NORTH STAR RESOURCE GROUP

Quarter 1, 2015

The U.S. dollar continued to surge in value, hitting a 12-year high during the quarter. A strong dollar can have positive effects on Americans by reducing the cost of imported goods and reducing overall inflation, but this can also become a headwind for U.S. businesses with customers overseas. Of the S&P 500 companies that provided details on their foreign sales in 2012 nearly 47% of total sales came from abroad. For companies like these a rising U.S. dollar makes their products more expensive abroad and can reduce their profits.

For the 1st quarter, large company stocks (S&P 500) and small company stocks (Russell 2000) increased 0.95% and 4.32% respectively, with growth stocks outpacing value stocks across all market capitalizations. The strongest performing sectors within the S&P 500 index were health care and consumer discretionary, which increased 6.6% and 4.8% respectively. The weakest performing sectors were energy and financials, which declined 2.85% and 2.05% respectively.

Foreign stock markets in aggregate increased in the 1st quarter and produced good returns for investors despite the strong U.S. dollar. 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 5.00% while the MSCI EAFE Index (in local currency) increased almost 11%.

The price of U.S. Treasuries rose during the quarter, driving yields lower, while the European Central Bank initiated an aggressive quantitative easing program (bond yields move inversely to price). This is the fifth quarterly gain in a row and the longest gain in more than a decade. With historically low yields bond investors are more vulnerable to losses in a rising rate environment as general price declines might outpace interest payments. For the quarter the Barclays U.S. Aggregate Bond Index rose 1.66%.

On March 18 the Federal Open Market Committee maintained the target range for the federal funds rate at 0% to 0.25%, stating that "economic growth has moderated somewhat". Many believe that the first possible rate hike is unlikely to be a serious consideration for the next meeting in April and most likely to be considered in June. The Fed last raised rates in 2006 and has kept the federal funds target rate at the current level since December 2008.

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 earliest convenience.

Written by and provided courtesy of North Star Resource Group.

Average Annual Returns for Periods Ending 3/31/2015						
Index	1st Q	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
S&P 500	0.95%	0.95%	12.73%	16.11%	14.47%	8.01%
Russell 2000	4.32%	4.32%	8.21%	16.27%	14.57%	8.82%
MSCI EAFE (U.S. dollars)	5.00%	5.00%	-0.48%	9.52%	6.64%	5.43%
Barclays US Aggregate Bond	1.66%	1.66%	5.66%	3.14%	4.35%	4.90%
Benchmark Composites	1st Q	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Aggressive Growth	3.01%	3.01%	7.64%	14.17%	12.15%	7.44%
Growth	2.78%	2.78%	7.11%	11.90%	10.51%	6.91%
Conservative Growth	2.38%	2.38%	6.81%	9.62%	8.87%	6.33%
Income and Growth	2.15%	2.15%	6.28%	7.35%	7.23%	5.80%
Income	1.72%	1.72%	6.41%	5.40%	5.98%	5.39%

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.
This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding any funds or stocks in particular, nor should it be construed as a recommendation to purchase or sell a security. Past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. Tracking 1162848/DOFU 4-2015
Sources: Wall Street Journal, First Trust, Market Watch and the Federal Reserve Board