North Star Resource Group
Changing Lives, Forever ®

Quarter 4, 2015

Equity returns were strong during the quarter as a sharp recovery followed the 3rd quarter correction. Despite the results in the last three months of the year, low interest rates, the continued surge of the dollar and further weakness in commodity prices proved to be difficult conditions in 2015. By year-end most diversified portfolios ended approximately where they started in 2015.

For the quarter, domestic large company stocks (S&P 500) increased 7.04% while small company stocks (Russell 2000) increased 3.59%. Growth stocks outperformed value stocks across all market capitalizations. Materials, health care and information technology were the strongest performing sectors domestically for the quarter increasing 9.69%, 9.22% and 9.17% respectively.

Foreign stock markets in aggregate increased in the 4th quarter and produced strong returns for investors despite the dollar strengthening. A decrease in value of the U.S. dollar enhances returns when investing in foreign securities while an increase in the dollar's value reduces returns for U.S. investors holding foreign securities. For the quarter the MSCI EAFE Index (in U.S. dollars) increased 4.75% while the MSCI EAFE Index (in local currency) increased 6.38%.

Interest rates and the yields on fixed income remain very low by historical standards as central banks around the globe continue with accommodative monetary policies. Domestically the yield on 10-year Treasury bonds increased from 2.05% to 2.27% over the quarter as the Federal Reserve ended its seven year policy of near-zero interest rates. For the quarter the Barclays U.S. Aggregate Bond Index fell 0.61%.

On December 16, the Federal Reserve's Open Market Committee raised the range for the federal funds rate to ¼ to ½ percent. The move was widely anticipated and came as no surprise to the markets. Going forward the focus of conversation regarding the federal funds rate has changed from "when rates will increase" to "how much and how quickly" they will occur in the future.

The current recovery is approaching its seventh year and if it continues through March of 2016 it will be the fourth longest in U.S. history. Domestically the S&P 500 has increased approximately three-fold from its low in 2009 despite tepid growth in 2015. Globally the recovery in asset prices has been more muted during the current recovery, but recent results in Europe and Japan suggest that there remain ample opportunities for growth for overseas.

Taking the long view we continue to believe that globally diversified 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, please contact me at your convenience.

Written and provided courtesy of North Star Resource Group.

Average Annual Returns for Periods Ending 12/31/2015						
Index	4th Q	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
S&P 500	7.04%	1.38%	1.38%	15.13%	12.57%	7.31%
Russell 2000	3.59%	-4.41%	-4.41%	11.65%	9.19%	6.80%
MSCI EAFE (U.S. dollars)	4.75%	-0.39%	-0.39%	5.46%	4.07%	3.50%
Barclays US Aggregate Bond	-0.61%	0.44%	0.44%	1.39%	3.25%	4.52%
Benchmark Composites	4th Q	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Aggressive Growth	5.49%	-0.60%	-0.60%	11.36%	9.18%	6.04%
Growth	4.25%	-0.41%	-0.41%	9.27%	7.91%	5.70%
Conservative Growth	3.18%	0.07%	0.07%	7.35%	6.80%	5.38%
Income and Growth	1.93%	0.26%	0.26%	5.26%	5.53%	5.04%
Income	0.81%	0.54%	0.54%	3.65%	4.69%	4.89%

You cannot invest directly in an index. Indices do not have expenses, which would reduce returns. Past performance is not indicative of future results. The S&P 500 Index measures the performance of large capitalization U.S stocks. The S&P 500 is a market-value-weighted index of 500 stocks that are traded on the NYSE, AMEX and NASDAQ. The weightings make each company's influence on the Index's performance directly proportional to the company's value. The Russell 2000 Index measures the total return of small capitalization U.S. stocks. The Russell 2000 is a market-value-weighted index of the 2,000 smallest stocks in the broad-market Russell 3000 Index. These securities are traded on the NYSE, AMEX and NASDAQ. Investments in smaller company and micro-cap stocks generally carry a higher level of volatility and risk over the short term. The MSCI EAFE Index is the Morgan Stanley Capital International Index and is designed to measure the total return of the developed stock markets of Europe, Australia and the Far East. Investment risks associated with international investing, in addition to other risks, include currency fluctuations, political and economic instability and differences in accounting standards when investing in foreign markets. The Barclays US Aggregate Bond Index is a market-weighted index that includes U.S. government, corporate, and mortgage-backed securities, rated investment grade or higher, with maturities up to 10 years. Investments in fixed income securities are subject to interest rate risk and, as such, the net asset value of bond and real estate funds will fall as interest rates rise. The Benchmark Composite returns are a weighted average of index data comprised in the following manner. Aggressive Growth is 45% S&P 500, 25% Russell 2000 and 30% MSCI EAFE. Growth is 35% S&P 500, 20% Russell 2000, 25% MSCI EAFE and 20% Barclays US Aggregate Bond. Conservative Growth is 30% S&P 500, 10% Russell 2000, 20% MSCI EAFE and 40% Barclays US Aggregate Bond. Income and Growth is 20% S&P 500, 5% Russell 2000, 15% MSCI EAFE and 60% Barclays US Aggregate Bond. Income is 15% S&P 500, 5% MSCI EAFE and 80% Barclays US Aggregate Bond.
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Sources: S&P Dow Jones Indices, Wells Capital Management, First Trust, JP Morgan and the Federal Reserve Board