301-770-9880
www.burtwealth advisors.com

ECONOMY: GDP Disappoints, But May be Temporary

Q1 GDP Disappoints

U.S. gross domestic product, the broadest measure of economic growth, only rose 0.2% in the first quarter, well below expectations that growth would be 1%. The sluggish growth raised two warning signs. Business spending fell sharply, down 3.4% . Investments in structures -- new office buildings or renovations -- fell 23% in the first quarter, the biggest decline in any category of GDP.

Better Growth on the Horizon

With the West Coast port strikes settled, a tentative bottom in oil prices, a plateau in the dollar, potential fading of the collapse in oil capex, and winter weather behind us, a rebound in economic growth could certainly materialize. This would be very reminiscent of 2014, with weak growth in the first few months followed by more robust growth in subsequent quarters.

Eye On The Fed

The Fed's most recent statement noted that the weak economic conditions reflected "transitory factors." While a rate hike was not expected at this meeting, the Fed gave no indications of the timing of any rate hikes. Given the lukewarm GDP figure, many economist feel the central bank will not raise rates in June either. They say there simply is not enough positive news between now and the Fed's June meeting to justify a rate hike. It now appears almost certain that the Fed will not act on rates until September or later.

ISM "Reports on Business"

Economic activity in the manufacturing sector expanded in April for the 28th consecutive month, and the overall economy grew for the 71st consecutive month, according to the latest survey by the Institute for Supply Management (ISM). The Non-Manufacturing Index grew in April for the 63rd consecutive month.

Consumer Confidence Recedes

The Conference Board Consumer Confidence Index®, which had improved in March, fell in April *"Consumer confidence, which had rebounded in March, gave back all of the gain and more in April. This month's retreat was prompted by a softening in current conditions, likely sparked by the recent lackluster performance of the labor market, and apprehension about the short-term outlook. The Present Situation Index declined for the third consecutive month. Coupled with waning expectations, there is little to suggest that economic momentum will pick up in the months ahead."*

Unemployment Rate Falls Again

The unemployment rate continued to trend down, ending April at 5.4%, down from 5.5% a month ago and 6.2% a year ago. This is the lowest reading in seven years. The rate went down exclusively because new jobs were added even as 166,000 people entered the work force in April, which can be seen as a sign of increased consumer confidence.

European Economic Data Mixed

The Eurozone sentiment index edged lower to 103.7. Italy's unemployment rate notched up 0.3% to 13%. German and French retail sales unexpectedly declined month-over-month. The U.K. survey of manufacturers dropped sharply to 51.9. Spanish GDP rose 2.6% year-over-year. German business confidence is holding up as the number of unemployed fell again in April and the unemployment rate stayed at the reunification record low of 6.4%.

