Quarterly Newsletter

3rd Quarter Economic & Market Review — October 2015

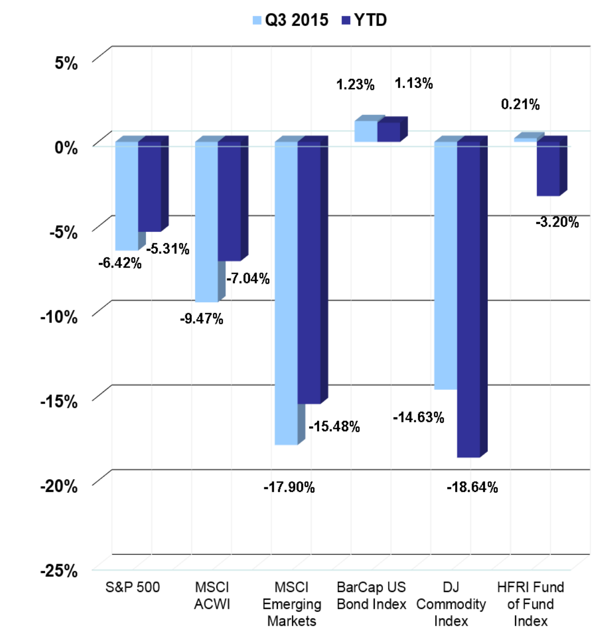
Global equity prices fell sharply over the quarter as markets braced for a September U.S. interest rate hike and worried about global growth. Evidence of continued decline in Chinese growth rates was perhaps the dominant factor in the quarter with the equity markets reacting negatively to the resulting modest devaluation of the Chinese currency and the Fed ultimately postponing its September rate hike because of its concern that such a hike would put further downward pressure on the Chinese and other developing market economies. A rebound in US economic growth in Q2 to a 3.9% annual rate as well as renewed commitment of Europe and Japanese policy makers to continue stimulative monetary policies served as a support to equity prices after sharp declines, however. Commodities and the equity markets of the economies that produce them saw the largest sell offs, while developed equity markets declined more moderately. Bonds improved over the quarter, but price gains were muted given the sharp equity market sell off. This was due in part to large government bond sales as developing market governments used reserves to support their economies. Although consensus remains for a 2015 Fed Funds rate hike, mounting evidence suggests that a hike may not materialize until 2016 as downward revisions to global growth continue and inflation stays low.

Over the quarter the MSCI All World Index fell 9.45 % with the MSCI Emerging Market Equity Index crashing 17.9%. The Russell 3000 declined 7.25 %. The Barclays Aggregate Bond Index improved 1.23%. WTI (West Texas Intermediate) resumed its slide ending down 24.2% for the quarter at $45.06 per barrel. The dollar rose .78%. The commodity complex also resumed its decline falling 14.6% in Q3. Gold prices eased 4.9% to close the quarter at $1114 per ounce.

Looking ahead we expect market conditions to remain challenging. Equity prices have rebounded significantly since quarter end as investors recognized that underlying earnings compare very favorably to bond yields. Yet uncertainty about when the Fed will raise interest rates and how much global growth will slow before stabilizing and rebounding will trouble the markets in the short term. Because we believe that the zero interest rate policy has driven asset prices to fair values, we expect that investment returns will moderate over the medium term as they will be driven by the underlying company earnings, which average some 6% , and by bond coupons , which vary from 2 to 4 pct.

Estate Plan

We were surprised to hear that two of the last three clients we met with this month do not have an estate plan. Do you have one? If so, is it up to date? An estate plan is an essential planning tool. It can identify someone you trust to make decisions for you should you become incapacitated. It can specify who will care for your children. It can help minimize taxes. And, it can help to avoid the costs, publicity and delays of probate.



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.

www.familyassetmanagement.com 25 Society Street Charleston, SC 29401 843-723-2994