SPECTRUM[SM]

INVESTMENT ADVISORS

2nd Quarter | 2016

As of 3/31/2016

Good News!

Spectrum was 1 of 5 finalists for the 2016 PlanSponsor Retirement PlanAdviser Large Team of the Year

Please see important disclosures on final page of newsletter

Upcoming Events:

Spectrum Investor® Coffee House Educational Series

Wednesday, May 11, 2016
Estate Planning

Featuring Guest Speaker
Mark Shiller, Attorney
Certus Legal Group, Ltd.

11th Annual Retirement Plan Investment Seminar

Wed, June 22, 2016
Co-Sponsored by Spectrum And the WICPA

For weekly market updates, visit our website at www.spectruminvestor.com under Resources & Links and click on Investment Resources

For an electronic version of this newsletter, our ADV Part 2A and our Privacy Policy, please visit our website
Past performance is not an indication of future results
We appreciate your business

Quarterly Economic Update

James F. Marshall
President

Jonathan J. Marshall
Chief Investment Officer

The US economy continues to challenge fears of a global economic downturn with consistent job gains, wage growth and resilient consumer spending. The market bottomed on February 11, but the tide turned bullish that same day when **Jamie Dimon**, CEO at JPMorgan Chase, delivered a vote of confidence to the market by using his own cash to purchase 500,000 shares of stock in the bank he leads. It's no coincidence that on the same day stocks bottomed, so did US produced oil, when its price hit a 13 year low of $26.21 a barrel (**Jack Ablin**, CIO of BMO Private Bank). Oil prices may have found a bottom as prices rebounded back to nearly $40 in early April, easing fears of defaults on energy loans held by banks, which aided high-yield bonds; another turning point that sparked the market's recovery. Since bottoming on February 11, the S&P 500 has rallied 12.6% (excluding dividends). Impressive as the recovery has been, it has only managed to get the market slightly into the black with year-to-date (3/31/16) returns on the S&P 500 of 1.3% (*WSJ*, 4/2/16).

The Fed not only stayed put at their March meeting, they also lowered their future guidance to only two rate hikes this year, down from four rate hikes that were suggested in December. However, the market had already been pricing in two hikes, so this was primarily a confirmation of that view, and unlikely to provide a continuing lift to stocks. At this point, for the market to make signs of significant headway going forward, we will need to see some improvement in the economy and/or corporate earnings (*Fidelity Monitor & Insight*, 4/16). Through the last quarter of 2015, trailing 12 month earnings have declined for three straight quarters, a trend that could continue for the first half of 2016. Given that backdrop, stocks may have a tough time sustaining a rally for any length of time. According to **James Paulsen**, CIO at Wells Fargo, we should expect to see volatility rise, while the market goes through rallies and slumps, making only modest headway.

Dr. David Kelly, Chief Global Strategist at JPMorgan, indicated that the bulk of the current earnings weakness is due to plunging profits in the energy sector and the fallout from the strong dollar. **Dr. Kelly** expects the "earnings fog to lift," with a likely weaker dollar and higher oil prices. According to **Edward Yardeni,** Chief Investment Strategist for Yardeni Research, "**It's going to be a sideways action from here.**" It's not that stocks have a big risk of going down a lot, it's that he doesn't see equities breaking out on the upside in a big way, unless earnings improve.

According to **Mark Hulbert**, senior columnist at *MarketWatch*, the most important lesson in previous market cycles is that **valuations matter**. For example, at the top of the Internet Bubble, the price-to-earnings (P/E) ratio of Cisco was 200 times trailing 12 month earnings per share. That compares to the historical average P/E ratio of the S&P 500 Index at around 15. Just after it peaked at the top, Cisco lost 90% of its value over the next two years. Fortunately, most stocks today are not as overvalued as Cisco was then. The S&P 500 Index's P/E ratio was 27.2 in March 2000, much higher than today at around 16.6. Though today's P/E is modestly above the historical average, it's not in bubble territory and at times has been somewhat cheap, getting down to 14.7 on February 11. According to **Dr. Kelly**, today's US stock market valuations are slightly above average relative to history, but still attractively valued relative to bond yields, inflation and cash, particularly compared to the yield on foreign 10-year government bonds.

Country	10-year Gov't Bond	Country	10-year Gov't Bond
Switzerland	-0.35%	**United States**	**1.72%**
Euro Area	-0.29%	Australia	2.40%
Japan	-0.08%	New Zealand	2.82%
Germany	0.11%	China	2.91%
Netherlands	0.33%	Portugal	3.41%
France	0.46%	Mexico	5.95%
Canada	1.24%	India	7.41%
Italy	1.33%	Greece	8.93%
United Kingdom	1.39%	Russia	9.26%
Spain	1.51%	South Africa	10.16%

Source: tradingeconomics.com/bonds (4/11/16)

Watch: Yields on intermediate and long-term treasury debt have plunged by half a percentage point despite a quarter point hike in the benchmark of interest rates by the Federal Reserve. Historically, the flattening of the yield curve, shrinking differentials between short and long-term yield, has been among the most reliable indicator of an approaching slowdown or recession. The signal is most potent when the yield curve "inverts", meaning the yield on 10-year treasury notes drops below the yield on 3-month treasury bills. An inverted yield curve is not likely to happen in the near future, as the Fed has kept short-term rates unnaturally low, while globally interest rates have also been unnaturally low (*Historical Perspectives*, 2/14/16). Stay the course.

