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Monthly Market Commentary
September 2015

ECONOMY: US & European Economies Strengthen

Q2 GDP Revised Upward Again
Growth in the second quarter was revised up from 3.7% to 3.9%, beating the consensus estimate of 3.7%. Consumer spending grew at a 3.6% rate in the second quarter, one of the best performances of this recovery and constituting almost two thirds of total GDP growth.

No Rate Hike…Yet
The Federal Reserve held policy rates steady in September and also repeated the criteria for taking the first step toward policy normalization. "The Committee anticipates that it will be appropriate to raise the target range for the federal funds rate when it has seen some further improvement in the labor market and is reasonably confident that inflation will move back to its 2% objective over the medium term."

Employment Market
The U.S. economy added only 142,000 jobs in September, fewer than the 200,000 economists had forecast. The unemployment rate held steady at 5.1%, a seven year low, while average hourly earnings were flat. The Federal Reserve had held off on raising rates citing increasing need for further improvement in the labor markets. After the September jobs report, the futures market reflected only a 30% chance the Fed raises rates in December.

Consumer Confidence Continues
The Conference Board ***Consumer Confidence Index®***, which had increased in August, improved moderately in September. The Present Situation Index increased slightly while the Expectations Index edged lower. *"Consumer confidence increased moderately in September, following August's sharp rebound. Consumers' more positive assessment of current conditions fueled this month's increase, and drove the Present Situation Index to an 8-year high. Consumers' expectations for the short-term outlook, however, remained relatively flat, although there was a modest improvement in income expectations. Thus, while consumers view current economic conditions more favorably, they do not foresee growth accelerating in the months ahead."*

European Recovery Continues
Eurozone economic growth in the second quarter was revised higher to an annualized 1.5% rate, supported by improved consumer spending and trade. The region is benefiting from diminishing fiscal headwinds, an improving credit environment, lower energy costs, and the weaker euro.

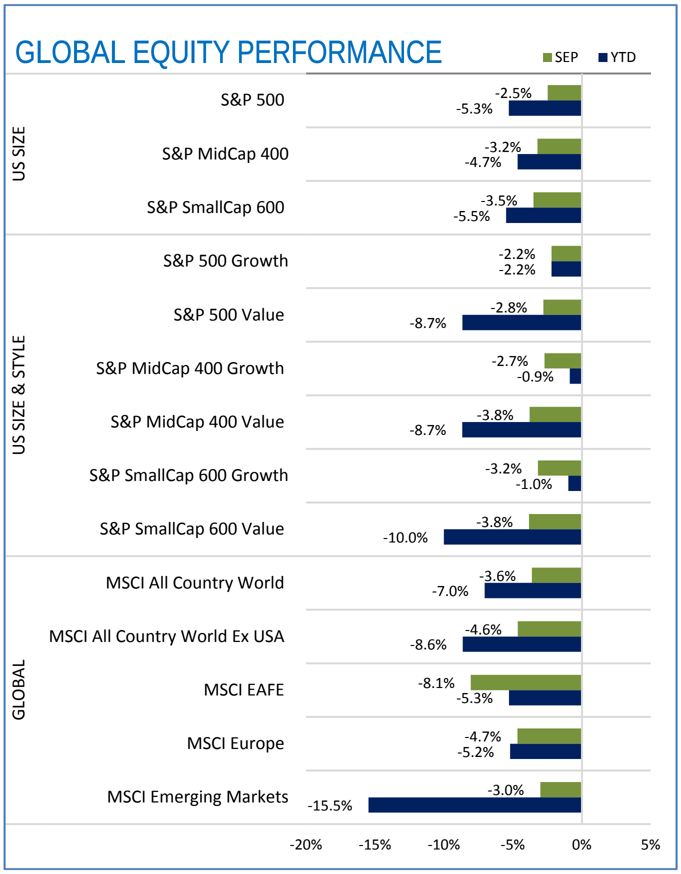
No More Fahrveghugen
The Head of the European Parliament believes Germany could be severely affected by the crisis affecting Volkswagen amidst the discovery of software that reduced emissions tests. Germany, Europe's largest economy and home to Volkswagen, sells $225 billion worth of automobiles worldwide, which represents 20% of all German exports.

