Angeles
WEALTH MANAGEMENT

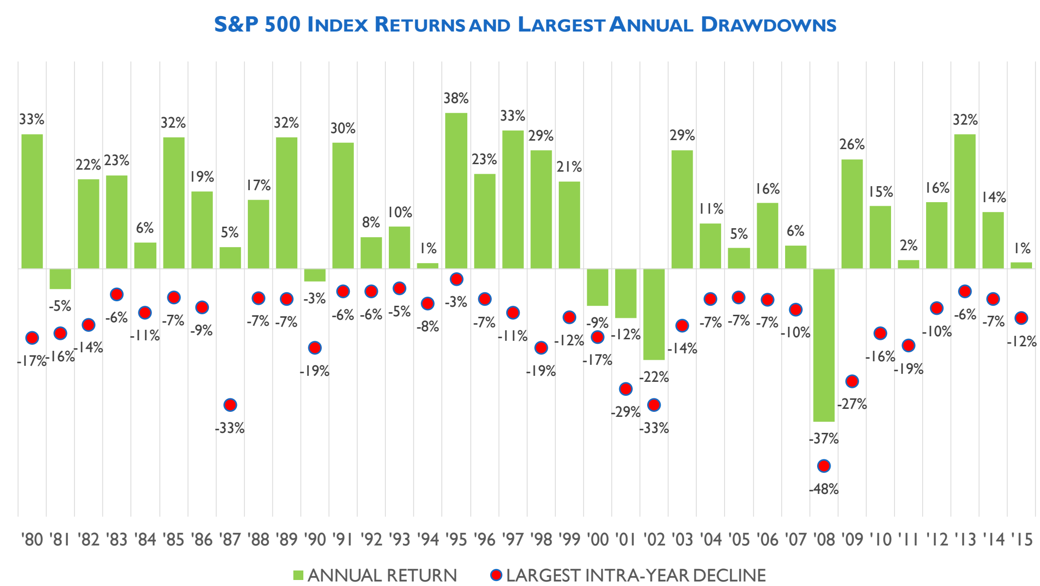
MARKET COMMENTARY - January 13, 2015

On September 11, 2015, I wrote the following;

> *"A Secular Bull Market is generally defined as a long-term bullish trend consisting of larger bull markets and smaller bear markets or corrections. In a secular bull market, the corrections are often rapid and scary, but generally make higher lows than the previous correction, followed by extended periods of advance. Recorded Secular Bull Markets have generally lasted between 5-25 years.*
>
> *We strongly believe that the current down cycle in equity markets is a correction, and not the end of this Secular Bull Market. We also believe that maintaining a strategic asset allocation, not trying to time the market, is the most successful strategy. We have attached some interesting data points that we believe help to make our case."*

I wrote the above in response to a scary correction in equity markets in Q3, 2015. In Q3, 2015, the S&P 500, Global Index and Emerging Markets Index were -6.4%. -9.6% and -17.8%, respectively. In Q4, 2015, these indexes recovered a bit (up between 4.8% - 7.0%), giving us all a small measure of emotional relief. Just when we thought it was ok to go back into the water, January of 2016 has been another scary period. The market correction of 2015, seems to not yet be over. However, my above statement about the Secular Bull Market still holds true. In addition, the following three charts and associated commentary, remain unchanged since sharing with you in September.

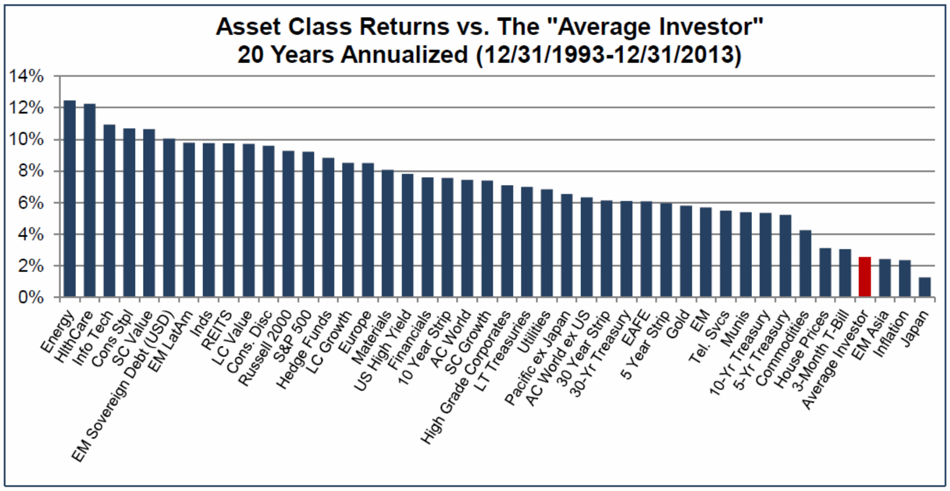
MARKET "DRAWDOWNS" ARE A REGULAR OCCURENCE



