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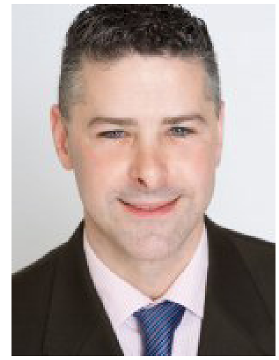


NOVEMBER 2015

Market Update

(all values as of 10.30.2015)

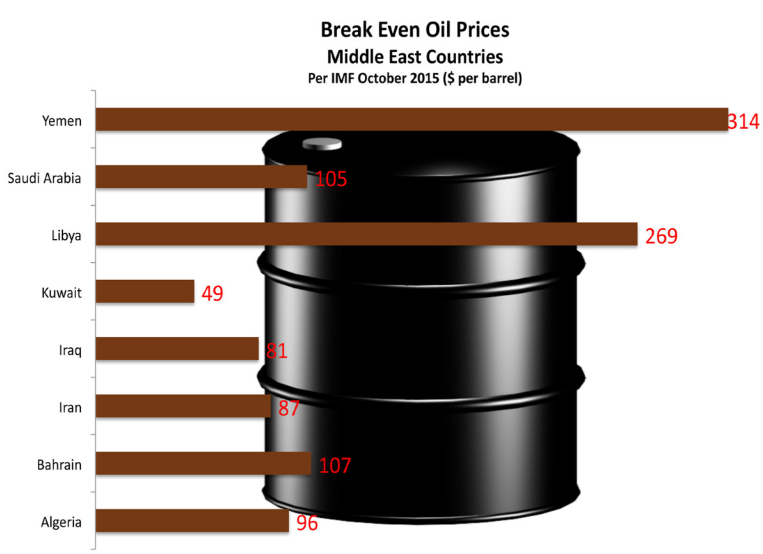
Stock Indices:	
Dow Jones	17,663
S&P 500	2,079
Nasdaq	5,053
Bond Sector Yields:	
2 Yr Treasury	0.75%
10 Yr Treasury	2.16%
10 Yr Municipal	2.10%
High Yield	7.41%
YTD Market Returns:	
Dow Jones	-0.90%
S&P 500	0.99%
Nasdaq	6.71%
MSCI-EAFE	-0.18%
MSCI-Europe	-0.79%
MSCI-Pacific	0.88%
MSCI-Emg Mkt	-11.34%
US Agg Bond	1.14%
US Corp Bond	0.31%
US Gov't Bond	0.90%
Commodity Prices:	
Gold	1,141
Silver	15.54
Oil (WTI)	46.59
Currencies:	
Dollar / Euro	1.09
Dollar / Pound	1.52
Yen / Dollar	120.91
Dollar / Canadian	.75

Current Environment - Macro Overview

Volatility led to gains in October following two months of volatility and market turmoil as the Fed's indecisiveness raised speculation that rates wouldn't rise until after the beginning of the year. Economic data revealed low inflation was consistent with the Fed holding off on any rate increase.

Some economists and analysts believe that the Federal Reserve has set a flight path for a rate increase, yet the question is what economic or fiscal storms would deviate the Fed from its course.

Reminiscent of 2012, fiscal constraints stemming from political debate once again pierced the veil of government spending limits as the Treasury Department set an expiration date of its borrowing ability for November 5th. Congress quickly moved in late October and passed a 2-year budget deal, increasing spending by $80 billion through September 2017. The deal also extended the Treasury Department's borrowing ability through March 2017, thus averting a statutory default.



The onset of low oil prices has wiped out an estimated $360 billion from oil exporters in the Middle East. A detailed report released in October by the International Monetary Fund (IMF) exposed the fiscal distress that several OPEC members are in because of oil's price declines.

While tensions in the Middle East rattled markets in October, foreign direct investments in the United States reached new highs. The International Monetary Funds (IMF) released a report detailing the flow of over $200 billion into the U.S. from abroad. Investments in the U.S. range from business acquisitions to real estate purchases as foreign investors seek political and fiscal stability.

The Chinese Communist Party decided to end its one-child policy and allow married couples to have two children to alleviate a demographical imbalance. China has been trying to engineer a massive reorientation of its economy, away from exports and manufacturing, towards consumer spending at home. Chinese authorities hope that more babies at home will stimulate demand for Chinese-made child products such as cribs, infant seats, and toys.

Sources: U.S.Treasury, Federal Reserve, IMF, OECD

U.S. CORPORATE TAX RATES ARE AMONG THE HIGHEST WORLDWIDE AT 40%

U.S. Equity Update - Domestic Stock Market

Equity markets in October recouped some of the losses suffered in August and September as major indices rose for the month. The technology sector helped buoy the equity markets as profitability for technology companies surged.

The recent market volatility is seen by analysts as providing an optimal entry point for investors to add quality positions or to build upon pre-existing positions.