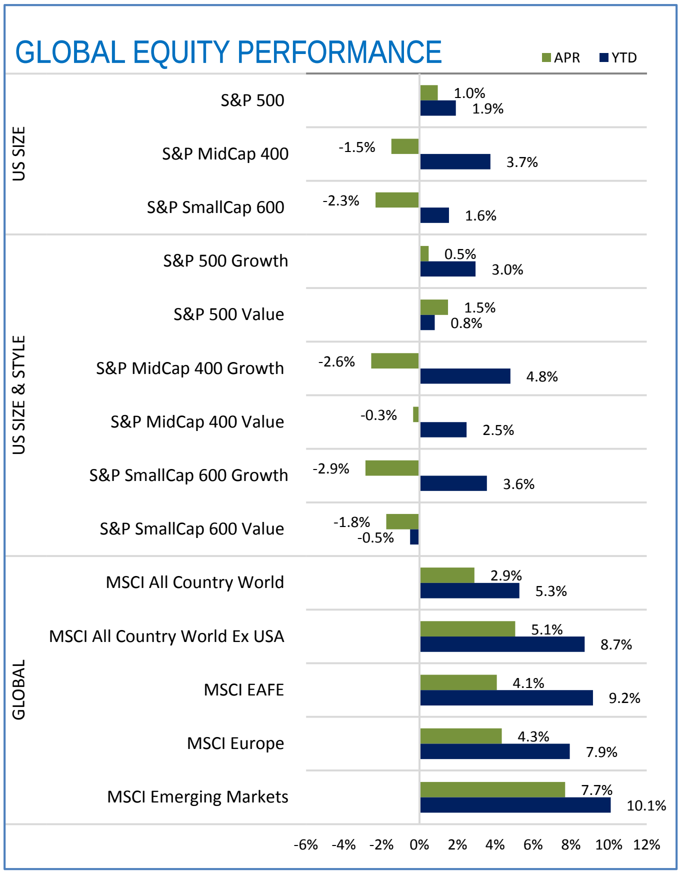
Greek Troubles Continue

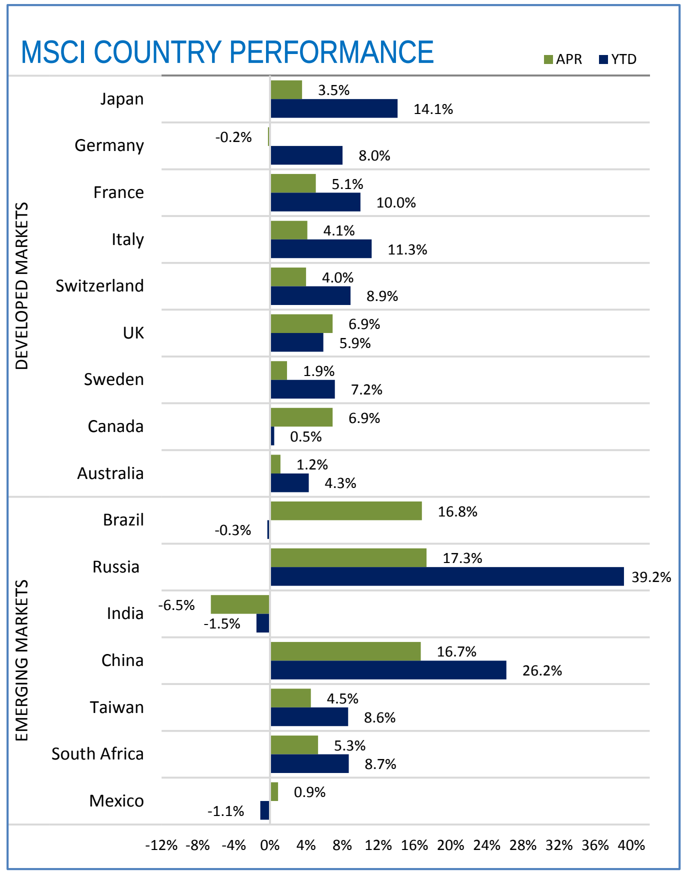
The Greek government struggled in April to complete payments to more than 2 million pensioners after claiming that a "technical hitch" had delayed an earlier disbursement. The left-wing Syriza-led government also scrambled to pay pensions and public sector salaries in February and March after failing to reach agreement with international lenders.

China Central Banks Eases

Officials decided monetary easing was overdue. The People's Bank of China (PBOC) chopped reserve requirements by 100 basis points, the second cut this year and the largest drop since 2009.

GLOBAL EQUITIES: Foreign Equities Outperforms





TRANSIENT FACTORS IGNORED

Amidst poor economic reports, the S&P 500 posted a new closing high of 2,117.69 on April 24, and posted a new intraday high of 2,125.92 on April 27. The index gained 0.96% for the month. The S&P Mid Cap 400 Growth index suffered a 2.6% loss in April, but still leads the way with a 4.8% return year to date.

