North Star Resource Group
Changing Lives, Forever©

Quarter 2, 2015

While the housing market continues to improve and job growth remains strong, the headwinds facing many global economies left equity values vacillating up and down without any significant movements in either direction during the second quarter. Toward the quarter's end, attention was once again was on Greece. Although Greece's gross domestic product is less than that of Connecticut, the uncertainly regarding their ability to make the necessary economic reforms to remain solvent and remain a part of the eurozone, are in doubt.

Domestically, large company stocks (S&P 500) and small company stocks (Russell 2000) increased 0.28% and 0.42% respectively. The strongest performing sectors within the S&P 500 index were health care, consumer discretionary and financials, which returned 2.84%, 1.92% and 1.72% respectively. Industrials and energy were the weakest performing sectors, falling 2.23% and 1.88% each over the quarter.

The U.S. dollar depreciated during the second quarter, increasing returns for investors investing in foreign markets. A decrease in value of the U.S. dollar enhances foreign securities returns to U.S. investors while an increase in the dollar's value reduces them. For the quarter the MSCI EAFE Index (in U.S. Dollars) increased 0.62% while the MSCI EAFE Index (in Local Currency) decreased 1.82%.

Fixed income yields rose in the second quarter as bond prices fell. Yields on 10 year Treasury notes jumped from 1.87% at the beginning of the quarter to 2.35% by the end. For the quarter the Barclays U.S. Aggregate bond index (a blended bond composite) declined 1.76%.

On June 17 the Federal Reserve's Open Market Committee left the interbank lending rate target (federal funds rate) unchanged at 0% to 0.25%. In the official statement following the meeting the Fed upgraded its assessment of the economy pointing to improvements in consumer spending as well as the housing and labor markets.

That last rate increase was in June of 2006. We do not know how much longer the Fed will maintain the current rate. The important question is how fast the Fed will tighten once they begin to increase rates. Language from the Fed suggests that they will do so carefully taking a "balanced approach consistent with its longer-run goals of maximum employment and inflation of 2 percent."

Long term, we continue to believe that well diversified global stock and bond portfolios, and disciplined investment strategies can continue to provide opportunities for those investors looking for growth.

I welcome your input and, as always, should you have any questions or concerns, or if there is a change in your investment time horizon or financial circumstances that I should be aware of, please contact me at your convenience.

Written and provided courtesy of North Star Resource Group.

Average Annual Returns for Periods Ending 6/30/2015						
Index	2nd Q	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
S&P 500	0.28%	1.23%	7.42%	17.31%	17.34%	7.89%
Russell 2000	0.42%	4.75%	6.49%	17.81%	17.08%	8.40%
MSCI EAFE (U.S. dollars)	0.62%	5.52%	-4.22%	11.97%	9.54%	5.12%
Barclays US Aggregate Bond	-1.76%	-0.13%	1.78%	1.82%	3.38%	4.45%
Benchmark Composites	2nd Q	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Aggressive Growth	0.42%	3.40%	3.70%	15.83%	14.94%	7.19%
Growth	-0.02%	2.73%	3.20%	12.98%	12.55%	6.61%
Conservative Growth	-0.45%	1.90%	2.74%	10.10%	10.17%	6.01%
Income and Growth	-0.89%	1.23%	2.24%	7.24%	3.00%	5.44%
Income	-1.34%	0.36%	2.33%	4.65%	5.78%	5.00%