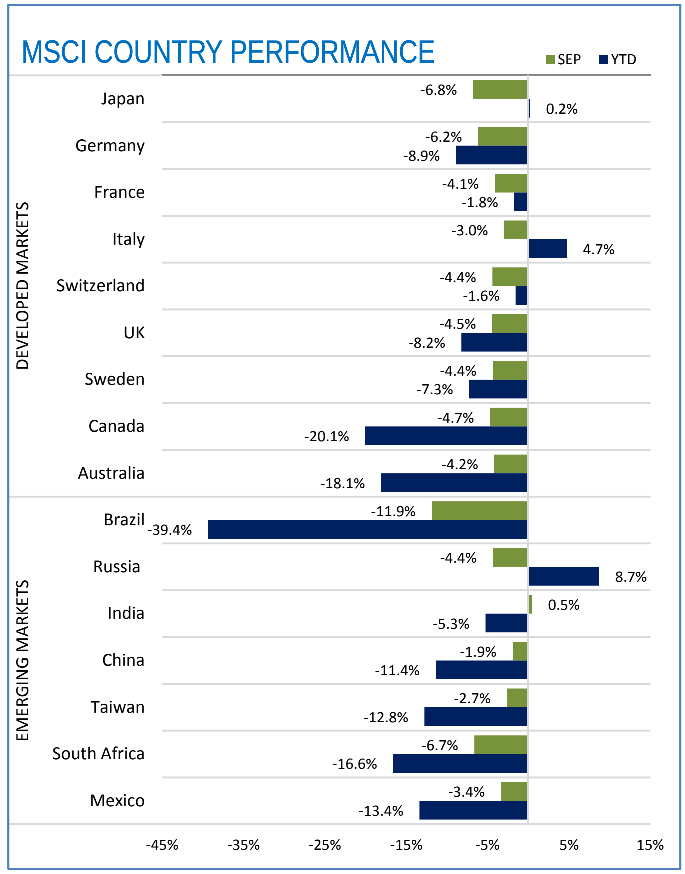
Continued Weakness in China
China's manufacturing output contracted at its fastest pace in more than six years, confirming that the country's growth rate continues to slow. However, in a policy speech at the start of his trip to the U.S., China's President Xi Jinping noted that the Chinese economy grew by 7% in the first half of the year. He also commented that the Chinese stock market "has reached the phase of self recovery and self adjustment."

It's Not A Carnival
The Brazilian economy continues its fall from grace as the Petrobras fraud investigation continues, the Chinese economy falters and commodity prices readjust downward to reflect the new global economic environment. In early September, S&P downgraded Brazil to junk status (BB+) with a negative outlook.

Russian Recession
The Bank of Russia left interest rates unchanged for the first time this year, citing inflation risks due to a weak ruble, and forecast that the economy would contract from 3.9% to 4.4% in 2015. The World Bank predicted that Russia's economy would contract this year and next, though Russian officials have maintained that the economy may return to growth in 2016.

GLOBAL EQUITIES: China Remains In Focus





U.S. Markets Continue to Focus On China

Global equity markets fell in September as concerns about the slowing Chinese economy—the world's second largest—and its impact on global growth continued to weigh on investors. The S&P 500 fell 2.5% yet outpaced small and mid cap equities for the month. The S&P Mid Cap 400 fell 3.2% while the S&P Small Cap 600 fell 3.5%. For the year, growth continues to outperform value across the market capitalization spectrum.

