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Member Firm

July 2016

M Wealth Perspective

Offering value-added wealth services, including turnkey asset management and investment consulting.

June 2016 Capital Markets Review

Index	Period Ending June 30, 2016					
U.S. Equity Markets	**Qtr**	**Ytd**	**1 Yr Return**	**3 Yr Return**	**5 Yr Return**	**10 Yr Return**
S&P 500 Index	2.46%	3.84%	3.99%	11.66%	12.1%	7.42%
Russell 3000	2.63%	3.62%	2.14%	11.13%	11.6%	7.4%
Russell 1000	2.54%	3.74%	2.93%	11.48%	11.88%	7.51%
Russell 1000 Value	4.58%	6.3%	2.86%	9.87%	11.35%	6.13%
Russell 2000	3.79%	2.22%	−6.73%	7.09%	8.35%	6.2%
Russell 2000 Value	4.31%	6.08%	−2.58%	6.36%	8.15%	5.15%
Non-U.S. Equity Markets						
MSCI ACWI Ex US	−0.64%	−1.02%	−10.24%	1.16%	0.1%	1.87%
MSCI Emerging Markets	0.66%	6.41%	−12.06%	−1.56%	−3.78%	3.54%
Fixed Income						
Barclays Aggregate Bond	2.21%	5.31%	6.%	4.06%	3.76%	5.13%
Barclays US TIPS	1.71%	6.24%	4.35%	2.31%	2.63%	4.75%
Real Assets/Natural Resources						
DJ US Select REIT	5.42%	10.82%	22.85%	13.55%	12.3%	6.86%
S&P North American Natural Resources	12.51%	19.56%	−5.56%	−2.24%	−3.13%	1.98%

Commentary

The U.S. equity market posted its third consecutive quarterly gain, advancing 2.6% in the second quarter. Weaker than expected first-quarter GDP results raised concerns over the growth of the U.S. economy and sent the U.S. equity market down in the last week of April. Markets rebounded in May as a favorable upward revision of the first-quarter GDP, which encouraged investors. The quarter ended with significant volatility after the UK's surprise decision to leave the European Union. The U.S. equity market fell almost 6% in the days following the UK referendum due to uncertainty of the impact on global economic growth. U.S. investor concerns moderated as the Fed reacted to the Brexit decision by signaling it was likely to hold off on further rate increases in the coming months. The U.S. equity market recovered over the final three days of the quarter, gaining back all of the losses incurred after the Brexit decision.

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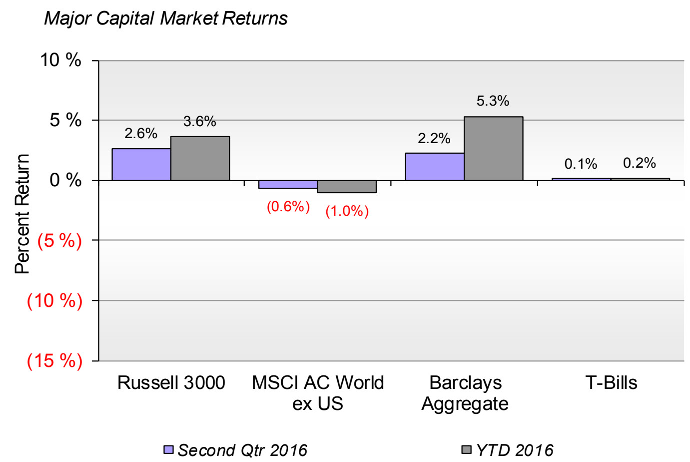
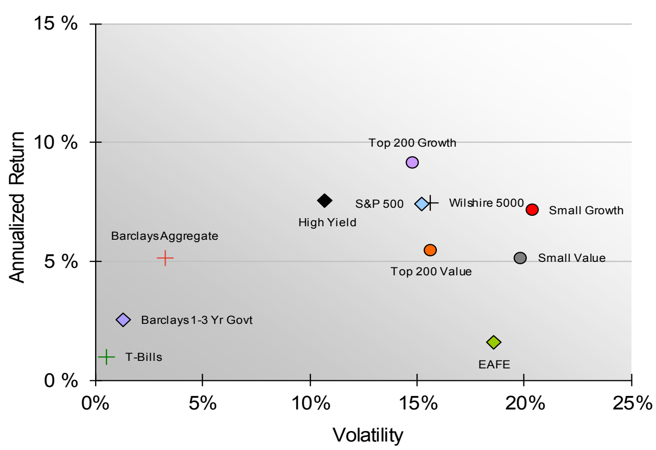
All capitalization segments of the market posted positive results in the quarter, with small-cap stocks outperforming both the large- and mid-cap segments of the market. Mid-cap stocks had the most favorable results over the year-to-date period, returning 5.5%. Value stocks continued to perform strongly and outperformed growth issues by 3.8% in the quarter. A recovery in the Energy sector coupled with defensive investor sentiment drove the value segment's favorable return in the period. Poor performance in the Technology sector was a significant detractor for the growth segment of the market.