On April 6, 2016, the long discussed **Fiduciary Rule** was finalized by the DOL. Spectrum will have more on the **Fiduciary Rule** later, including a presentation by ERISA attorney **Bradford Campbell** at our June 22 Retirement Investment Seminar, co-sponsored with the WICPA.

Wealth Management

Spring Cleaning

Brian White, CFP®
Wealth Manager

While the grass turns green and tulips start to emerge from the ground, we all begin to think about spring cleaning. Spring cleaning can mean trimming trees, raking leaves we missed last fall, washing the car and revisiting retirement planning projections. Wait…what??

Spring is a great time for cleaning and that means your finances, too. My grandfather had a saying – "the best time to trim a tree is when the saw is sharp." That applies to your financial picture, too. The best time to clean up your finances is...well, now.

Polish your nest egg (Rebalance your investments)
You've heard us preach in the past that spring is the best time to rebalance your investments. In fact, we mention it in this very newsletter. If you're going to rebalance your investments, it is also a good time to review your risk tolerance and asset allocation. Are you too aggressive? Too conservative? If you're not sure where you should be in terms of equity (stocks) and fixed income (bonds & cash), take a risk tolerance quiz or contact us. We'll help you find a good mix for the future.

Be sure to review the dollar contributions you're making to your accounts. Are you taking advantage of an employer match on your 401(k)? If you're able to, are you making Roth IRA/401(k) contributions? Are you contributing to your college savings plans? Most accounts today allow for a monthly contribution directly from a checking or savings account. According to the IRS (www.irs.gov), the average monthly benefit for Social Security recipients is $1,177. Will that meet your needs in retirement? Or would additional savings help? At a 6% annual return, saving $50/month for 20 years gives you a future balance of $23,218. Bump that monthly amount up to $200 and your total after 20 years is $92,870.

Do a little trimming (Consolidate accounts)
According to the Bureau of Labor Statistics (www.bls.gov), the average worker holds 10 different jobs before age 40. That number is increasing, which creates many different retirement savings plans and an increase in paperwork. If you have old 401(k) plans from previous jobs, it's likely that you're able to roll those over and consolidate them into an IRA or your current retirement plan. There may be good reasons to keep your retirement plans separate, but there are often more reasons to consolidate the accounts. For example, you are better able to keep track of your investments and have less paperwork to worry about. This also makes it easy for your spouse or heirs to take care of your investments if something should happen to you. We'll talk more about that later.

If you have investments spread in different individual stocks, mutual funds or other brokerage accounts, consider consolidating those as well. We often see people with stock certificates, dividend reinvestment plans (DRPs) and other investments spread out among different custodians and banks. Consolidating those into fewer accounts will make your life much easier and will allow you to more easily manage your finances. If you've already done that, consider electronic statement delivery. You'll receive your statements quickly and won't have to find a place to file the paper. This may not be for everyone, but you can always switch back to paper if you prefer.

Visual Inspection and Fine Tuning (Review your estate plan)
When is the last time you reviewed your estate plan? Although it's not nearly as exciting as watching your investments grow, an estate plan review is necessary to help you think about what will happen to your money in the event something happens to you. Wills, trusts and durable powers of attorney documents need to be reviewed by estate planning attorneys on a regular basis. Laws have changed recently and will continue to change. The 2016 exemption for federal estate taxes is set at $5.45 million for individuals. However, you don't need that much money for the establishment of a personal trust to make financial sense. Those with a trust created 10+ years ago may find there are more efficient ways to design your estate plan. The state of Wisconsin adopted a new Trust Code in 2014, which may have an effect on your plan.

We're hosting a seminar on May 11 that focuses on estate planning. Local attorney Mark Schiller will be speaking on the topic. If you're unsure of your own situation, the first step would be to attend the seminar. It's educational only – no sales pitch at the end.

Social Security
As a reminder, you have until April 30 to file-and-suspend your Social Security Retirement benefits. You need to be 66 before May 1 to qualify. Be sure to read our previous newsletter to find out more about this change.

Below is the 3/31/16 Spectrum Investor® Update.

Spectrum Investor® Update 3/31/16

Morningstar Category Averages	1st Qtr	1 Year	3 Year
Intermediate-Term Bond	2.48%	0.64%	1.90%
Moderate Allocation	0.87%	-2.86%	5.23%
Large Cap Value	1.29%	-2.94%	8.16%
Large Cap Blend	0.29%	-1.97%	9.63%
Large Cap Growth	-2.46%	-2.39%	**11.07%**
Mid Cap Value	2.44%	-5.46%	7.83%
Mid Cap Blend	1.25%	-6.71%	7.79%
Mid Cap Growth	-1.81%	-7.71%	8.39%
Small Cap Value	2.18%	-6.88%	6.06%
Small Cap Blend	0.55%	-8.11%	6.42%
Small Cap Growth	**-4.32%**	-11.64%	6.35%
Foreign Large Blend	-1.97%	-7.96%	1.74%
Real Estate	4.68%	**2.66%**	9.43%
Natural Resources	**5.31%**	**-17.37%**	**-8.05%**

Source: Morningstar, 3 yr return is annualized. Morningstar classifies categories by underlying holdings and then calculates the average performance of the category. Past performance is not an indication of future results. Returns in **Blue** = Best, Returns in **Red** = Worst

DOW: 17,685	**10 Yr T-Note: 1.79%**
NASDAQ: 4869	**Inflation Rate: 1.0%** (2/2016)
S&P 500: 2059	**Unemployment Rate: 5.0%** (3/2016)
Barrel of Oil: $38.11	Source: Morningstar, bls.gov, eia.gov

The Dow Jones Industrial Average is comprised of 30 stocks that are major factors in their industries and widely held by individuals and institutional investors. The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The NASDAQ Composite Index measures all NASDAQ domestic and non-U.S. based common stocks listed on The NASDAQ Stock Market. The market value, the last sale price multiplied by total shares outstanding, is calculated throughout the trading day, and is related to the total value of the Index. Indices cannot be invested into directly.