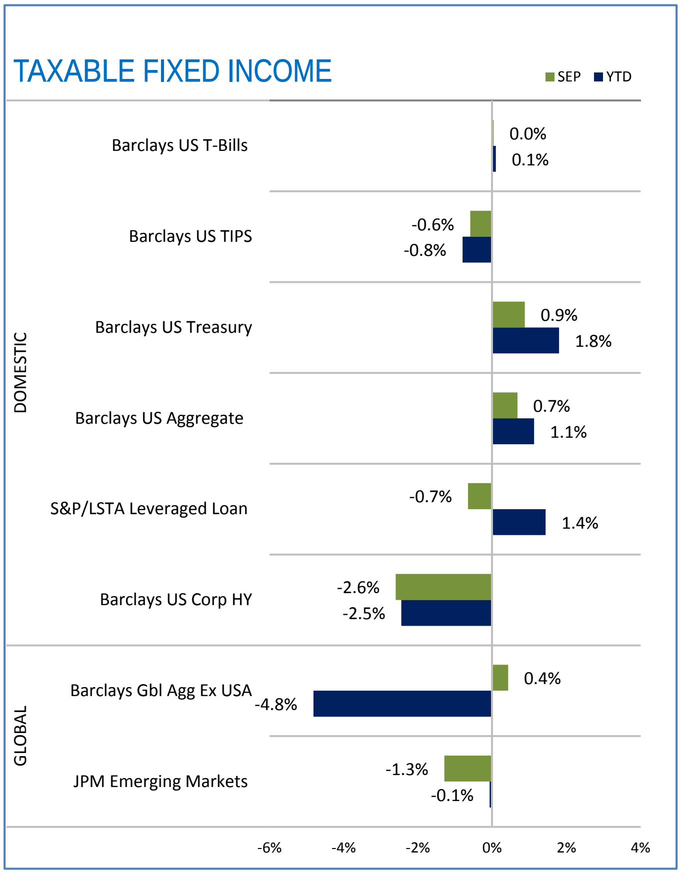
International Markets Offer No Refuge

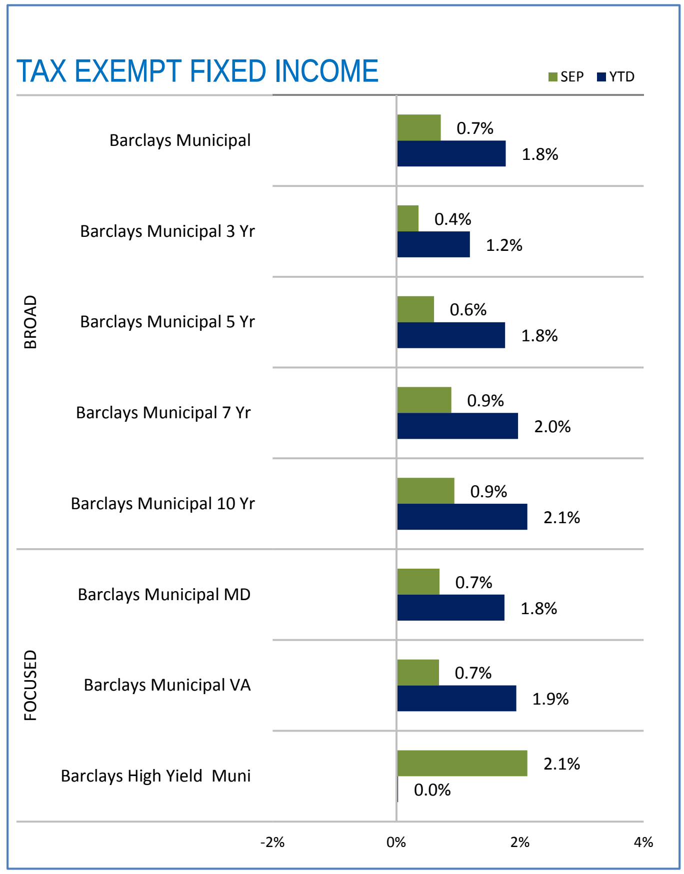
The MSCI EAFE Index of developed international markets stocks declined sharply in September, with every country in the index posting losses. Despite an ongoing economic recovery, helped by the European Central Bank's (ECB) quantitative easing program, European markets fell sharply in September as well.

Brazil In Turmoil

Emerging markets equities fell 3.0% in September and marked the fifth straight month of declines amidst ongoing concerns about Chinese economic growth. Brazilian markets are down 39.4% YTD , making the country one of the worst performing emerging markets. Standard & Poor's downgraded Brazil's sovereign debt rating to junk status, citing political challenges that have hurt the government's ability to manage fiscal policy. S&P's move came less than two months after it lowered its outlook for Brazil from stable to negative, reflecting how quickly Brazil's fiscal position has worsened in recent weeks

FIXED INCOME: Treasuries & Muni's Rally





Rates Unchanged & Treasuries Outperform

The Federal Reserve's policymaking committee opted not to increase interest rates at its September meeting. U.S. Treasury prices subsequently rose (yields fell) on the news that the Fed had decided to hold rates steady. The yield on the 10-year U.S. Treasury decreased to 2.06% at the end of September, as they continued to benefit from their reputation as a safe haven asset and were one of the best-performing sectors within the fixed income markets for the month.

