

Market Update

Stoker Ostler

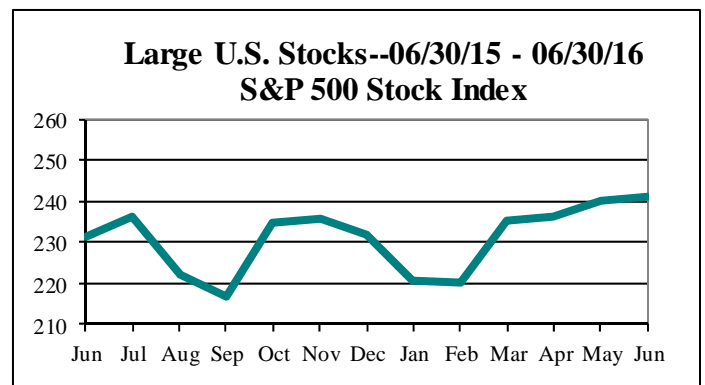
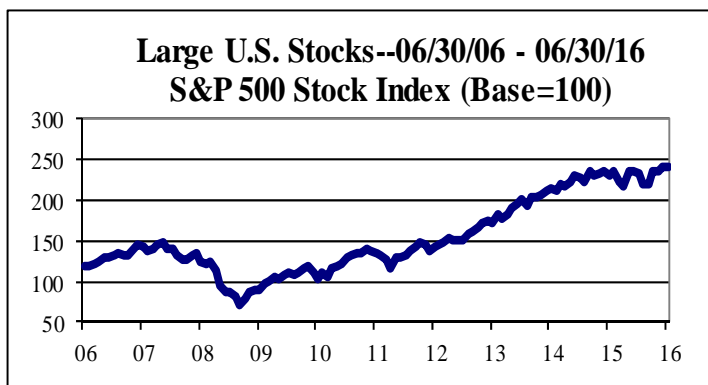
BMO  A part of BMO Financial Group

June 2016

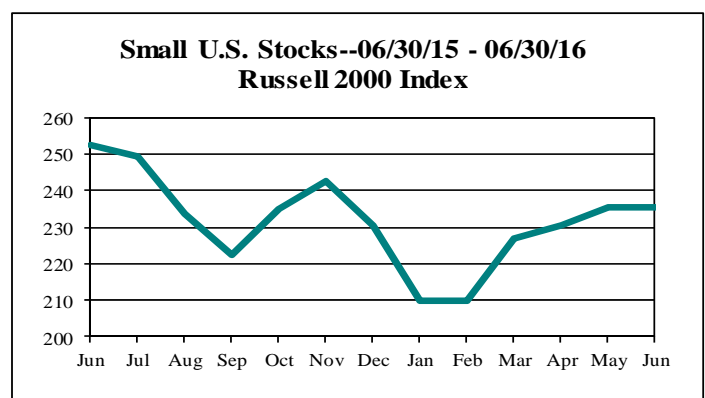
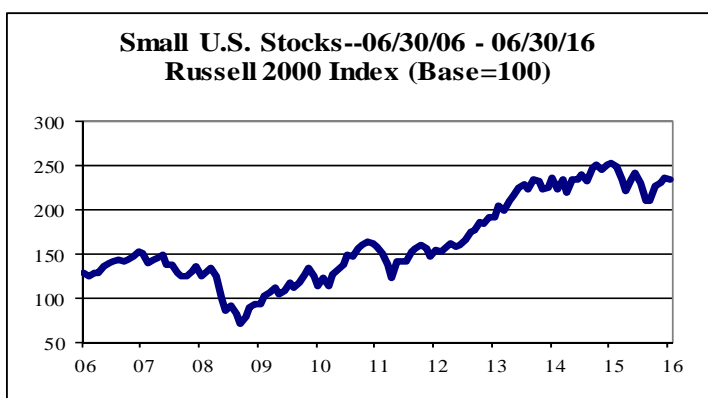
U.S. Markets

U.S. stock markets went nowhere fast during much of the second quarter of 2016 as markets debated whether we would see another rate hike from the Federal Reserve. Uncertainty flooded the market the last week of the quarter as Great Britain voted to leave the European Union. Commonly referred to as “Brexit”, the unexpected result of this national referendum caused markets to plummet domestically and internationally in the two days following the vote, some more than 10%. Equities quickly rebounded, however, as fears of immediate consequences subsided. The S&P Index recovered to finish up 3.8% since the beginning of the year, while the Russell 2000 Index has risen 2.2% year-to-date. U.S. economic growth continues its slow expansion, just over 1% annual GDP growth, largely driven by increases in consumer spending. Better-than-expected job creation created positive sentiment, and the unemployment rate was largely unchanged through the end of June.