IRS Indexed Limits for 2015: 401(k), 403(b), 457 Plan Deferral Limit is $18,000. Catch-up Contribution limit is $6,000. Source: 401khelpcenter.com

In Other Words

Strategies For Keeping Calm In A Rollercoaster Market

Angie Franzone
Newsletter Editor

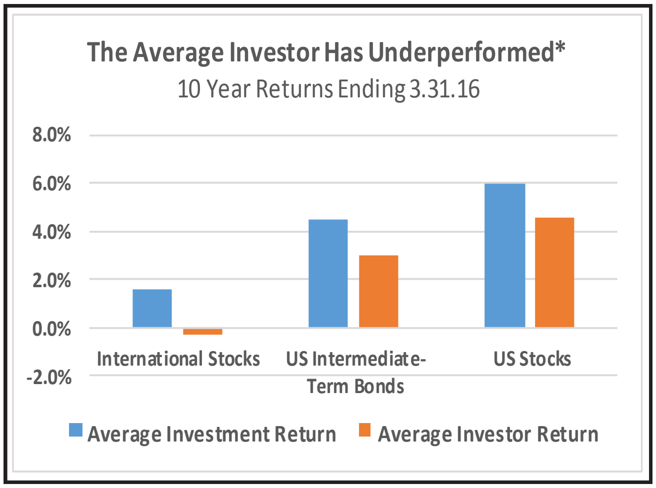
The first four trading days of 2016 were the worst start to a year ever for the U.S. stock market. Things have gotten better since then, but we continue to be taken on a rollercoaster ride into April (*USA Today,* 1/8/16). With 24 hour news cycles airing one negative story after another and social media amplifying the fear that those new programs create, it is very easy to panic and sabotage your own retirement plan by making impulsive decisions. The following are five strategies that can help you keep a level-head when it feels as though there's chaos all around.

Set retirement goals
It's hard to know what you'll be doing next week, let alone 30, 40 or 50 years from now, but the sooner you consider when you want to retire and what type of lifestyle you'd like to live in retirement, the sooner you can begin making that vision a reality. Fidelity says if you want to retire by age 67 you should aim to have 10 times your income saved by then (*Fidelity Viewpoints*, 3/16/16). For many people that is an overwhelming figure to think about, but creating short-term goals can help make reaching that figure feel less ominous. For example one times your income by 30, three times by 40 and so on.

Have a plan
Although past performance is not an indication of future results, market downturns happen a lot and are often followed by recoveries. According to Sam Stovall, the chief stock strategist at S&P Capital IQ, a multinational financial information provider, "After a drop of 10% to 20%, it typically takes just four months to break even." As we explained in our Market Volatility newsletter last August, since 1980, the stock market (S&P 500 Index) has declined during every calendar year except four and historically, market corrections (a drop of 10%-20%) occur every 12-16 months (*LPL Weekly Market Commentary*, 8/24/15). The lesson to learn here is that it is important to be prepared and have a plan to help you reach your retirement goals. According to HSBC retirement studies, on average, those who get financial advice and have financial plans have over three-and-a-half times more in retirement savings than those who do neither (*The Future of Retirement: The Power of Planning*). If you get nervous when the market goes down you may not be in the right investments for your time horizon (the number of years until you expect to need the money), goals and risk tolerance.

Diversify and rebalance
One of the most important things you can do to help manage your risk and help you stick to your plan is to diversify your assets into a variety of different investment options. While diversification does not ensure that you will make a profit or guarantee that you won't lose money, it can help soften the blow during volatile markets. Ideally, while some of your investments are doing poorly, others will be doing well. An advisor at Spectrum can help you determine the best mix of stock and bonds for you and the one that will help you feel comfortable with your investments when things get rocky again. Rebalancing goes hand-in-hand with diversifying. Once you get a mix of investments that you feel at ease with, you want to make sure they stay that way. Changes in the market can cause your investments to get off track from how you originally wanted. Let's say, for example, the market had a really good run, you could end up with more of your money in stocks than you planned on, opening yourself up to more risk. At Spectrum, we recommend an annual review of your investments. Historically, late April and early May are good times to rebalance your portfolio.

Stay focused
Staying focused on your goals and strategies helps you to refrain from making emotional decisions during volatile markets. According to Tim Strauts, Senior Markets Research Analyst at Morningstar, "Performance chasing is one of the biggest reasons investors underperform over the long-term." By understanding the negative impact that can result from the desire to buy high and sell low, you can better prepare yourself to stick to a long-term asset allocation through the markets' ups and downs.



*Source: Morningstar® Investor Return™ captures how the average investor fared in a fund over a period of time. It estimates the return earned collectively by all the investors in a fund. Investor return, also known as dollar-weighted return, accounts for all cash inflows and outflows from purchases and sales and the growth in fund assets. Categories above represented by Morningstar Category Averages: US OE Foreign Large Blend, US OE Intermediate-Term Bond, US OE Large Blend. Cannot invest directly in a category average.

