BURT WEALTH ADVISORS

301-770-9880
www.burtwealth.com

ECONOMY: Data Supportive of Rate Increase

UPWARD REVISION OF GDP

The U.S. economy grew at a healthier clip in the 3rd quarter than initially thought. The Commerce Department reported U.S. GDP grew at a 2.1% percent annual pace, not the 1.5% previously reported. The third-quarter's respectable expansion should set up the economy to achieve at least 2% growth in the second half of the year, around its long-run potential.

RETAIL SALES STRONG

Retail sales excluding automobiles, gasoline, building materials and food services increased 0.6% after gaining 0.2% in October according to the Commerce Department. These so-called core retail sales correspond closely with the consumer spending component of GDP. Consumer spending, which accounts for more than two-thirds of U.S. economic activity, surprisingly slowed in September and October. The latest signs of strength in consumption could see economists bumping up their fourth-quarter growth estimates.

CONSUMER CONFIDENCE CONTINUES TO SLIDE

The Conference Board ***Consumer Confidence Index®***, which had decreased moderately in October, declined further in November. *"Consumer confidence retreated in November, following a moderate decrease in October. The decline was mainly due to a less favorable view of the job market. Consumers' appraisal of current business conditions, on the other hand, was mixed. Fewer consumers said conditions had improved, while the proportion saying conditions had deteriorated also declined. Heading into 2016, consumers are cautious about the labor market and expect little change in business conditions."*

THE COST OF CHRISTMAS

The cost of buying your true love all the gifts from "The 12 Days of Christmas" rose just 0.6% this year. The combined cost for the dozen gifts featured in the famed Christmas carol totals $34,130.99 in 2015, up $198 from last year's price tag and in-line with the government's Consumer Price Index, according to the 32nd annual PNC Christmas Price Index

EUROPEAN DATA CONTINUES TO IMPROVE

According to Eurostat, Eurozone's GDP rose by 0.3% in the second estimate for the 3rd quarter of 2015—compared to 0.4% in fiscal 2Q15. On a year-over-year basis, the GDP grew by 1.6% in the Eurozone.

MORE STIMULUS FROM THE ECB

The European Central Bank stepped up its efforts to boost the region's weak economy, but the size of the stimulus disappointed markets. Investors and economists concluded that the steps—which included expanding the ECB's bond-purchase program and cutting an already negative deposit rate to encourage lending—were insufficient, given the heightened expectations for more aggressive action to boost low inflation in the Eurozone.

CHINA STABILIZES

China's latest round of economic data showed fresh evidence of stabilization after policy makers unleashed several rounds of monetary and fiscal stimulus. The latest data showed improvements in industrial production, retail sales and fixed-asset investment. This follows reports that the slide in imports is moderating and consumer inflation is picking up.