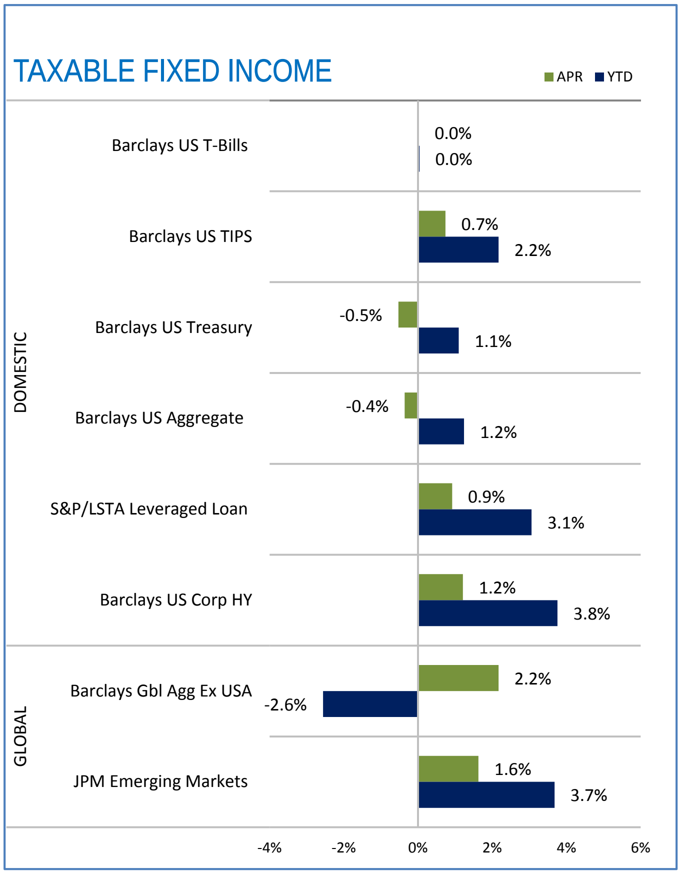
GLOBAL EQUITIES OUTPERFORM

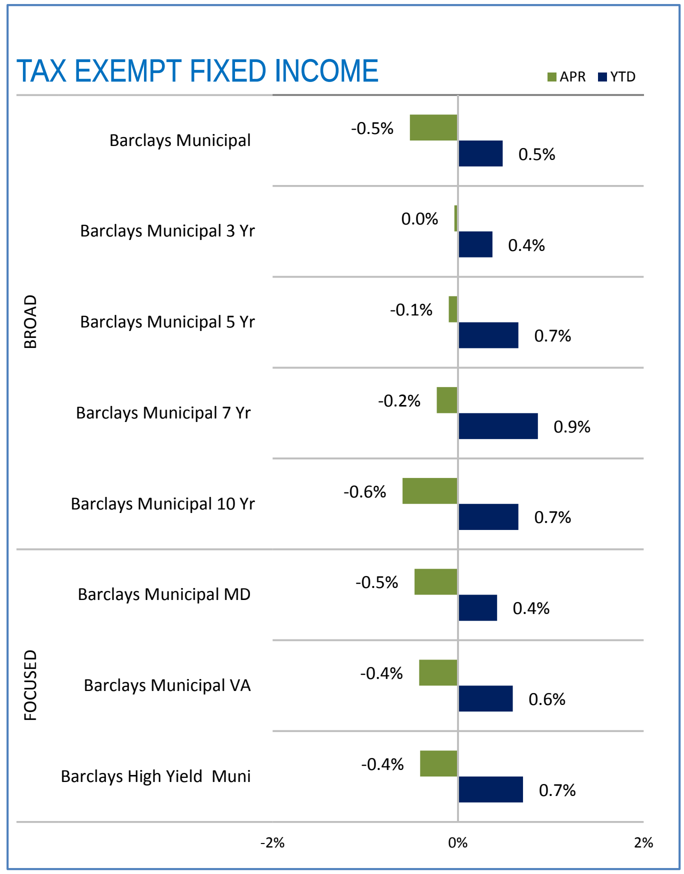
Global markets outperformed the U.S. in April as the MSCI EAFE returned 4.1%, the MSCI Europe returned 4.3%, and the MSCI All Country World Ex USA returned 5.1%.

OIL & EASING

Emerging markets had a notably strong month in April returning 7.7%. The stabilization of oil prices and monetary easing helped the MSCI Russia Index return 17.3% and the MSCI China Index return 16.7% in April. Together with Brazil, which returned 16.8%, these countries represent approximately a third of the MSCI Emerging Markets Index.

FIXED INCOME: No Hike Amidst Sovereign Sell Off





Continue to Wait and See

The Federal Reserve left its interest rate policy unchanged at the April 28-29 meeting, consistent with consensus expectations. The Fed funds rate target remains at 0.0% to 0.25%, where it has been since December 2008. However, the Fed's message left the door open to a rate hike later in the year.

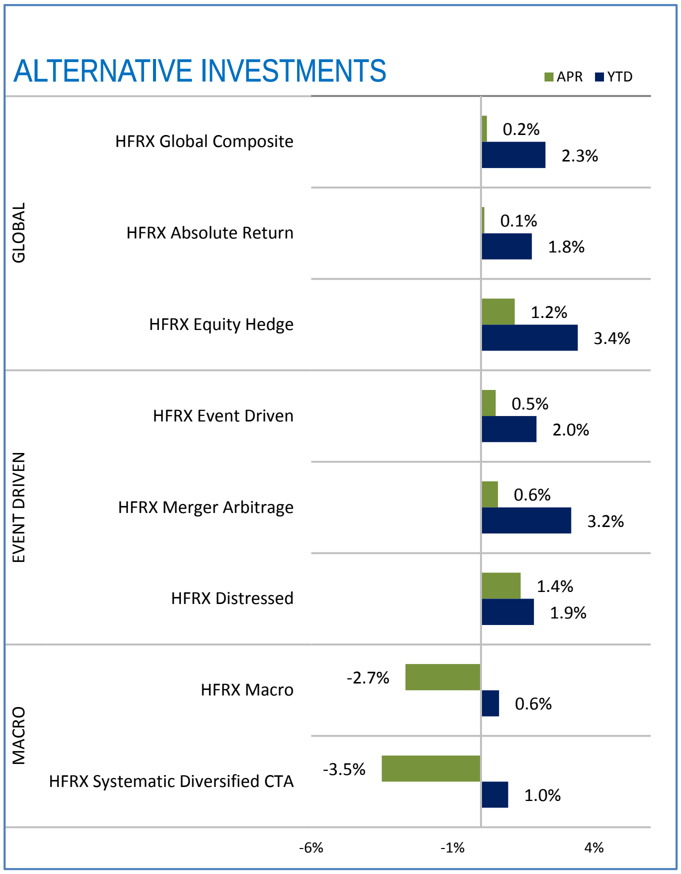
Selloff Sparks Increase in Sovereign Yields