SOURCE: BLOOMBERG AS OF 12/31/15

As you can see in the chart, even the best of years have certain periods of significant decline. This is regular, healthy market activity.

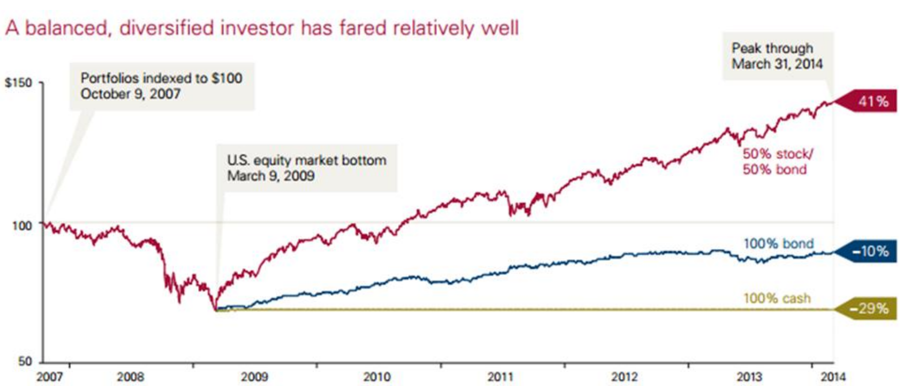
THE AVERAGE SELF-DIRECTED INVESTOR LETS EMOTION DRIVE INVESTING



Source: Richard Bernstein Advisors LLC., Bloomberg, MSCI, Standard & Poor's, Russell, HFRI, BofA Merrill Lynch, Dalbar, FHFA, FRB, FTSE. Total Returns in USD.
Average Investor is represented by Dalbar's average asset allocation investor return, which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior.
For Index descriptors, see "Index Descriptions" at end of document.

The chart shows that average investors, making their own decisions, tend to sell when they should be buying, and buy when they should be selling, with poor results.

HISTORY SHOWS THAT EVEN IF YOU BUY AT THE TOP OF A CYCYLE, INVESTING FOR THE LONG TERM PAYS OFF



Source: FactSet.

Notes: The 50% stock/50% bond portfolio is represented by the Standard & Poor's 500 Index and the Barclays U.S. Aggregate Bond Index (rebalanced monthly). The 100% bond portfolio is represented by the Barclays U.S. Aggregate Bond Index. The 100% cash portfolio is represented by 3-month Treasury bills.

Past performance is no guarantee of future results. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

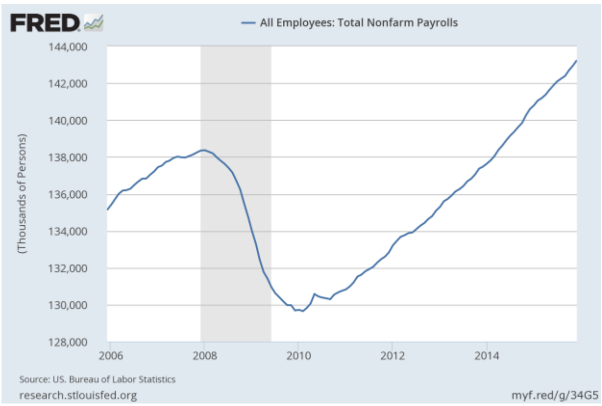
This is a hypothetical illustration.