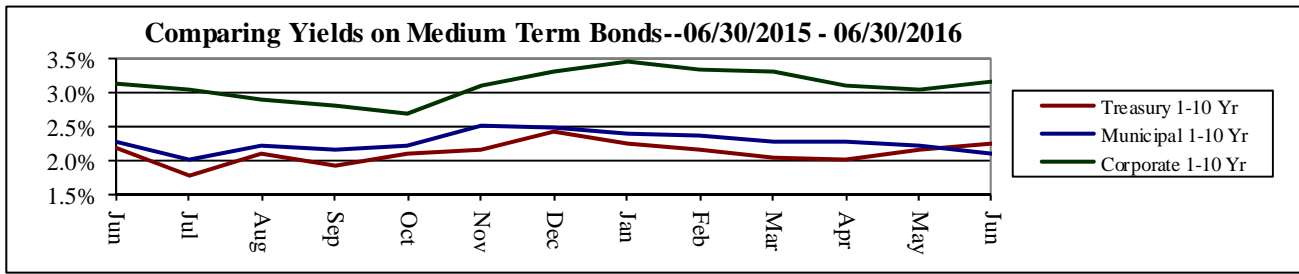
The Federal Reserve chose not to increase the Federal Fund rate from its current range of 0.25%-0.50%. Expectations for further rate increases this year declined following the “Brexit” vote. Commodities, particularly oil and gold, have strongly rebounded this year with U.S. oil prices increasing by over 30% from the lows seen in mid-February. Expectations of falling oil production, rising global demand, and unexpected supply outages have supported the price increase. Global growth concerns and negative interest rates have propelled gold to its best two-quarter gain since 2007, with gains of approximately 24%. Oil ended the quarter at \$48.33 per barrel, while gold finished at \$1,322 per troy ounce.



Thru 06/30/16	Year to Date	1 Year	5 Years	10 Years
S&P 500	+3.8%	+4.0%	+12.1%	+7.4%

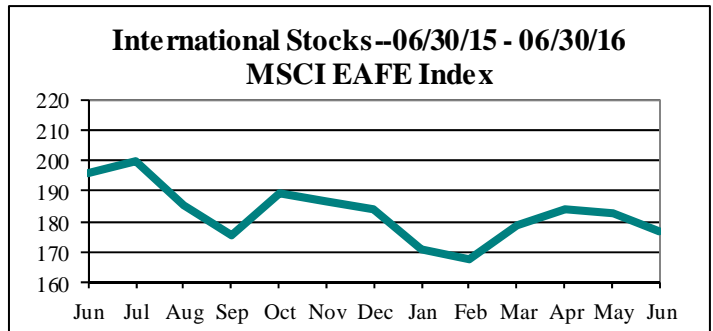
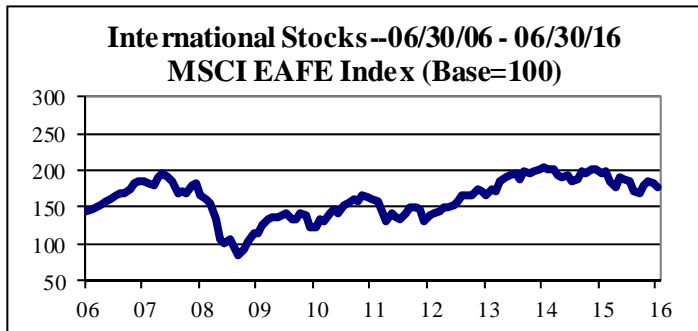


Thru 06/30/16	Year to Date	1 Year	5 Years	10 Years
Russell 2000	+2.2%	-6.7%	+8.4%	+6.2%

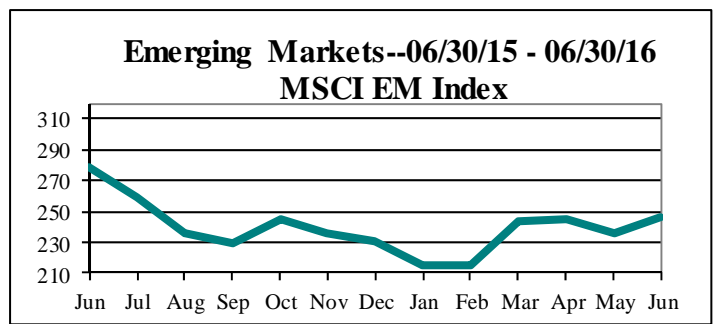
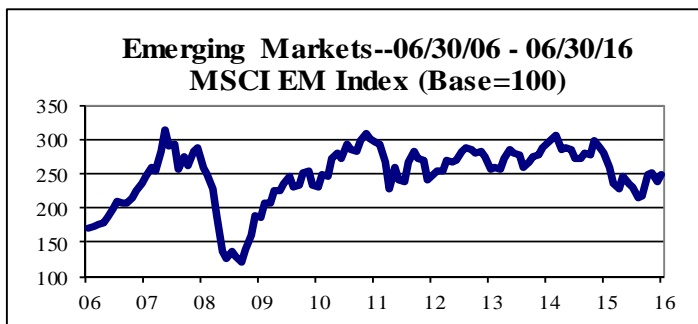


International Markets

International markets were more deeply affected by the “Brexit” vote than were U.S. markets. The MSCI EAFE Index fell by double digits in the two days following the vote, but has somewhat recovered to a loss of 4.1% since the start of the year. While Great Britain will not officially leave the European Union for some time, there are concerns about the on-going economic health of both Europe and Great Britain. “Brexit” anxieties, lackluster economic growth, and an expansive monetary policy from the European Central Bank has led to negative yields for some government bonds in at least four European countries and Japan. Emerging markets have been a bright spot with year-to-date returns of 7.6%. Rising commodity prices have been a positive factor for emerging economies such as Russia and Brazil, boosting equity returns in those countries well into double-digit returns.



Thru 06/30/16	Year to Date	1 Year	5 Years	10 Years
MSCI EAFE	-4.1%	-9.8%	+2.0%	+2.0%



Thru 06/30/16	Year to Date	1 Year	5 Years	10 Years
MSCI EM	+7.6%	-11.0%	-3.4%	+3.9%

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