberg. As of 8/5/16, Bloomberg's consensus estimates for 2016 and 2017 were \$117.73 and \$133.11, respectively.

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	2175.03	7/22/2016	676.53	3/9/2009	2173.60	-0.07%	7.66%	2.10%
S&P 500 Growth	1225.24	7/29/2016	363.99	3/9/2009	1225.24	0.00%	6.27%	1.61%
S&P 500 Value	946.80	7/22/2016	307.16	3/9/2009	941.36	-0.57%	9.13%	2.61%
S&P MidCap 400	1559.46	7/29/2016	404.62	3/9/2009	1559.46	0.00%	12.56%	1.72%
S&P MidCap 400 Growth	716.28	7/29/2016	174.44	11/20/2008	716.28	0.00%	10.42%	1.23%
S&P MidCap 400 Value	533.88	6/23/2015	144.98	3/9/2009	531.44	-0.46%	14.77%	2.15%
S&P 100	962.44	7/20/2016	322.13	3/9/2009	961.75	-0.07%	6.96%	2.22%
DJIA	18595.03	7/20/2016	6547.05	3/9/2009	18432.24	-0.88%	7.38%	2.51%
NASDAQ 100	4730.23	7/29/2016	1036.51	11/20/2008	4730.23	0.00%	3.73%	1.22%
Russell 2000	1295.80	6/23/2015	343.26	3/9/2009	1219.94	-5.85%	8.31%	1.57%
Russell 2000 Growth	808.08	6/23/2015	190.73	3/9/2009	738.16	-8.65%	4.83%	0.89%
Russell 2000 Value	1572.13	6/23/2015	469.32	3/9/2009	1524.78	-3.01%	11.80%	2.26%
Russell 3000	1284.27	7/29/2016	389.61	3/9/2009	1284.27	0.00%	7.73%	2.01%
MSCI World Net (ex U.S.) (USD)	5496.51	7/3/2014	2131.84	3/9/2009	4869.71	-11.40%	1.79%	3.37%
MSCI Emerging Markets Net (USD)	473.36	10/29/2007	164.51	10/27/2008	381.83	-19.34%	11.77%	2.69%
Ibovespa/Brazil (USD)	44638.24	5/19/2008	9077.09	1/21/2016	17696.46	-60.36%	59.38%	3.00%
RTS/Russia (USD)	2487.92	5/19/2008	498.20	1/23/2009	927.57	-62.72%	27.01%	4.53%
S&P BSE 500/India (USD)	226.04	1/7/2008	57.52	3/9/2009	173.44	-23.27%	9.09%	1.36%
Shanghai Composite/China (USD)	832.07	6/12/2015	194.18	8/7/2006	448.78	-46.07%	-16.20%	2.01%
KOSPI/South Korea (USD)	2.29	10/31/2007	0.63	11/20/2008	1.81	-20.79%	8.85%	1.61%
Hang Seng (USD)	4082.25	10/30/2007	1420.72	10/27/2008	2821.42	-30.89%	2.63%	3.73%
MSCI Euro (USD)	1985.51	10/31/2007	682.47	3/9/2009	1114.36	-43.88%	-1.69%	3.73%
S&P 500 Consumer Discretionary	649.00	7/25/2016	125.72	3/9/2009	647.81	-0.18%	5.26%	1.60%
S&P 500 Consumer Staples	571.69	7/14/2016	199.80	3/9/2009	560.03	-2.04%	9.67%	2.51%
S&P 500 Energy	737.09	6/23/2014	304.81	3/5/2009	502.23	-31.86%	13.86%	3.02%
S&P 500 Utilities	269.14	7/6/2016	113.81	3/9/2009	264.75	-1.63%	22.56%	3.23%
S&P 500 Financials	509.55	2/20/2007	81.74	3/6/2009	318.90	-37.42%	0.39%	2.32%
S&P 500 Banks	414.38	2/20/2007	49.02	3/5/2009	213.02	-48.59%	-7.74%	2.32%
FTSE NAREIT All Equity REITs	722.86	7/29/2016	163.57	3/6/2009	722.86	0.00%	18.28%	3.89%
S&P 500 Health Care	892.26	7/20/2015	252.84	3/5/2009	869.78	-2.52%	5.38%	1.57%
S&P 500 Pharmaceuticals	646.65	7/27/2016	214.50	3/3/2009	644.09	-0.40%	8.35%	2.29%
NYSE Arca Biotechnology	4431.87	7/17/2015	541.77	3/9/2009	3388.93	-23.53%	-11.02%	0.24%
S&P 500 Information Technology	768.74	7/29/2016	198.51	11/20/2008	768.74	0.00%	7.55%	1.58%
Philadelphia Semiconductor	774.93	7/27/2016	171.32	11/20/2008	766.78	-1.05%	16.96%	1.74%
S&P 500 Telecom Services	183.85	7/1/2016	88.10	3/9/2009	182.67	-0.64%	26.11%	4.27%
S&P 500 Industrials	511.27	7/20/2016	132.83	3/9/2009	503.83	-1.46%	10.08%	2.22%
S&P 500 Materials	326.60	2/24/2015	108.33	3/2/2009	305.29	-6.52%	12.94%	2.11%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	110.28	-51.83%	144.14%	0.36%
TR/CC CRB Commodity	473.52	7/2/2008	155.01	2/11/2016	181.01	-61.77%	2.76%	N/A
BofA ML Perpetual Preferred	240.71	7/29/2016	51.79	3/9/2009	240.71	0.00%	6.84%	5.12%
BofA ML U.S. High Yield Constrained	372.24	7/25/2016	130.37	12/12/2008	370.63	-0.43%	12.06%	7.08%

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