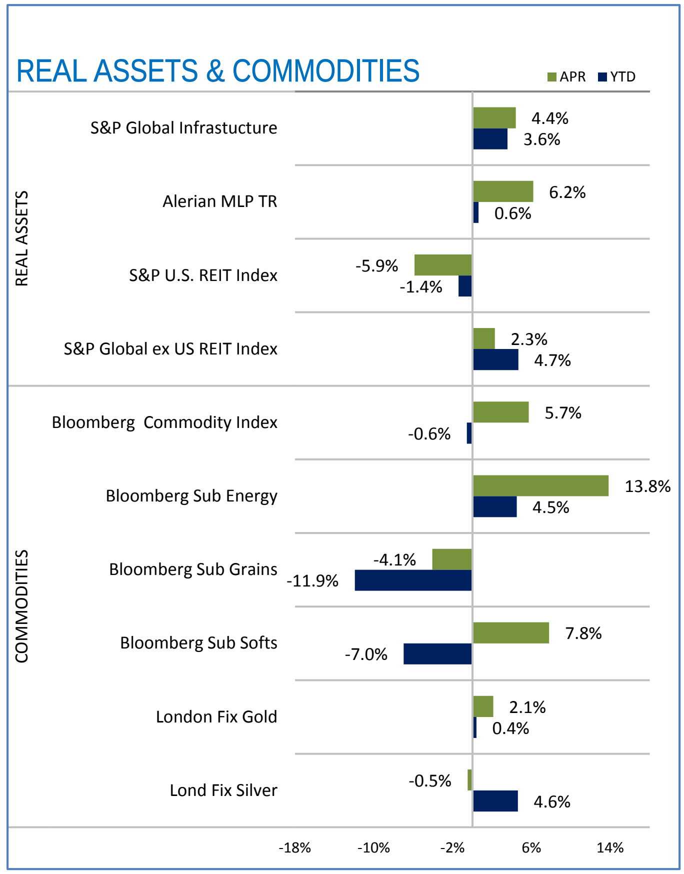
U.S. Treasury yields rose in April due to heavy bond supply, and less pessimism about Europe that spurred heavy selling in German Bunds and other low-risk government debt. The yield on the 10-yr note stood at 1.86% in mid-April and closed at 2.03% by month's end. The yield on the 10-yr German Bund increased from 0.05% in mid-April to close at 0.37%. Both represent fairly substantial and swift movements

High Returns for High Yield

High yield bonds returned 1.2% during the month of April and are now up 3.8% for the year, ahead of most major asset classes. At the current pace, returns will exceed 11% for 2015, which would be a huge surprise to the upside. The strong performance is largely due to a rebound from oversold conditions in December when fears that energy weakness and a lack of trading liquidity would spread to other sectors.

ALTERNATIVES: Commodities Rebound





An End To The Trend

The story for hedge funds in April was the performance of CTA/managed futures. The HRFX Macro index fell 2.7% for April, its first monthly decline in 12 months. The HRFX Systematic Diversified CTA Index declined 3.5% for the month, with weakness concentrated in currency and commodity positions. Macro and CTA strategies often follow short and long term market trends. Swift reversals in market trends can lead to quick losses.

REITs Slide

REIT returns lost ground in April as the S&P U.S. REIT Index fell 5.9%. Two major factors were weighing against the market in April: concerns about the broader economy and the direction of interest rates. Negative economic indicators released in April, including weaker-than-expected first quarter gross domestic product, caused a pullback in REITs. Additionally, rising interest rates are generally seen as a drag on REITs' performance and returns, because they raise the cost of capital, and real estate is a capital-intensive business.

Commodities Up Strongly

Commodities outperformed global equities and bonds in April. The Bloomberg Commodity Index increased 5.7% in April, its largest monthly gain since February 2014. Overall, 14 out of 22 index constituents traded higher. Energy was the best performing sector, up 13.8%, while grains dropped 4.1%, led lower by wheat (-11.5%) . Industrial Metals increased 7.8%, led higher by zinc (12.9%) and nickel (12.5%). Precious Metals moved 0.8% lower in April. Softs returned 7.8%, led by sugar (11.3%).