60% Stocks/40% Bonds Allocation vs. Indices Ending 3/31/16

15 Yr	10 Yr	5 Yr	3 Yr	1 Yr		Index Definition
Real Est. 11.50%	Lg. Growth 8.48%	Lg. Growth 13.06%	Lg. Growth 13.96%	Real Est. 4.88%		Real Estate: DJ US Select REIT Index TR
Mid Cap 9.41%	Mid Cap 7.78%	Real Est. 11.99%	Lg. Blend 11.82%	Lg. Growth 3.53%		Large Growth: S&P 500 Growth TR
Sm. Value 8.22%	Lg. Blend 7.01%	Lg. Blend 11.58%	Real Est. 11.09%	Bonds 1.96%		Int.-Term Bonds: Bar-Cap Aggregate Bond
Sm. Blend 7.65%	60/40 6.26%	Lg. Value 9.99%	Mid Cap 9.46%	Lg. Blend 1.78%		Large Blend: S&P 500 TR
60/40 7.38%	Real Est. 6.17%	Mid Cap 9.52%	Lg. Value 9.45%	Lg. Value -0.32%		Large Value: S&P 500 Value TR
Sm. Growth 6.86%	Sm. Growth 6.00%	Sm. Growth 7.70%	Sm. Growth 7.91%	60/40 -1.71%		60/40: 60% Diversified Stocks/40% Bonds
Lg. Growth 6.56%	Lg. Value 5.42%	Sm. Blend 7.20%	Sm. Blend 6.84%	Mid Cap -3.60%		Mid Cap Blend: S&P MidCap 400 TR
Lg. Blend 5.99%	Sm. Blend 5.26%	Sm. Value 6.67%	Sm. Value 5.73%	Sm. Value -7.72%		Small Value: Russell 2000 Value TR
Nat. Res. 5.42%	Bonds 4.90%	60/40 6.20%	60/40 5.56%	Intl. -8.27%		International: MSCI EAFE NR
Lg. Value 5.29%	Sm. Value 4.42%	Bonds 3.78%	Bonds 2.50%	Sm. Blend -9.76%		Small Blend: Russell 2000 TR
Bonds 4.97%	Intl. 1.80%	Intl. 2.29%	Intl. 2.23%	Sm. Growth -11.84%		Small Growth: Russell 2000 Growth TR
Intl. 4.35%	Nat. Res. 1.22%	Nat. Res. -6.61%	Nat. Res. -7.59%	Nat. Res. -18.30%		Natural Res: S&P North Am. Nat. Resources TR

Annualized returns. The above indices are unmanaged and cannot be invested into directly. Past performance is not an indication of future results. Diversification cannot protect from market risk. Source: Morningstar. *60/40 Allocation: 40% Bonds, 6% Lg. Value, Blend, & Growth, 12% Mid Cap, 6% Sm. Value & Blend, 6% Intl., Nat. Res., and Real Est. Allocation, excludes Small Growth. Rebalanced annually on Apr 1. Please see important disclosures on the final page of this newsletter.

To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

Invest In Your Health

Airlines To Start Weighing Passengers

David Meinz, MS, RD, FADA, CSP

America's Personal Health Improvement Expert

Did you know that the average American gains one pound of weight every year after the age of 25? Did you know that the average American drinks 3½ cups of soda and sugared beverages every day? Did you know Americans eat 1 million chickens per hour?! Today's average American woman is now the same weight as the average 1960s man. She's 166 pounds. Of course, the average man today is heavier than the average 1960s man, too. An average of 30 pounds bigger, tipping the scales at 195. Remember, that's an average. A lot of Americans are bigger, much bigger. Manufacturers of crash-test dummies have had to redesign their products as a result. Old models represented a person weighing 169 pounds. New models will simulate a human at 270 pounds.

"Cinderella got married and lived happily ever after...until she got back from her honeymoon and stepped on the scale!"

Have you ever been on one of those small commuter flights where they asked passengers to move around to different seats to help redistribute the weight before take off? I have. We may start to see more of that if our waistlines continue to expand. By the way, I hear Uzbekistan is lovely this time of year. If you fly their national airline, you can get a taste today of what may be coming soon to your own local airport. Now they not only weigh your carry-on luggage, but ask passengers to get on the scale as well. But they're not the first. Samoa Air has had a "pay-what-you weigh" policy since 2012. Can Jet-Blue be far behind?

So here's some news you can use. Researchers are starting to find that the normal bacteria found in your intestines may influence your ability to lose weight and keep it off. Scientists recently reported in the *British Journal of Nutrition* that overweight women who took a probiotic supplement (of the bacteria Lactobacillus rhamnosus) lost twice as much weight and had an easier time of keeping it off compared to women taking a placebo. A study done of twins found that those that were lean had a much greater diversity of gut bacteria than their overweight siblings, and recent research found that when bacteria from overweight humans was introduced into the intestines of normal weight mice, the mice became fat. When bacteria from lean humans was introduced into mice, the mice stayed lean. How do bacteria in your gut affect your waistline? Probably through a lot of mechanisms, but they seem to affect appetite, cravings, and how well your calories are absorbed and burned up.