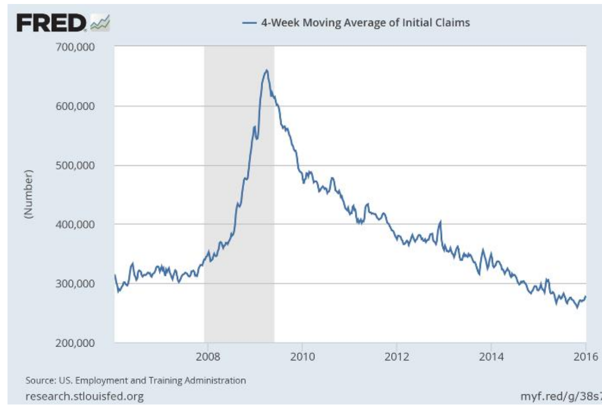
This chart, courtesy of Vanguard is quite remarkable. This shows a 50% stock/50% bond portfolio bought at the top of the market peak of 2007, and held all the way through March 2014. In short, "staying the course" performed remarkably well in spite of a huge drawdown in 2008-09.

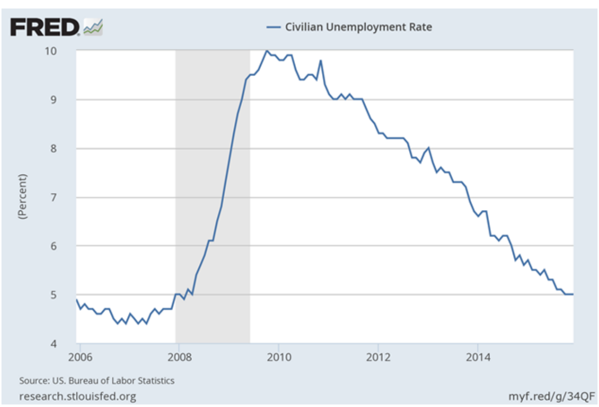
Below is some new data to share with you which I believe is relevant in assessing the current market and economic conditions. Confucius said, "A picture worth a thousand words." The below economic graphs speak for themselves. These charts are not indicative of a looming recession.

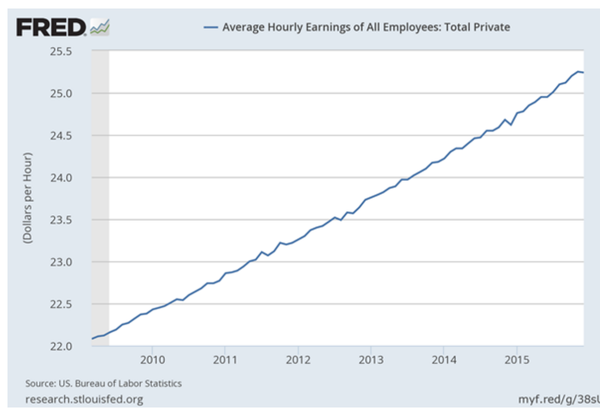
US ECONOMIC DATA IS POSITIVE & GENERALLY IMPROVING