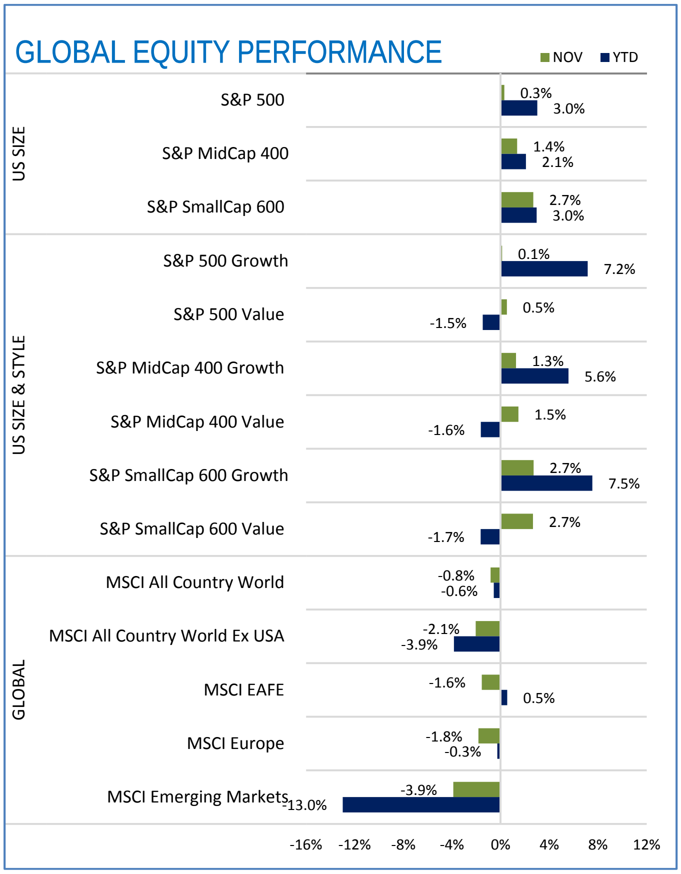
UNREST IN BRAZIL

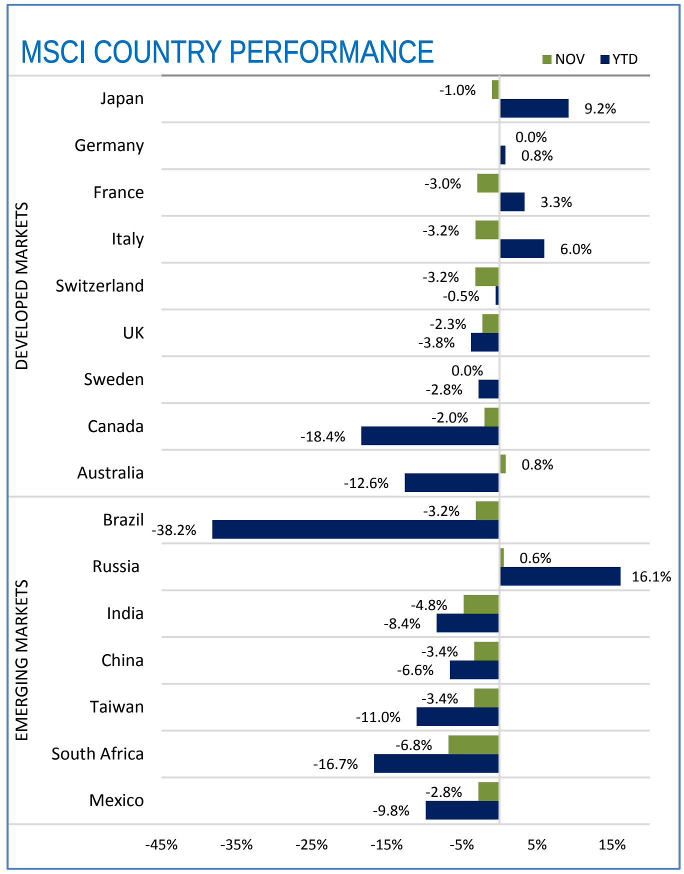
Protesters continue to take to the streets across Brazil to demand the ouster of President Dilma Rousseff, who faces impeachment proceedings that could drag on for months while her government struggles to lift the economy from its most severe crisis in decades.

JAPAN REBOUNDING

Bank of Japan officials are gaining confidence in the resilience of the nation's economy, while keeping a close eye on the impact of low oil prices on inflation expectations. Indicators have improved, with revised GDP data showing that Japan averted a mid-year recession and that capital spending has increased. Data since the last meeting in November shows the economy has been gradually gathering momentum in line with the bank's expectations

GLOBAL EQUITIES: Terrorist Attack Hits Eurozone





S&P 500 Sees Small Gain

It was a difficult month for the S&P 500, as global social and economic events tested the index. With last month's 8.3% in the rear view mirror, the S&P 500 posted a slight 0.3% gain for November. Sector returns continued to be varied. Utilities fell 2.8% in November (the worst sector for the month) after posting a 1.1% gain in October. The energy sector posted a 0.8% decline this month, as oil stayed in the low $40s . Year-to-date, the energy sector is down 15.1% (the worst sector YTD).