So what can you do? Foods that naturally contain bacteria, like yogurt, can help. Just make sure it says it contains "live active cultures," and that the sugar is low. Taking a probiotic supplement is also good; the kinds that require refrigeration are probably best. But what you normally eat everyday can also greatly affect your gut bacteria profile. A more plant-based, less processed food diet tends to give you a healthier bacteria population that will probably contribute to easier weight control. We still have a lot to learn. Maybe someday flight attendants will ask you if you'd like "peanuts, pretzels, or probiotics." At least that way you won't have to weigh yourself with your luggage.

David will be rounding out the speakers at our next Retirement Plan Investment Seminar, co-sponsored with the WICPA, on June 22, 2016. In the meantime, you can check out David's new book entitled, "The Enemy Within", which focuses on how to decrease your risk of heart disease and cancer. You can order this book at **www.davidmeinz.com.**

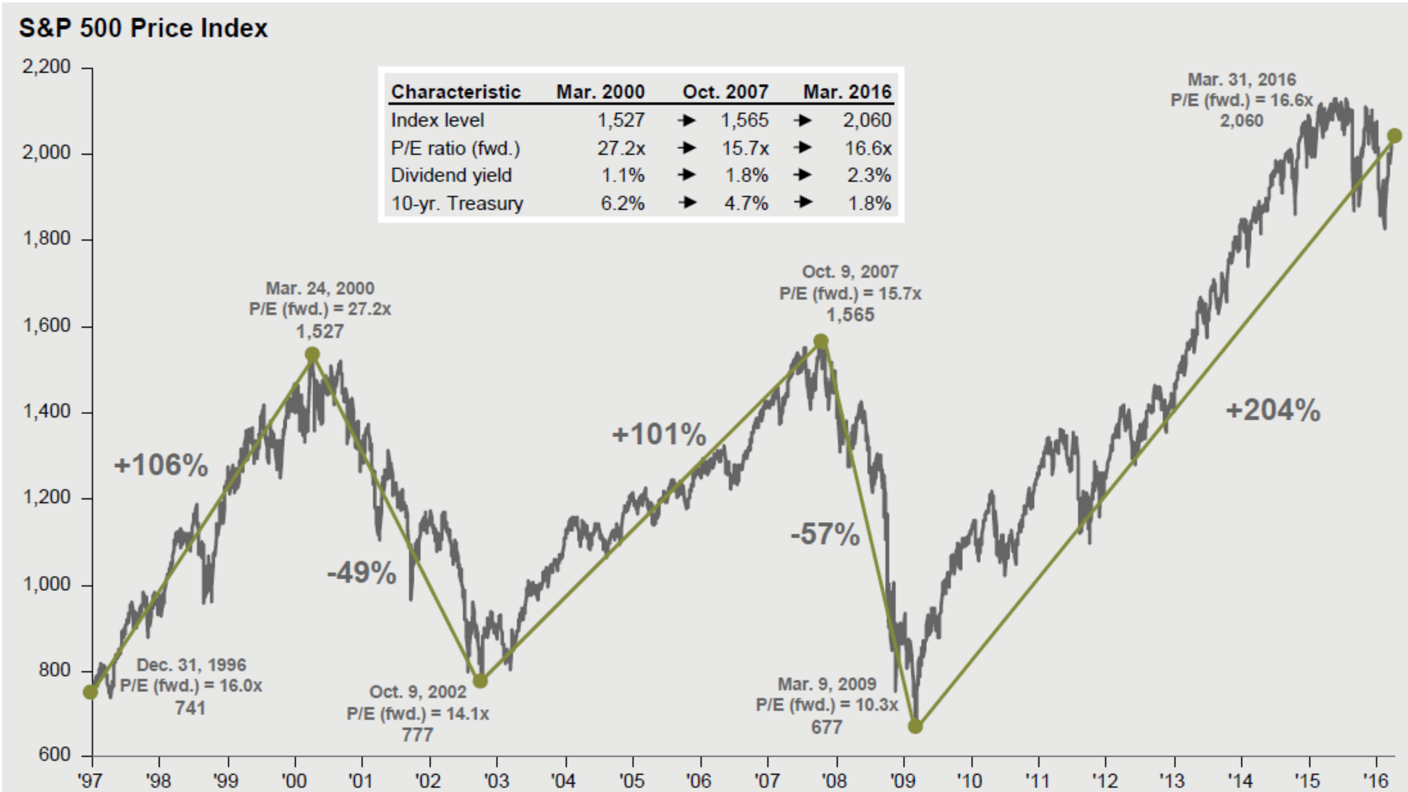
David Meinz presents keynotes and workshops to businesses and associations around the US and Canada based on his new book, ***Wealthy, Healthy & Wise: How to Make Sure Your Money and Your Health Last As Long As You Do***. For more information on his speaking services, or to order an autographed copy of his book, visit **www.davidmeinz.com**

Important Disclosures:
David Meinz is not affiliated with Spectrum Investment Advisors. Opinions voiced in this newsletter are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