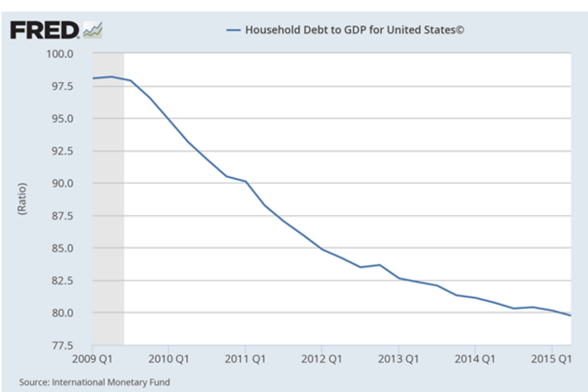
AMERICAN WORKERS – a Vast Improvement

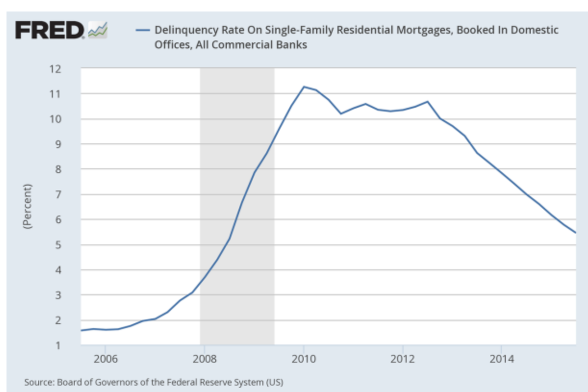




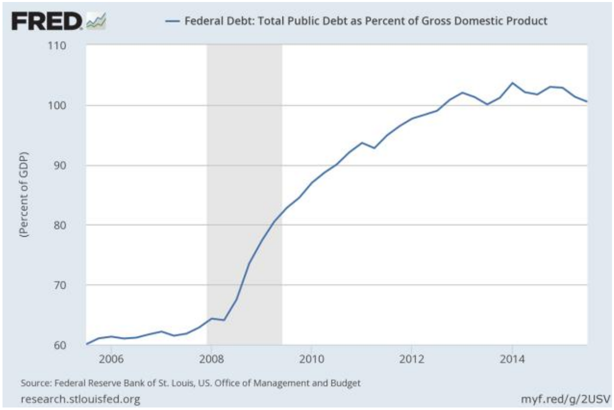


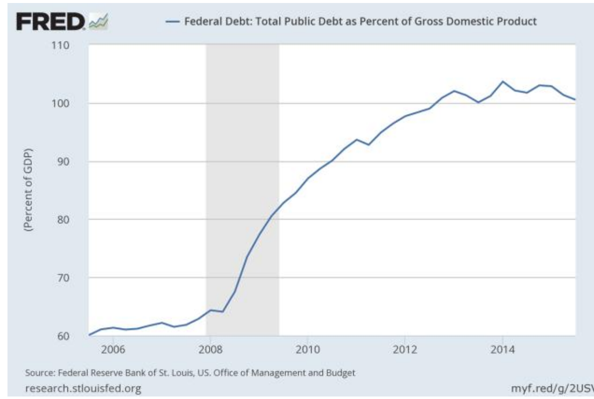


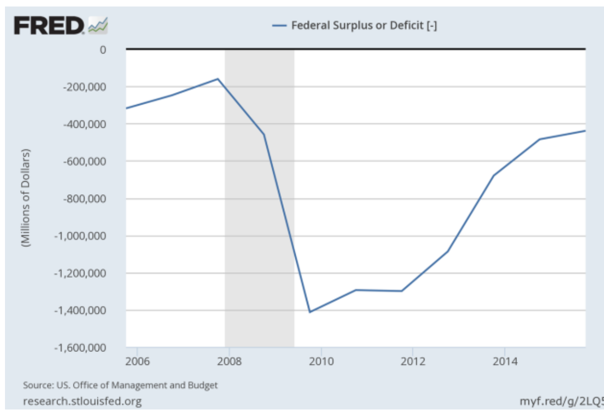




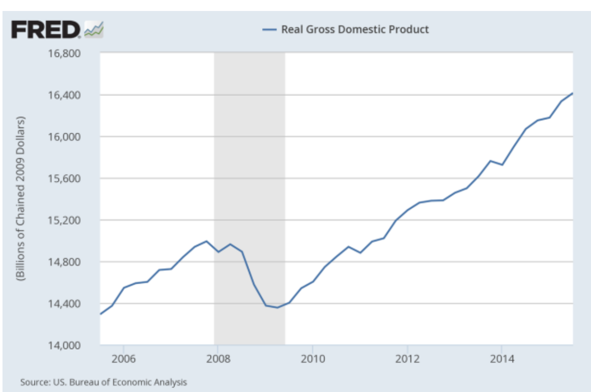
FEDERAL INDEBTINESS - Improving

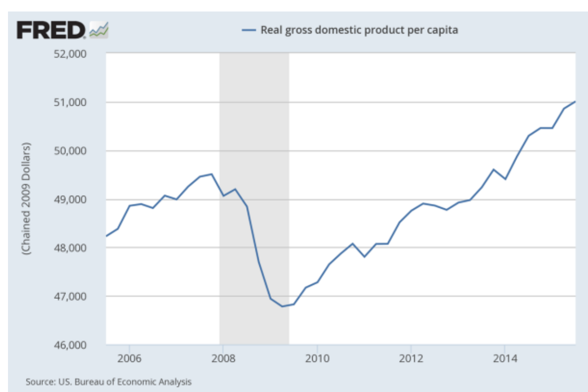




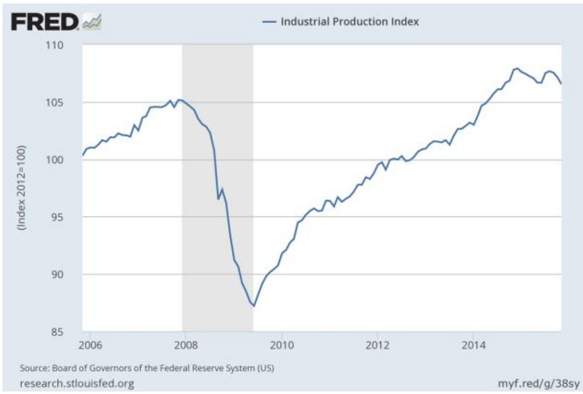


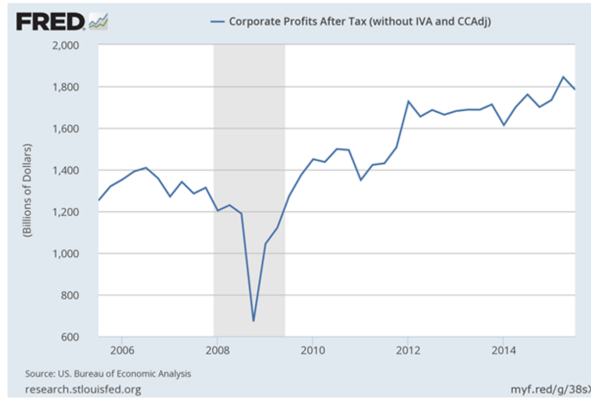