Investors Overly Pessimistic?

Despite the good long-term prospects of U.S. stocks and the bull market we have enjoyed since the 2008 recession, investors remain quite skeptical. According to ISI Evercore Research, through the end of November investors had pulled a net $143 billion out of U.S. equity mutual funds this year, which constitutes a record—even surpassing 2008's outflows.

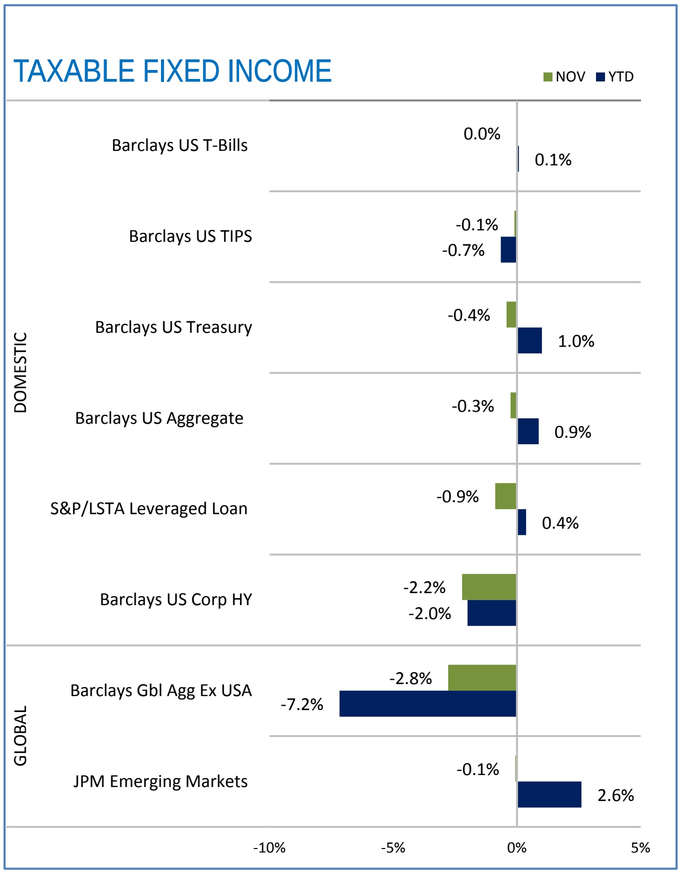
Terrorist Attacks Impact Europe

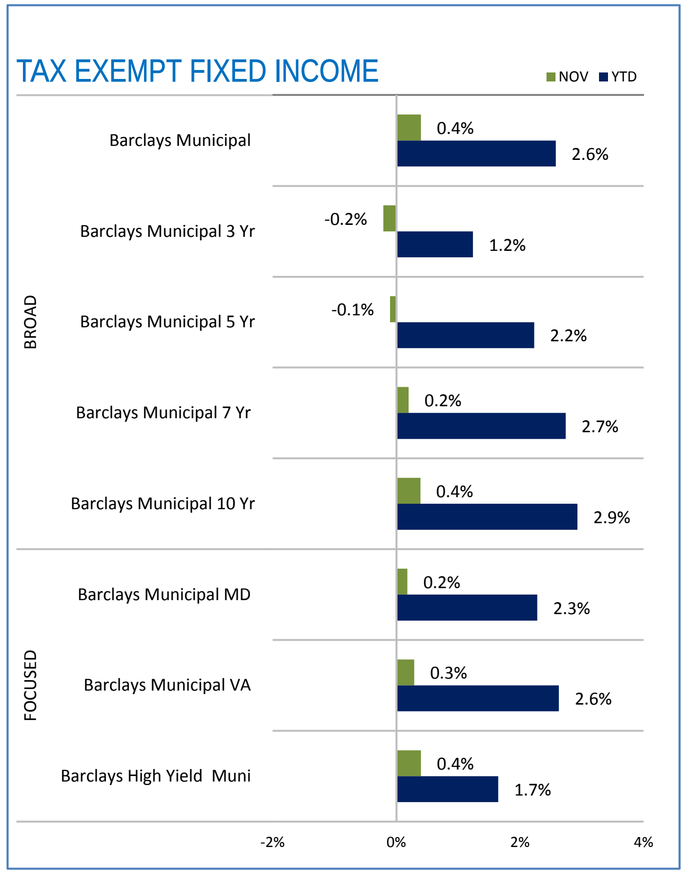
Developed international stocks, measured by the MSCI EAFE Index, fell 1.6% in November. In Europe, markets were rattled following the terrorist attacks in Paris, but were able to recoup losses as investors focused on improving economic and company fundamentals. The MSCI Europe Index fell 1.8% in November. Stocks were further supported by the prospect of additional monetary stimulus from the European Central Bank.