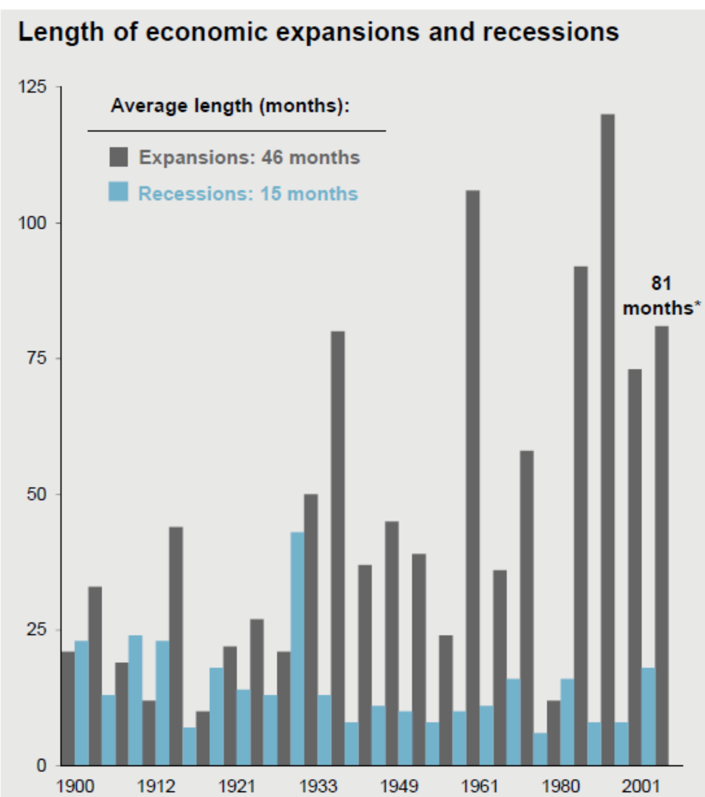
The 2016 PLANSPONSOR Retirement Plan Adviser Large Team of the Year finalists are advisers who have a majority of business revenue derived from employer-sponsored retirement plans, who serve as a fiduciary, are committed to fee-based compensation and are using outcome-based metrics of plan success with clients. A large team is a practice with 11-25 people (including advisers and support staff. In 2016 Spectrum was one of five finalists in the Large Team category. out of 40 companies reviewed by PLANSPONSOR. The rating is not indicative of the advisors' future performance.

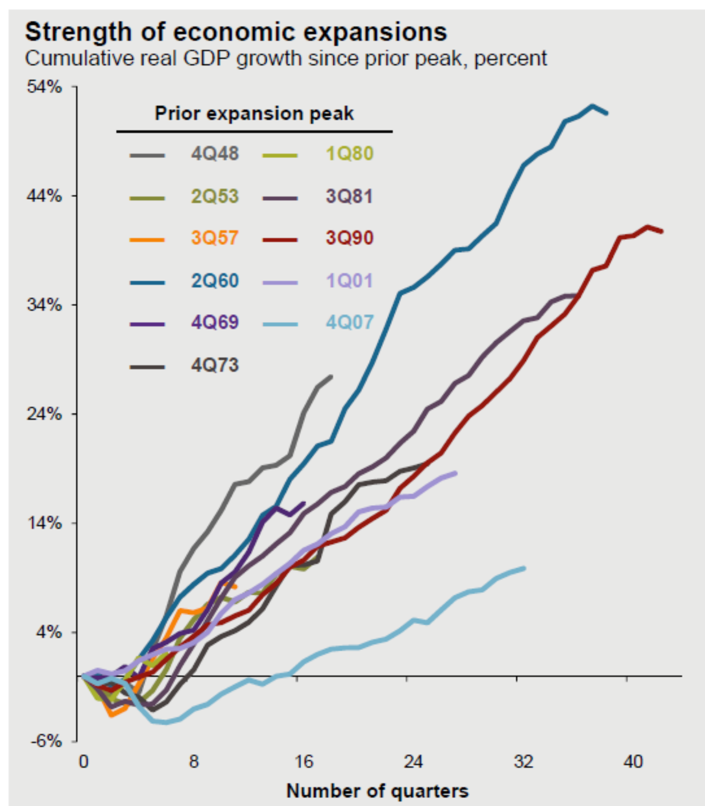
Benchmark Disclosures: ***Morningstar Category Averages:*** *Morningstar classifies mutual funds into peer groups based on their holdings. The Category Average calculates the average return of mutual funds that fall within the category during the given time period. The following indexes and their definitions provide an approximate description of the type of investments help by mutual funds in each respective Morningstar Category. One cannot invest directly in an index or category average.* ***Real Estate: DJ US Select REIT Index*** *– Measures the performance of publicly traded real estate trusts (REITs) and REIT-like securities to serve as proxy for direct real estate investment.* ***Large Cap Growth: S&P 500 Growth Index*** *– Measures the performance of growth stocks drawn from the S&P 500 index by dividing it into growth and value segments by using three factors: sales growth, the ratio of earnings change to price and momentum.* ***Intermediate-Term Bonds: Barclays US Agg Bond Index*** *– Measures the performance of investment grade, US dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS, ABS and CMBS.* ***Large Cap Blend: S&P 500 Index*** *– A market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenue are based in the US.* ***Large Cap Value: S&P 500 Value Index*** *– Measures the performance of value stocks of the S&P 500 index by dividing into growth and value segments by using three factors: sales growth, the ratio of earnings change to price and momentum.* ***Mid Cap Blend: S&P MidCap 400 Index*** *– Measures the performance of mid-sized US companies, reflecting the distinctive risk and return characteristics of this market segment.* ***Small Cap Blend: Russell 2000 Index*** *– Measures the performance of the small-cap segment of the US equity universe. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.* ***Small Cap Value: Russell 2000 Value Index*** *– Measures the performance of small-cap value segment of Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.* ***Small Cap Growth: Russell 2000 Growth Index*** *– Measures the performance of small-cap growth segment of Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values.* ***Foreign Large Cap Blend: MSCI EAFE NR Index*** *–This Europe, Australasia, and Far East index is a market-capitalization-weighted index of 21 non-US, developed country indexes.* ***Natural Resources: S&P North American Natural Resources Index*** *– Measures the performance of US traded securities classified by the Global Industry Classification Standard (GICS) as energy and materials excluding the chemicals industry and steel but including energy companies, forestry services, producers of pulp and paper and plantations.*