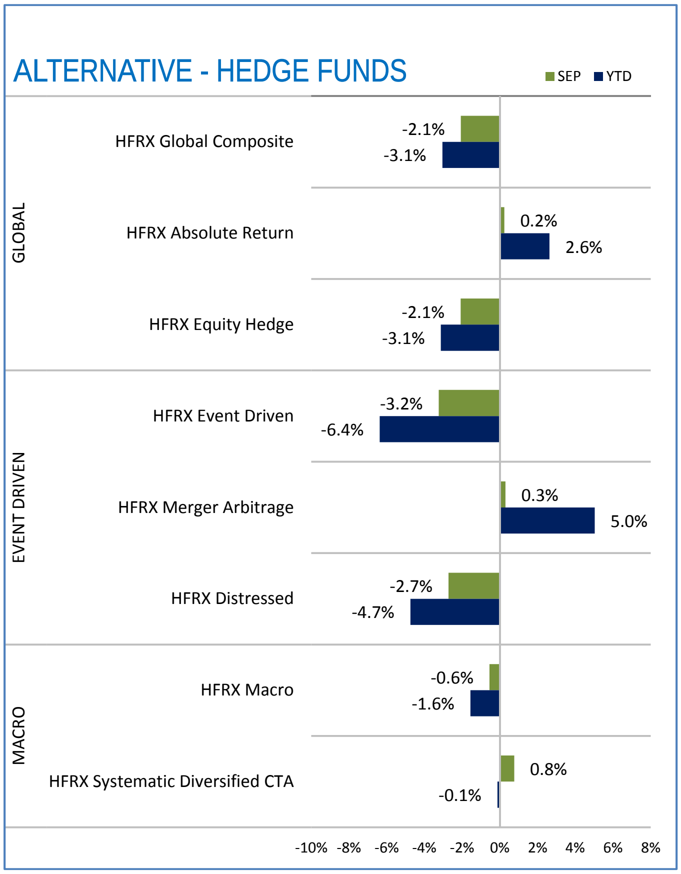
Investors Punish Credit Risk

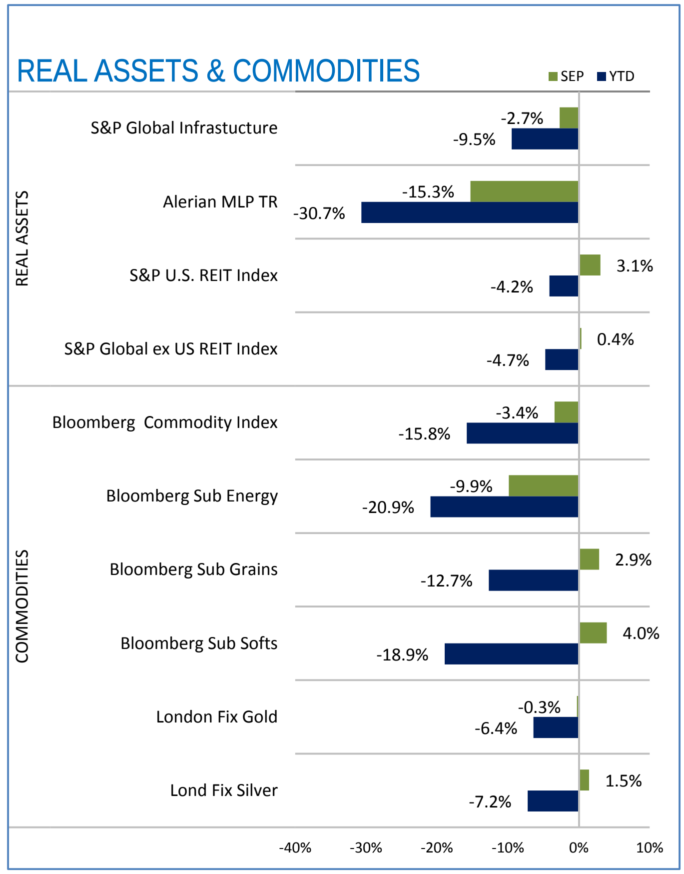
High yield corporate bond prices dropped sharply for a fourth straight month as investors became increasingly concerned that slowing economic growth in China will further crimp global demand for energy and commodities. The Barclays U.S. Corporate High Yield index fell 2.6% in September.

Muni's Perform Well

Municipal bonds benefited from the rally in U.S. Treasuries in September as the Barclays Municipal Index rose 0.7%. Puerto Rico released its financial restructuring plan, which calls for holders of the territory's municipal debt to take losses. However, any final settlement will require further negotiations between Puerto Rico and its many creditors, which are likely to be prolonged and contentious.

ALTERNATIVES: REITs Buck The Trend In September





Hedge Funds Post Mixed Results
Hedge funds posted mixed performance for September with gains in merger arbitrage strategies, but a fall in the HRFX Global Composite of 2.1%. The HFRX Event Driven Index posted a decline of -3.24% for September, as equities posted sharp declines and high yield credit fell.

MLP Yields Rise As Prices Plummet
It has been a difficult year for master limited partnerships (MLP). While proponents argue that MLP's operate toll road business models, are insulated from commodity prices, generate stable cash flows, and are uncorrelated to interest rate movements, the Alerian MLP Index has fallen 30.7% YTD. The index yield now stands at 7.28%. The 5.29% spread above the 10-year U.S. Treasury is well above its 10 year median spread of 3.37%.

Recovery In The REIT Market
REITs gained ground in September and outpaced the broader markets as fundamentals remain firm and the Fed held off on raising interest rates. The S&P U.S. REIT Index rose 3.1% in September, as the S&P 500 lost 2.5% and yield on the 10-year U.S. Treasury fell 0.11%.