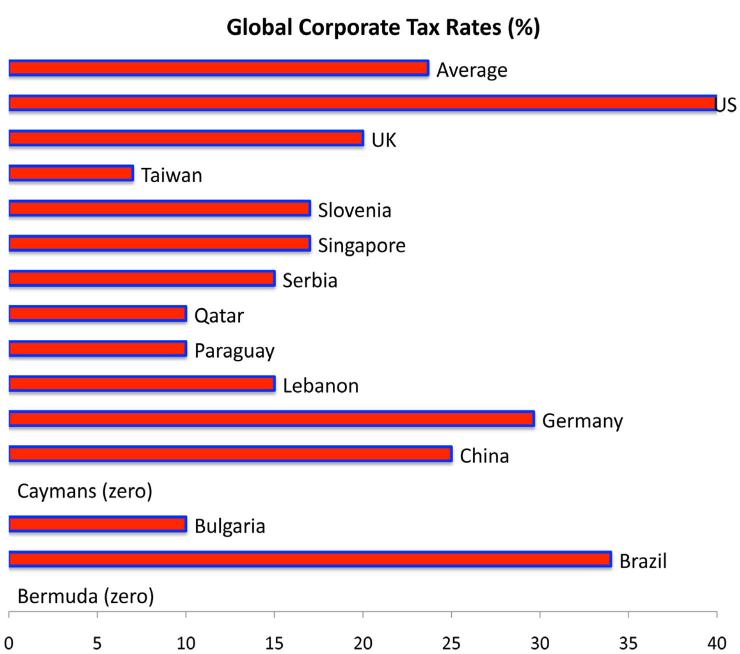
Part of the performance for equity markets in October was a result of short sellers that were forced to cover positions, as the anticipation of higher rates was dismissed and better than expected earnings for various sectors were reported. The Dow Jones Industrial Average and the S&P 500 indices recaptured a portion of their losses from August and September as company earnings and forecasts offered optimistic expectations. The Dow was up 8.47% in October and the S&P 500 added 8.30%, the best October performance since 2011.

The technology-heavy Nasdaq Index reached record levels in October not seen since 2000. The index was up over 9% for the month, outpacing larger capitalized indices such as the Dow Jones Industrial and the S&P 500. Favorable earnings reports and growth estimates for technology companies helped propel the index to these levels.

Sources: Reuters, Bloomberg, S&P

U.S. Has Among Highest Corporate Tax Rates - Fiscal Policy Review

Low overseas tax rates for large publicly traded U.S. companies seem unsustainable and could eventually pose a problem for corporate earnings, primarily affecting multinationals. The Organization for Economic Co-operation and Development (OECD) this past month released a report exposing tax avoidance by U.S. companies in European countries.



The United States currently has one of the highest corporate tax rates of any country worldwide at 40%. The average corporate rate globally is just over 23%, almost half of U.S. rates. Some countries maintain low rates or no corporate rate at all, such as Cayman Islands and Bermuda, in order to encourage companies to invest and hire within their countries. Some believe that if U.S. corporate tax rates drop, it might discourage U.S. companies from seeking tax havens overseas.

The OECD's report raises a concern that some European countries are being used as tax havens, but with little or no benefits achieved by the underlying workforce or economy.

Source: OECD

A 3.6% COLA Increase In 2012 Was A Generous Bump In Payments

International Equity & Economic Update - Global Markets

Emerging and developed international markets rebounded in October following two months of volatility and market turmoil.

The European Central Bank (ECB) announced that it intends to lower rates in December in order to further stimulate economic activity throughout the European Union. The ECB's objective is to lower rates to the point where economic activity picks up and inflation becomes more prevalent.

China's Central Bank, known as the People's Bank of China, announced its sixth round of interest rate cuts since November 2014, along with further reductions in bank reserve requirements. China reported that its GDP grew at 6.9% over the past year, the slowest pace since 2009. At 6.9% growth, China still has one of the strongest growth rates worldwide.

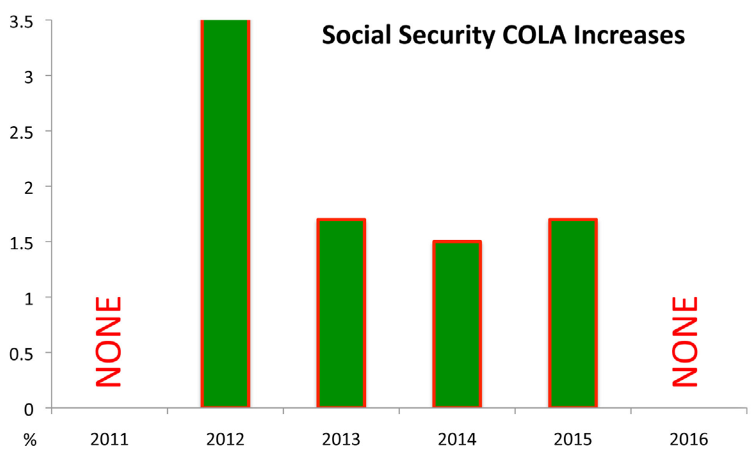
Middle East equity markets reacted to escalating conflicts in the region, as well as continued subdued oil prices. An IMF report revealed growing fiscal tensions among oil exporters in the Middle East region.

