M WEALTH PERSPECTIVE

January 2016

TPG CONSULTING
A Servant's Heart

December 2015 Capital Markets Review

INDEX					PERIOD ENDING DECEMBER 31, 2015	
U.S. EQUITY MARKETS	QTR	YTD	1 YR RETURN	3 YR RETURN	5 YR RETURN	10 YR RETURN
S&P 500 Index	7.04%	1.38%	1.38%	15.13%	12.57%	7.31%
Russell 3000	6.27%	0.48%	0.48%	14.74%	12.18%	7.35%
Russell 1000	6.5%	0.92%	0.92%	15.01%	12.44%	7.4%
Russell 1000 Value	5.64%	-3.83%	-3.83%	13.08%	11.27%	6.16%
Russell 2000	3.59%	-4.41%	-4.41%	11.65%	9.19%	6.8%
Russell 2000 Value	2.88%	-7.47%	-7.47%	9.06%	7.67%	5.57%
NON-U.S. EQUITY MARKETS						
MSCI ACWI Ex US	3.24%	-5.66%	-5.66%	1.5%	1.06%	2.92%
MSCI Emerging Markets	0.66%	-14.92%	-14.92%	-6.76%	-4.81%	3.61%
FIXED INCOME						
Barclays Aggregate Bond	-0.57%	0.55%	0.55%	1.44%	3.25%	4.51%
Barclays Municipal Bond 3 Year	-0.01%	1.18%	1.18%	1.24%	1.81%	3.01%
Barclays US TIPS	-0.64%	-1.44%	-1.44%	-2.27%	2.55%	3.93%
REAL ASSETS/NATURAL RESOURCES						
DJ US Select REIT	7.54%	4.48%	4.48%	11.76%	12.32%	7.2%
S&P North American Natural Resources	-1.81%	-24.28%	-24.28%	-7.32%	-5.5%	1.49%

M Wealth provides Member Firms with fee-based wealth management solutions for their clients.

To help Member Firms grow their wealth management businesses, M Wealth offers everything from value-added wealth services to turnkey asset management and investment consulting.

Commentary

- The U.S. equity market posted a 6.3% return for the fourth quarter of 2015. The majority of the gain occurred in October as investors reacted to a better-than-anticipated earnings season combined with the Federal Reserve's decision to leave short-term interest rates unchanged in September. However, the last two months of the quarter weakened as investors reacted negatively to continued economic concerns and stock market declines in China, a further decline in the price of oil, and the Fed's decision to raise the target funds rate in December. The 0.25% rate hike was the first since 2006, signaling improved confidence in the U.S. economy. The U.S. equity market ended the full year with a 0.5% gain.

- International equities returned 4.8% in local currency terms and 3.2% in U.S. dollar terms. The U.S. dollar was stronger against most currencies in the period. Accommodative central bank policies from the European Union and China, as well as positive economic data out of Europe and Japan, aided the international rally in December. Renewed concerns over China's economy and the impact on global growth, however, resulted in declines in most markets. Developed Europe rose 5.2% on a local currency basis for the quarter, while Japan posted a 9.8% yen-based return.

- Emerging Markets returned 1.5% in local currency terms and 0.7% in U.S. dollar terms. Emerging Asia, up 2.9% in local currency terms, led all Emerging Markets, aided by China's stimulative monetary policy. China finished at 4.0% for the quarter. Indonesia was the best performing country in the region returning 13.7% in local currency terms for the quarter. With the exception of Chile and Mexico, all other Latin American markets posted negative local currency returns primarily due to the continued decline in commodity prices. Brazil continued to suffer from deteriorating economic results and political uncertainty. Greece led Emerging Europe lower, producing a –16.8% local currency return, a significant result of the new issuance of bank shares for recapitalizations pushed prices lower.

