Quarterly Newsletter

2nd Quarter Economic & Market Review July 2015

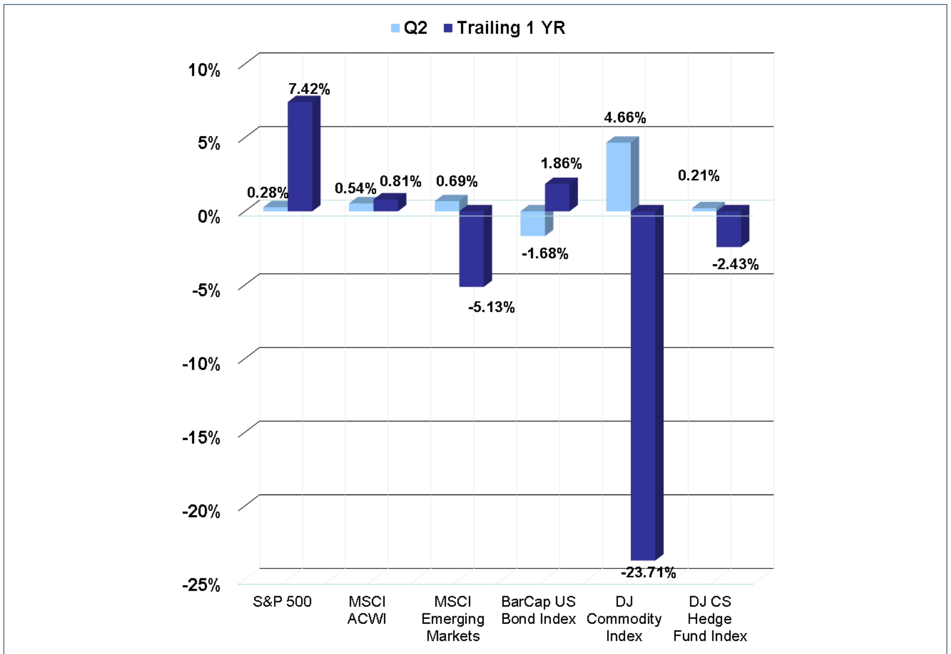
Despite challenges from Greece, a sharp reversal in the Chinese stock market, and downward revisions to US economic growth, equity markets held their first quarter gains. The Greek Euro crisis created a lot of market anxiety over the quarter which led to quarter-end sell offs. But, with its apparent recent resolution and continued strong support from the European Central Bank European growth is expected to continue at its moderate pace. The gyrations in the Chinese stock market, and the attempts of authorities to manipulate it, are a warning sign that pressures are building within the economy. But, the resources available to the Chinese government and the commitment to use them are an offset to that risk. With US Q1 GDP growth now estimated to have been negative, economists have been revising down their full year growth forecasts. This, when coupled with the unsettled international markets, have led to an emerging view that the Fed may not raise rates until 2016. The overall consensus for a Q4 rate hike remains however. US bond prices did move sharply lower over the quarter, as they responded to a sharp selloff in the German government bond market. The German Bunds had rallied to near zero interest rates in response to the ECB quantitative easing program in Q1, but they have since returned to more normal levels forcing US yields to rise in tandem.

Over the quarter the MSCI All World Index rose .54 % with the Russell 3000 gaining .14%. The MSCI Emerging Market Equity Index improved .69%. Bond prices retraced Q1 gains with the Barclays Aggregate Bond Index depreciating 1.68%. WTI (West Texas Intermediate) reversed it's Q1 slide ending up 24.6% for the quarter at $59.48 per barrel. The dollar declined 2.6%. The commodity complex also reversed its Q1 decline rising 4.6% in Q2. Gold prices eased 2.7 % to close the quarter at $1171 per ounce.

We reduced risk with portfolios last quarter because valuations were full and several macroeconomic threatened by lowering our overweight to equities and increasing cash. We remain overweight international equities as they continue to present better opportunities. We are also looking to reposition the equity portfolio to areas that present better cyclical returns. We remain underweight and defensively positioned within fixed income as we expect that interest rates will rise modestly by year-end. But we are coming to the conclusion that longer term interest rates may not rise further when the Fed does raise rates as economic growth continues at the moderate 2 % pace.

The Solo K

The Solo K is a qualified retirement plan that can be used by Sole Proprietors to save in a tax advantaged way . Most terms that apply to a 401k also apply to the Solo K. A very compelling feature of this plan however, is the ability of the sole proprietor to contribute up to $53,000 to the plan per year. Additionally the proprietor's spouse may also contribute $53,000 per year , if they are employed by the proprietorship.



This material represents an assessment of the market environment at a particular point in time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon as research or investment advice.

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