Market Comments

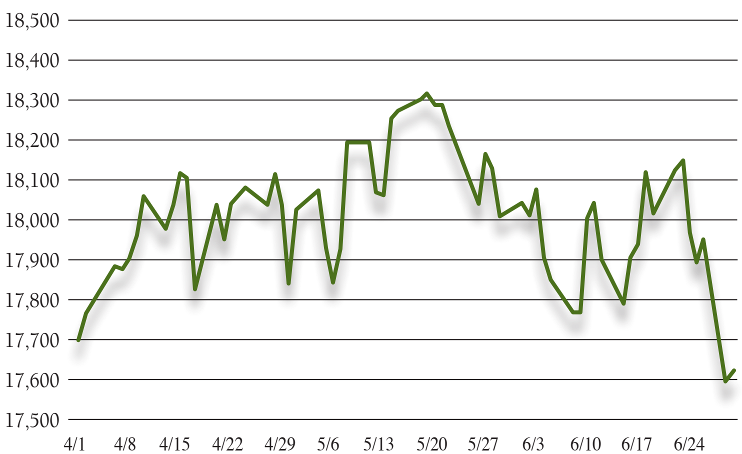
The second quarter of 2015 brought with it the tenth consecutive quarterly gain for stocks; unfortunately that gain was only 0.3%. After positive economic news helped drive gains throughout much of the quarter, stocks surrendered nearly all of those gains in June when concerns about Greece, China, and Puerto Rico all contributed to a 1.9% drop in the S&P 500. Second quarter gains brought the S&P 500's total return for the first half of 2015 to 1.2%. It has been a quiet year so far: the S&P 500 has not been up or down (on a closing basis) more than 3.5% so far this year. This is rare considering since 1965 there have been only 10 other times when the S&P 500 was not up or down by more than roughly 6%.

There was a bounce back in economic growth in the second quarter, although it was muted by the stronger dollar and energy related capital spending cuts. These factors, assumed to be "transitory" in the first quarter, continued to linger into the second quarter. However, the labor market continues to be a positive and real wage growth has started to pick up, which should keep the Federal Reserve on course to begin increasing rates in late 2015. Our consensus is September for the first rate increase, although any economic turmoil could easily push it back to December. Overseas, the monetary policy stimulus in Japan and the Eurozone continues to support growth, although this has been somewhat hindered by Greece. China is also creating a drag as its market volatility and the government's involvement is causing concern.

The top US Large Cap sectors were once again Healthcare and Consumer Discretion. Despite consumer confidence being down, the sector managed to return 1.9% in Q2 thanks to solid job growth and some evidence of real wage increases. Meanwhile, demand for Healthcare services didn't diminish in Q2 as the sector was up 2.8%. Conversely, following a dismal first quarter, Utilities are still the worst performing sector in Q2, coming at -5.8%. Oil bounced back a little in the second quarter, benefiting the Bloomberg Commodity Index which gained 4.7% in Q2. This was primarily due to planned production cuts and falling rig counts as the energy market made some progress toward rebalancing supply with demand. The U.S. dollar rally reversed course during the quarter, which also aided the Commodity Index. Small Cap returns came in at 0.42% while Mid Cap returns were -1.54%. International Developed markets were positive for the quarter at 0.84% and International Emerging Markets were similarly at 0.82%.

At the end of a relatively flat quarter, diversification in each sector helped our clients returns overall. International Market exposure still provided better returns than the S&P 500 alone. Volatility often causes clients to consider moving or changing their portfolio, which tends to be a costly mistake. Properly diversified, solid portfolios have managed to weather volatility and provide consistent long term returns.

Dow Jones Industrial Average • 2015 Second Quarter



S&P Sector Performance • 2015 Second Quarter