Emerging Markets Fall

Emerging-markets stocks also ended the month in negative territory, losing 3.9%. Concerns over slowing global economic growth, the prospect of rising U.S. interest rates, and the continued decline in commodities markets weighed heavily on the minds of investors.

FIXED INCOME: Trouble In High Yield?





Focus On The Future…

The U.S. Federal Reserve has sought to give clear signals about its intentions to raise interest rates, which will likely occur at its December meeting. This will represent the first rate increase since 2006. The focus of the market heading into 2016, however, will likely continue to be the Fed. The path of hikes down the road is more important than the start date. At this point, the Fed has noted its desire to move gradually, allowing for the economy and markets to adjust. Slow rate hiking cycles have typically been positive for stocks, but with almost a decade having passed since the last hike, volatility is likely to persist.

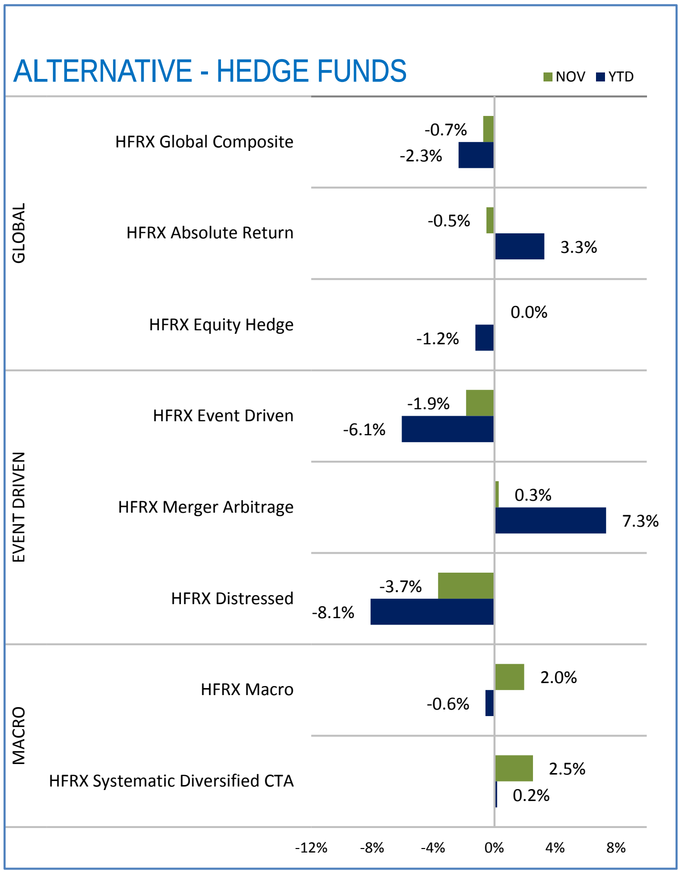
High Yield Gives Back Gains

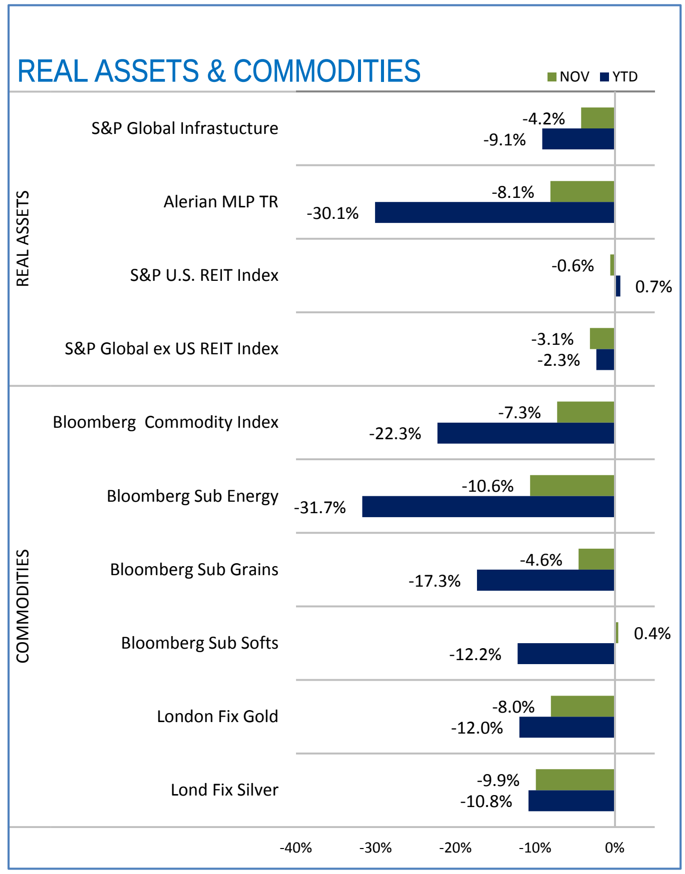
On the back of a positive rally in October, the high yield bond market gave back much of it in November, falling 2.2%. High yield bond returns are now down a cumulative 6.0% since May, the worst 6 month performance for the asset class since the credit crisis. Moreover, the volume of bonds trading as distressed has increased to the highest levels since the Great Recession, with nearly 20% off the high yield market trading as distressed levels.

Puerto Rico To Divert Revenues