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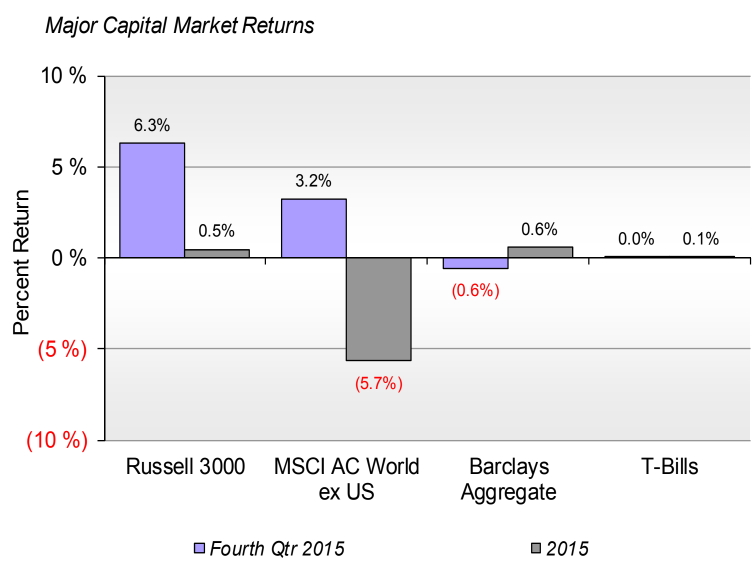
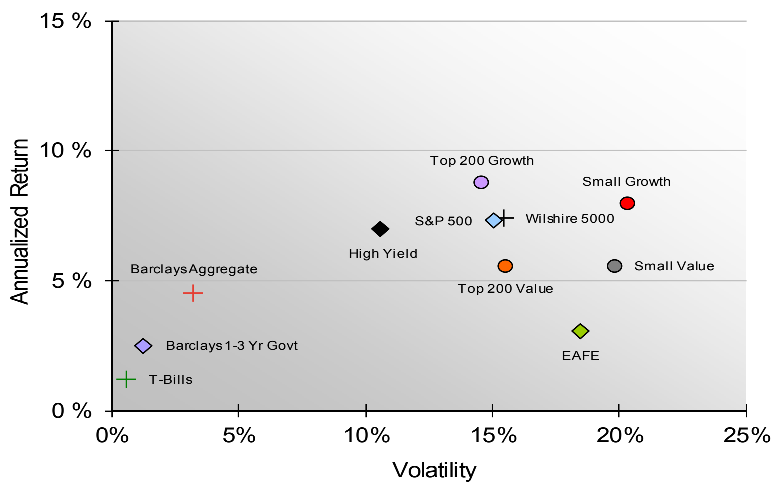
- All investment-grade U.S. fixed income sectors posted negative results for the quarter. U.S. Treasury yields for all maturities increased due to the Fed's anticipated increase of the target funds rate by 0.25% in December. Long-maturity Treasury values decreased 1.4%, while values of intermediate- and short-dated issues saw more moderate declines. The bellwether 10-year Treasury yield rose 0.21% in the quarter, ending at 2.27%.
- Treasury Inflation-Protected Securities (TIPS) declined 0.6% in the quarter, outperforming nominal Treasuries, as inflation expectations increased. The breakeven inflation rate implied in the 10-year U.S. TIPS ended the quarter at 1.54%, versus 1.41% at the end of the prior quarter. The realized annual CPI was 0.4% through November 2015.
- Developed non-U.S. government bonds appreciated 0.6% in local currency terms, but declined 1.3% in U.S. dollar terms. The U.S. dollar strengthened against a basket of global currencies, stemming from the continued accommodative monetary policies by non-U.S. central banks versus the tightening expectation in the U.S. For the period, Emerging Market bonds were marginally negative in local currency and U.S. dollar terms.



Note: The following indices represent the returns of the asset classes within the above chart: U.S. Stocks—Russell 3000, Non-U.S. Stocks—MSCI EAFE, Fixed Income—Barclays Aggregate, and U.S. Treasury Bills



Source of statistics not otherwise specifically cited within this newsletter: Strategic Capital Investment Advisors

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