

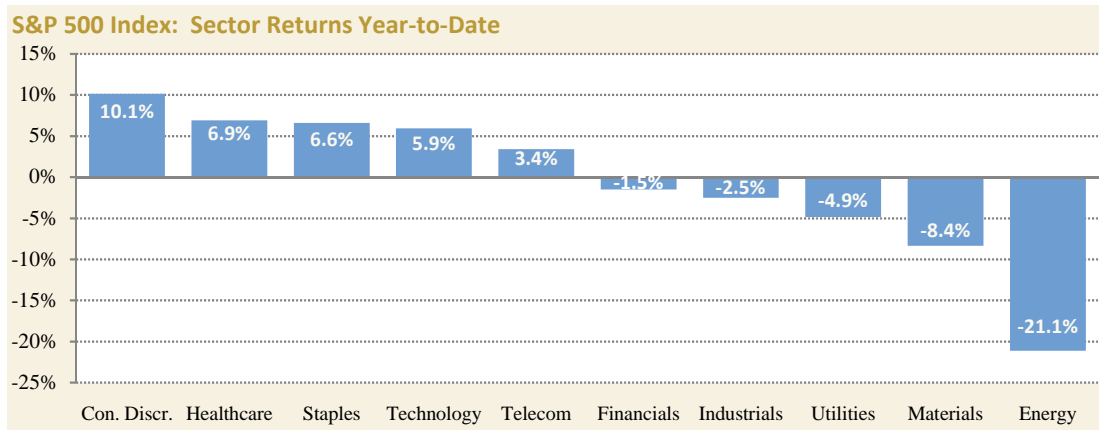
Capital Markets Commentary: December 2015

U.S. stocks rebounded in the 4th quarter, but only enough to leave large cap domestic stock indices near break even levels for the year. The S&P 500 index ended the year slightly below where it began, though with dividends it managed a total return of 1.4% for 2015. Strong performance by some of the larger growth companies in the index helped drive the slightly positive return for the year. On an equal weighted basis, the S&P 500 returned -2.2%. The factors most cited for the disappointing year included a sharp decline in commodity prices, a very strong dollar and currency devaluation in China, and generally soft economic growth.

Growth stocks fared much better than value stocks during 2015 among both large and small cap companies. Small cap indices ended the year in negative territory, as did international stocks. The Russell 2000 Small Cap Stock Index lost 4.4% for the year, while the MSCI EAFE International Stock Index lost 0.8%.

Interest rates moved higher during the 4th quarter, as the Fed raised short term rates in December. The U.S. 10 year Treasury note yield rose to 2.30%, 11 basis points higher than last year end. The Barclays Aggregate Bond Index returned 0.5% for the year.

Consumer Discretionary and Healthcare were the best performing sectors in the stock market. The Energy sector performed worst, hurt by the steep drop in oil prices. Crude oil fell 30% for the year, reaching a 10 year low.



Source: Morningstar