On January 1st, Puerto Rico owes $945 million of total bond payments. Government officials said last week that the commonwealth would begin to claw back revenues from certain non-GO bond instrumentalities in order to maintain essential services. As indicated by the governor, revenues were being diverted from the Puerto Rico Highways and Transportation Authority, Infrastructure and Finance Authority, Metro Bus Authority, Integrated Transportation Authority and Convention District Authority. Puerto Rico remains in negotiations over restructuring terms with bondholder groups.

ALTERNATIVES: MLPs Follow Oil Lower





Hedge Funds Post Positive Returns

Hedge funds posted mixed performance in November due to the potential rate hikes in the U.S. and additional stimulus from the ECB. Trend following strategies benefitted from gains in the U.S. dollar and the continued declines in various commodity prices. Distressed strategies fell 3.70% as credit spreads widened in the energy, consumer and industrial sectors.

The Fall of the MLP

From the start of 2010 to the end of 2014, a net $44 billion flowed into MLP mutual funds and exchange-traded funds, according to Morningstar Inc. MLPs have been popular in recent years as a way for investors to exploit the energy and energy infrastructure boom in the U.S, while also receiving large income distributions. The fall in energy prices and potential for rate increases have pushed the Alerian MLP Index down 30.1% YTD. Most recently, pipeline operator Kinder Morgan Inc. (KMI) recently slashed its dividend. Kinder Morgan, while no longer an MLP, was a pioneer in creating the structure and its dividend reduction is an ominous sign for the sector.