US ECONOMY – What a Comeback



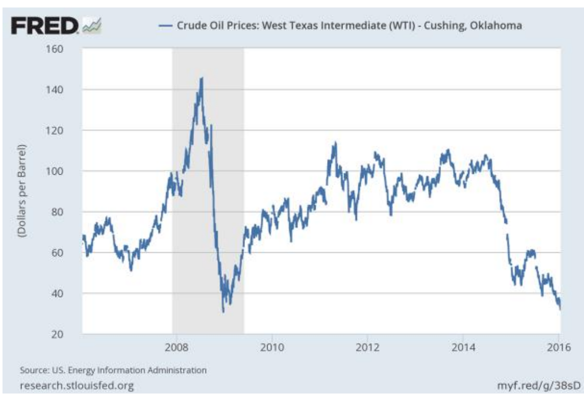


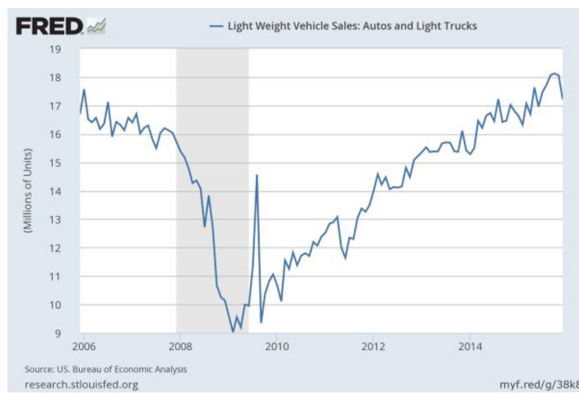
US CORPORATIONS – A Solid Recovery

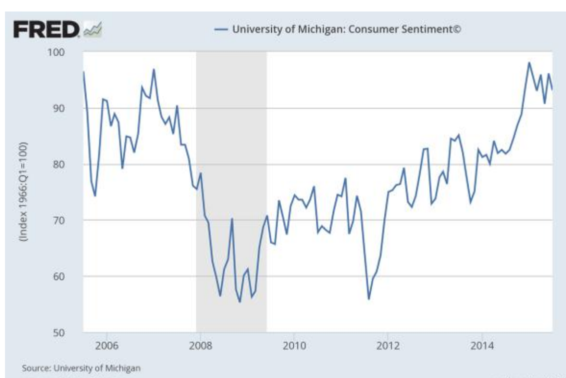




DROP IN OIL PRICES - Economically Stimulative for Most Industries and the Consumer







I hope you find this all interesting, and I invite your comments.

Jon Foster

Jonathan R. Foster
President & CEO
Angeles Wealth Management, LLC