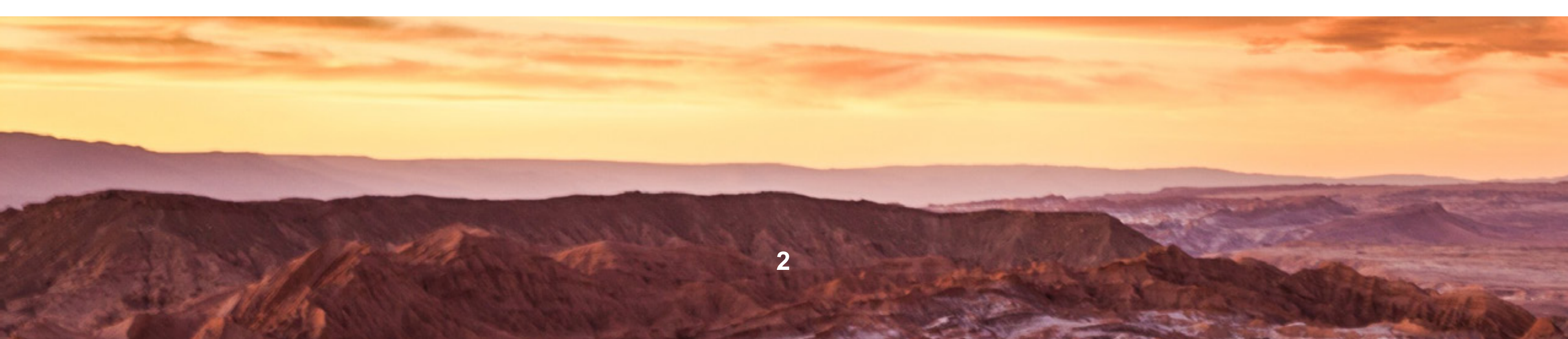
International equities returned −0.6% in the quarter. The U.S. dollar was stronger against most currencies in the period, with the exception of the Japanese Yen. Initial gains in international equity markets through the first two months of the quarter were supported by a rise in oil prices. In the two days following the UK vote, international equities lost approximately 8.5% as uncertainty intensified over the implications for global trade, investments, and political stability. Over the last three days of the quarter, international markets recouped over half of those losses as European Union leaders issued statements supporting the continuation of the EU and the Bank of England, and offered accommodative monetary policies to help offset negative economic consequences from the vote. Emerging Markets posted a positive 0.7% return for the quarter. Increasing commodity prices and the stabilizing political landscape in Latin America (+5.3%) helped to offset losses in Emerging Europe (−3.9%) linked to the UK referendum.

The investment-grade U.S. fixed income market rose 2.2%, as investors sought relative safety from worldwide market volatility. U.S. government bonds and investment-grade corporate issues rose 2.0% and 3.5%, respectively. High yield bonds returned 5.5% in the quarter, along with the recent rebound in commodity prices. TIPS underperformed nominal Treasuries in the quarter due to decreasing inflation expectations. Municipal bonds rose 2.6%. Developed Non-U.S. government bonds appreciated 4.5% in U.S. dollar terms. Emerging market bonds posted positive results in local currency and U.S. dollar terms for the period.



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





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

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