The bull market celebrated its seventh birthday on Wednesday, March 9, 2016, representing the third longest bull market in history. As the top chart indicates, even though the bull market is up 204% since March 9, 2009, the P/E ratio remains close to average at 16.6. The table within the chart is a good comparison of the history of the yield on the S&P 500 vs. the 10-year treasury rate. As you can see by the bottom chart, the latest bull market is lacking in strength vs. previous bull markets, which will likely keep the Fed from having to increase interest rates at a rapid pace (*Barron's*, 1/18/16).



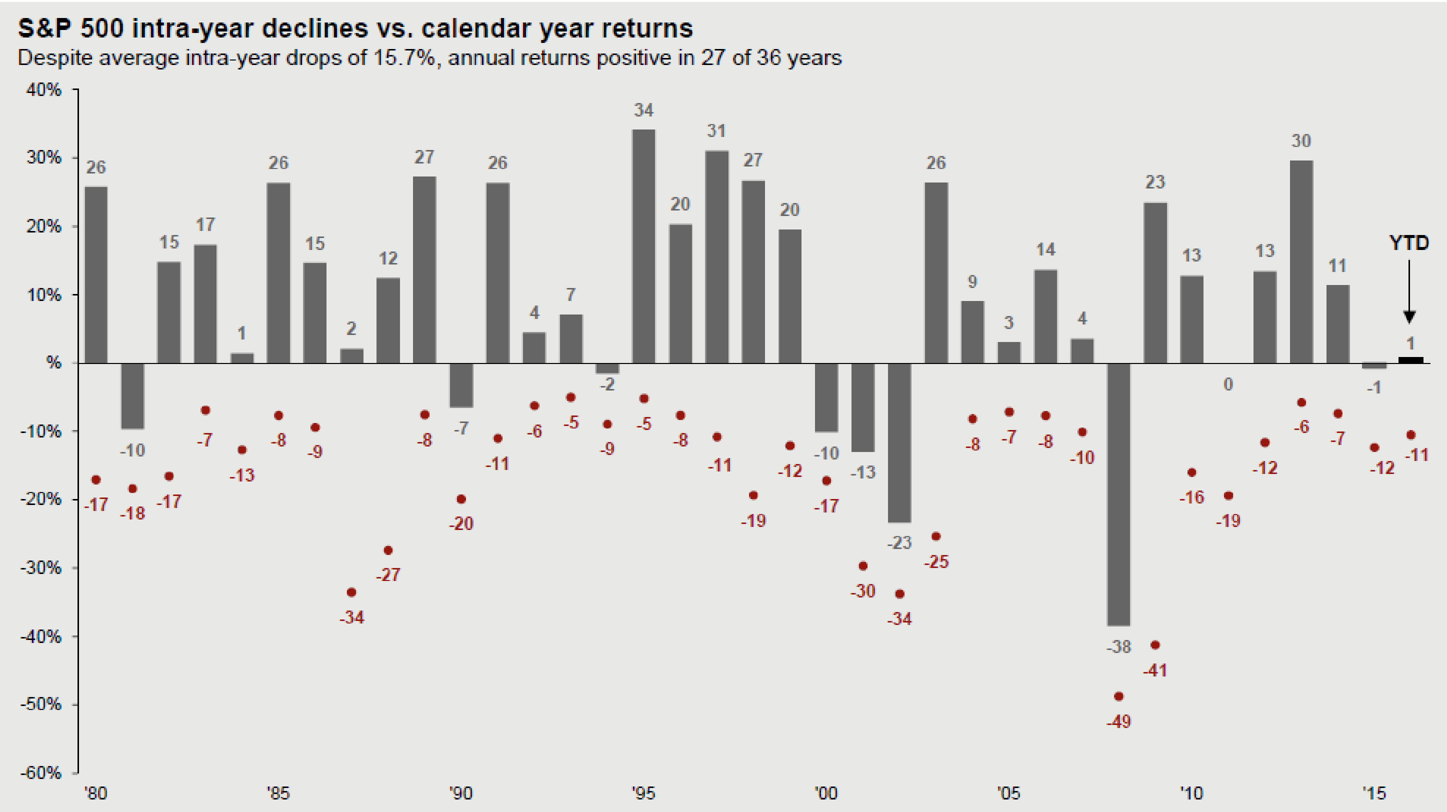
Source: Compustat, FactSet, Standard & Poor's, J.P. Morgan Asset Management. The S&P 500 Index is a market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenue are based in the US; it's often used as a proxy for the stock market. Dividend yield is calculated as consensus estimates of dividends for the next 12 months, divided by most recent price, as provided by Compustat. Forward price to earnings ratio is a bottom-up calculation based on the most recent S&P 500 Index price, divided by consensus estimates for earnings in the next 12 months (NTM), and is provided by FactSet Market Aggregates. Returns are cumulative and based on S&P 500 Index price movement only, and do not include the reinvestment of dividends. Past performance is not indicative of future returns. Indices are unmanaged and cannot be invested into directly. *Guide to the Markets*—U.S. Data are as of March 31, 2016.