Sources: ECB, People's Bank of China, IMF, Eurostat

No Increase In Social Security Payments For 2016 - Retirement Planning

<u>No Payment Increase</u>

This is the third time there has been no Social Security payment increase since automatic cost-of-living adjustments began in 1975. There was also no increase in payments in 2010 and 2011. In January 2015 the cost-of-living adjustment was 1.7 percent. Social Security payments are adjusted to keep up with inflation as measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers, but are not decreased when the index does not detect inflation. The average monthly benefit for retired workers is expected to be $1,341 per month in 2016, and retired couples who are both receiving benefits will receive an average of $2,212 monthly.



<u>Earning Income While Receiving Social Security</u>

The Social Security earnings limit for people who work and claim Social Security payments at the same time will remain $15,720 in 2016 for people ages 65 and younger. Social Security beneficiaries who earn more than this amount will have $1 in benefits temporarily withheld for every $2 in earnings above the limit. For people who will turn 66 in 2016, the earnings limit climbs to $41,880, and the reduction in payments for earning too much declines to $1 withheld for every $3 in excess earnings. Once a retiree turns 66 in 2016, the earnings limit no longer applies and benefit payments are recalculated to factor in withheld payments and continued earnings.

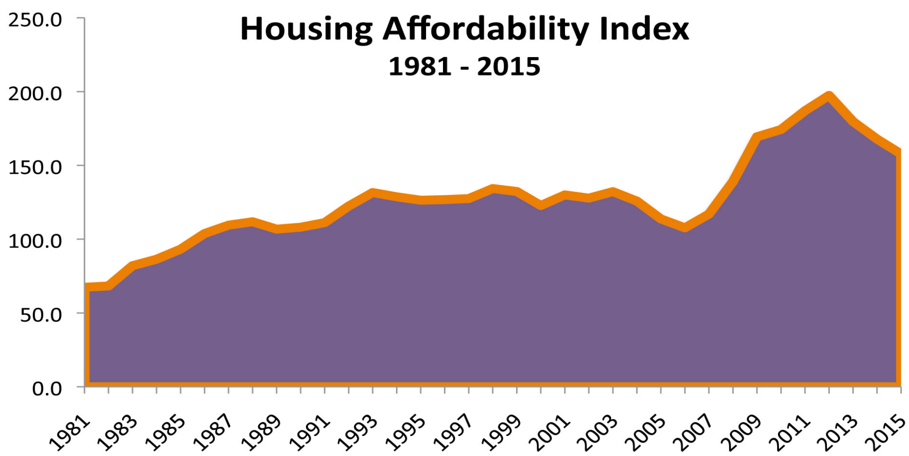
Source: Social Security Administration

TOUGHER LOAN QUALIFICATIONS & RISING HOME PRICES ARE REDUCING HOUSING AFFORDABILITY

Housing Affordability Index Decreases - Housing Market Update

Compiled by the Federal Reserve, the Housing Affordability Index is a measure of how capable home buyers are in affording a home. The index uses various factors, including mortgage rates, home prices, and qualifying income. Even though mortgage rates are still at multi-decade lows, affecting buyer affordability. In addition, banks have become less accommodative in granting home loans, thus qualifying for an affordable loan has become very difficult, and hindering gains in the index.

A value of 100 means that a family with a median income has exactly enough income to qualify for a mortgage on a median-priced home. A value greater than 100 means that a family's median income is greater than the median housing prices. A value of less than 100 signals that a family with a median income falls short and does not have enough to afford a median price house. The index surpassed the critical 100 mark in 1986, allowing buyers to have more than enough when purchasing a home.



A historically low mortgage rate environment has helped maintain housing prices and mortgage payments at attractive levels. However, economists are closely monitoring a rise in rates, which may further derail affordability, leading to a possible drop in home prices.

Sources: Federal Reserve

Fixed Income - Global Bond Market Overview

The U.S. Treasury canceled an auction of 2-year Treasury notes in October, due to debt ceiling constraints that became an issue during the month. During the 2013 debt ceiling stalemate, Treasury auctions saw incredibly low demand as the fear of default loomed throughout the markets. The Treasury has argued that raising the debt ceiling is critical to the ongoing functionality of the government debt market.

Investment grade corporate bond yields rose relative to U.S. government Treasury bonds over the past month. Bond prices move inversely to yields, so as yields rise, prices fall.

The U.S. Treasury sold 3-month Treasury bills at a 0.0% yield for the first time ever in October. Even though 3-month Treasury bills have previously traded at below a 0.0% yield, they had never been sold at zero directly by the Treasury.

Internationally, the credit rating agency of Standard & Poor's downgraded the debt of Saudi Arabia citing a growing deficit, falling revenue, and a dismal outlook as detailed in an IMF report. The onslaught of low oil prices is the culprit that has caused the nation's dire circumstances.

Sources: U.S. Treasury, Bloomberg, S&P