Quarterly Newsletter

Family Asset Management

4th Quarter Economic & Market Review — January 2016

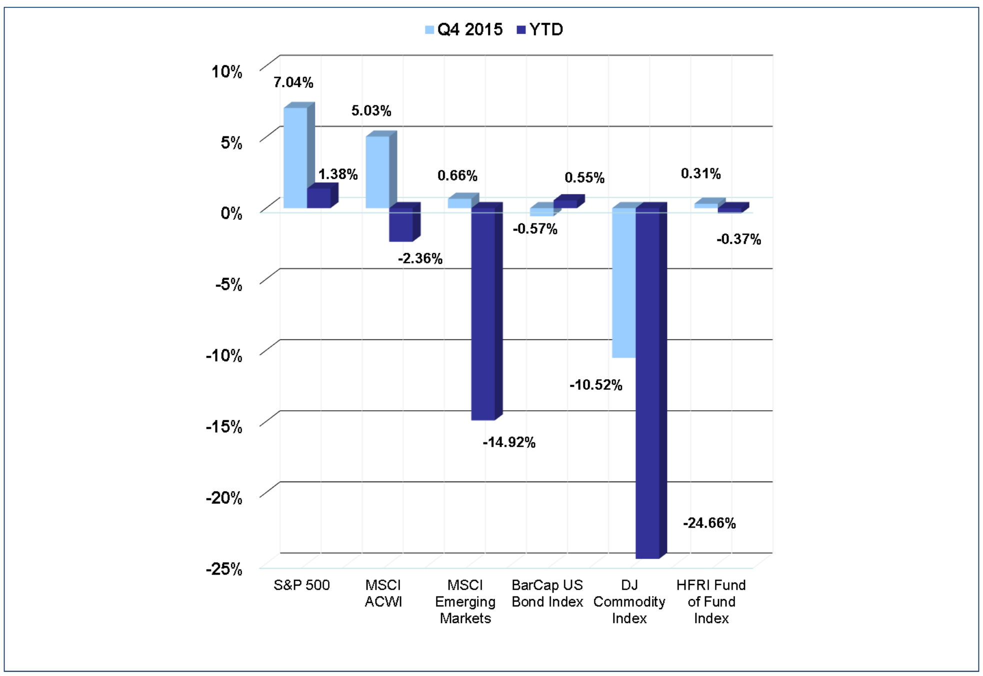
Global equity prices recovered nearly all of their Q3 losses in Q4 as the markets adjusted to the view that the US economy was strong enough to absorb gradual interest rate increases over the coming quarters. The concerns over China growth that served as the catalyst for the declines over the summer receded, temporarily, as it turned out. However, pressure on commodity prices in general and oil , in particular, continued over the quarter, and served as a reminder that global growth is an ongoing concern. The Fed did raise the Fed funds rate in December by .25% with the comment that future rate rises were to be expected provided economic conditions continued to improve. Bonds declined over the quarter reversing prior gains as market anxiety abated.

Over the quarter the MSCI All World Index rose 5.03% but finishing down 2.36% on the year. Emerging markets recovered .66% and ended the year with an abysmal –14.92% return reflecting the collapse in global commodity prices. The Russell 3000 rose 7.09% for the quarter and ended the year basically unchanged at +.48%. The Barclays Aggregate Bond Index declined .57% on the quarter and up a mere .55% on the year. WTI (West Texas Intermediate) declined another 17.6% to end the year at $37.13 per barrel. The dollar rose 2.50%. The commodity complex declined another 10.52% to end the year down 24.66%. Gold prices eased 4.5% to close the quarter at $1062 per ounce.

A lot has happened since quarter end. Concern over China's economic management, and a further 25% fall in oil shattered investor confidence as equity prices fell over 10%. With earnings forecasts being lowered, the general view is that the upside for US equities is limited. Current equity prices are reflecting a concern that a recession is on the horizon. Yet economic evidence suggests continued moderate growth with accommodative non-US credit conditions continuing and Fed hikes now seemingly being postponed. Nevertheless, high borrowing costs for lower quality borrowers and shaken investor confidence have increased economic risks. This is a challenging environment for investors where return expectations should be lowered. We have reduced our underweight equity allocation after the recent large sell off. But because of limited prospects for sustained appreciation in equities at present we have augmented some of our equity exposure with higher yielding fixed income securities as their interest payments help to provide better risk adjusted returns.

Planning For Social Security

We have received several inquiries over the past month from clients asking us to help them determine the optimal time to start receiving social security retirement benefits. Unfortunately Social Security rules require some analysis and thought to determine the best time to start the payment stream to you and your spouse through the retirement years. Please gives us a call and we can help you analyze your circumstances .



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