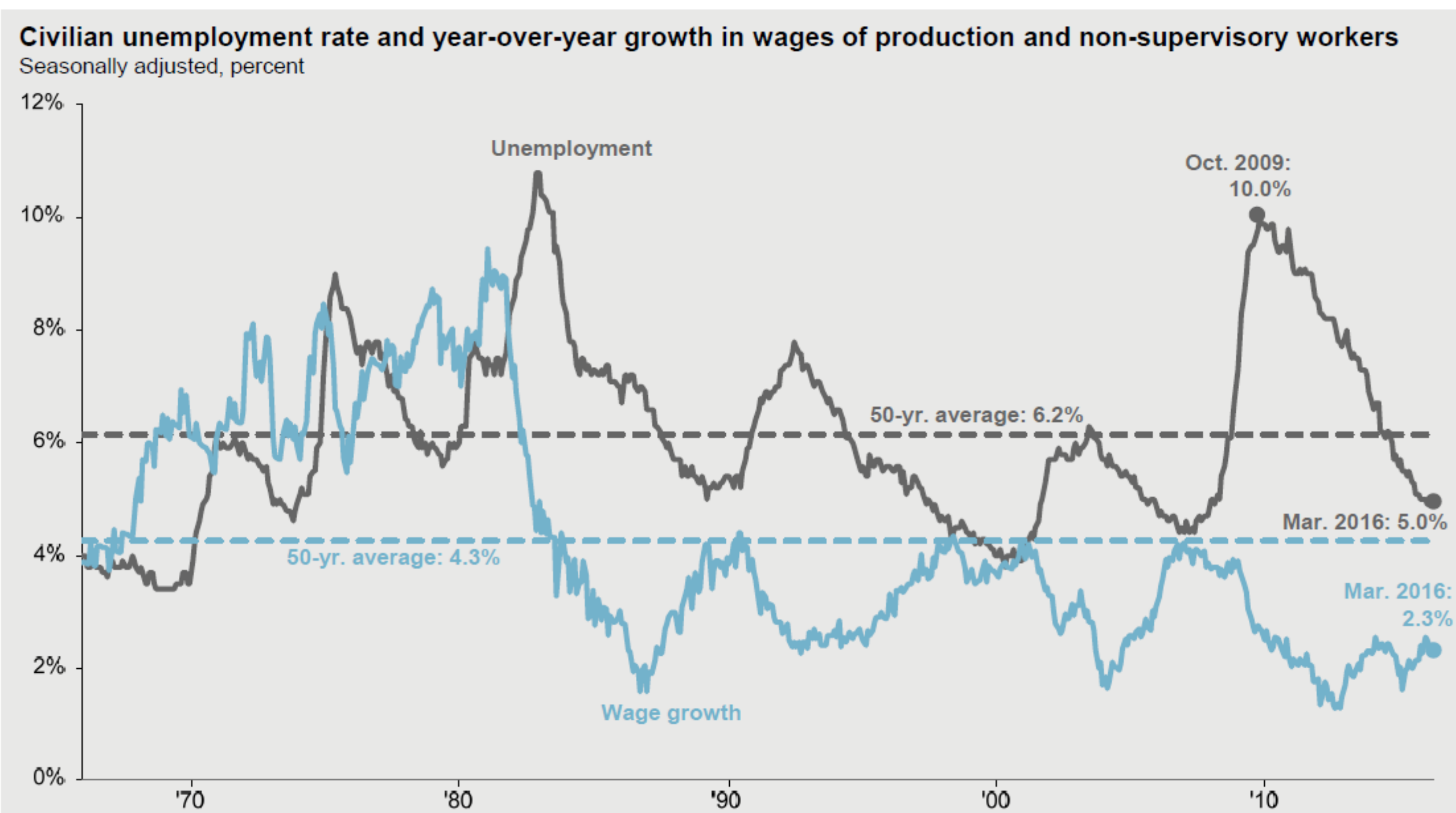


Source: BEA, NBER, JPMorgan Asset Management. *Chart assumes expansion started in July 2009 and continued through March 2016, lasting 81 months so far. Data for length of economic expansions and recessions obtained from the National Bureau of Economic Research (NBER).
Guide to the Markets—U.S. Data are as of March 31, 2016.

The top chart illustrates the comparison of the intra-year declines vs. the year-end return of the S&P 500 Index. The market bottomed on February 11, 2016, down 11%; it still finished slightly up for the quarter. **A good lesson in staying the course.** The bottom chart is a good indicator of how quickly the Fed will need to raise interest rates. Today, wage growth is accelerating, but it is still well below previous cycles. The point at which unemployment and wage growth meet, is generally a catalyst for the Fed to rapidly accelerate interest rates.



Source: FactSet, Standard & Poor's, JPMorgan Asset Management. Index. The S&P 500 Index is a market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenue are based in the US; it's often used as a proxy for the stock market. Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from peak to trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2015, except for 2016, which is year to date. Past performance is not indicative of future returns. Indices are unmanaged and cannot be invested into directly. *Guide to the Markets*—U.S. Data are as of March 31, 2016.



Source: BLS, FactSet, JPMorgan Asset Management. *Guide to the Markets*—U.S. Data are as of March 31, 2016.