M WEALTH PERSPECTIVE

April 2016

March 2016 Capital Markets Review

INDEX	PERIOD ENDING MARCH 31, 2016					
U.S. EQUITY MARKETS	QTR	YTD	1 YR RETURN	3 YR RETURN	5 YR RETURN	10 YR RETURN
S&P 500 Index	1.35%	1.35%	1.78%	11.82%	11.58%	7.01%
Russell 3000	0.97%	0.97%	–0.34%	11.15%	11.01%	6.9%
Russell 1000	1.17%	1.17%	0.5%	11.52%	11.35%	7.06%
Russell 1000 Value	1.64%	1.64%	–1.54%	9.38%	10.25%	5.72%
Russell 2000	–1.52%	–1.52%	–9.76%	6.84%	7.2%	5.26%
Russell 2000 Value	1.7%	1.7%	–7.72%	5.73%	6.67%	4.42%
NON-U.S. EQUITY MARKETS						
MSCI ACWI Ex US	–0.38%	–0.38%	–9.19%	0.32%	0.31%	1.94%
MSCI Emerging Markets	5.71%	5.71%	–12.03%	–4.5%	–4.13%	3.02%
FIXED INCOME						
Barclays Aggregate Bond	3.03%	3.03%	1.96%	2.5%	3.78%	4.9%
Barclays Municipal Bond 1–9 Year	1.03%	1.03%	2.38%	2.05%	3.01%	3.83%
Barclays US TIPS	4.46%	4.46%	1.51%	–0.71%	3.02%	4.62%
REAL ASSETS/NATURAL RESOURCES						
DJ US Select REIT	5.12%	5.12%	4.88%	11.09%	11.99%	6.17%
S&P North American Natural Resources	6.26%	6.26%	–18.3%	–7.59%	–6.61%	1.22%

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To help Member Firms grow their wealth management businesses, M Wealth offers everything from value-added wealth services to turnkey asset management and investment consulting.

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Commentary

- The U.S. equity market ended a volatile first quarter, up 1.0%. Expectations of further interest rate increases by the Fed, a strengthening dollar, concerns over slowing growth in China, declining oil prices, and disappointing GDP growth sent markets down 5.6% in January. February ended slightly negative, following a sharp sell-off in the beginning of the month. Federal Reserve chair Janet Yellen tempered expectations of further rate increases citing global financial market turbulence. A favorable revision to fourth-quarter GDP, a weaker dollar, and a recovery in oil prices fueled a rebound in the second half of the month. The U.S. equity market sustained its rally through March, finishing the month up 7.0%. Oil prices continued to appreciate, and earlier fears in the quarter of a developing recession were alleviated as economic data indicated consumer spending growth.

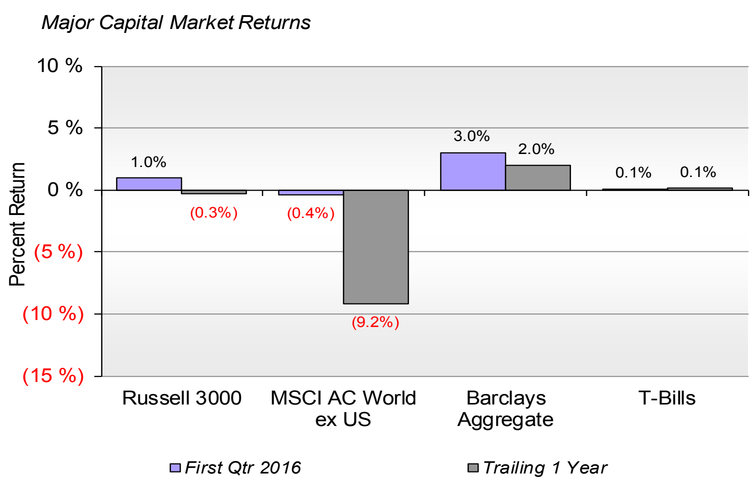
- After trailing growth stocks by nearly 10% in 2015, value stocks outperformed growth issues by 1.3% in the quarter. Poor performance in the healthcare sector was the main detractor for the growth segment of the market, while the more favorable performance of the defensive sectors aided value stocks in the period. The Utilities and Telecomm sectors were the best performing sectors during the first quarter. Market volatility and the Fed's attitude toward maintaining low interest rates drove investors to seek yield from defensive dividend-yielding companies. The healthcare sector was the worst performing sector during the quarter due to concerns over potential regulatory action on drug pricing. The Financial sector lagged as well. Prospects of increasing margins faded, as the Fed indicated short-term interest rates would not increase as previously expected.

- International equities returned –0.4% in the quarter. The U.S. dollar was broadly weaker against most currencies in the period, with the exception of the Pound Sterling. Concerns regarding the strength of global growth prompted steep selloffs in most equity markets at the beginning of the quarter. Actions stimulated by central banks across the globe and a recovery in oil prices in the second half of the quarter, helped developed markets recoup some losses and led to gains in most Emerging Markets. Oil prices were supported by forecasted production cut agreements made by many of the major non-U.S. producers.

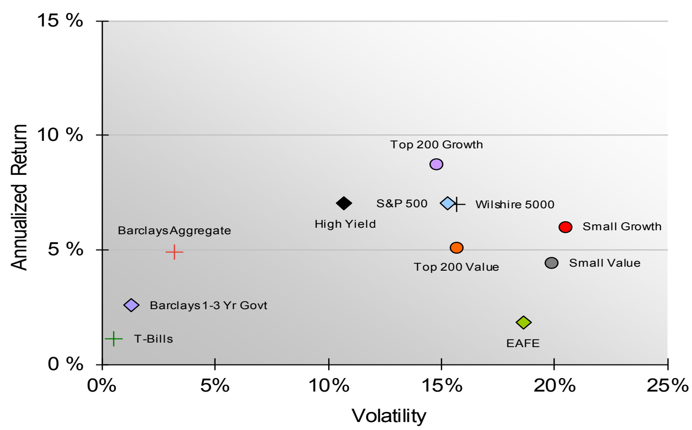
The combined Emerging Markets proved to be one of the few bright spots in world equities, posting a positive 5.7% return for the quarter. Increasing commodity prices aided Emerging Europe (+14.3%) and Latin America (+19.1%).

- The investment-grade U.S. fixed income market rose 3.0% as investors sought relative safety from volatile worldwide equity markets and inflation expectations increased in the U.S. U.S. Treasury yields for all maturities declined. Long-maturity Treasury values increased 8.1%, while values of intermediate- and short-dated issues saw more moderate increases. The bellwether 10-year Treasury yield fell 0.49 percentage points in the quarter, ending at 1.78%.

- Investment-grade credits posted a 3.9% return for the quarter, outpacing government issues. Industrial and Utility sector issues posted strong positive results of 4.7% and 5.0%, respectively. High yield bonds returned 3.4% in the quarter, although concerns remain over potential commodity-related company downgrades and defaults. TIPS outperformed nominal Treasuries in the quarter due to increasing inflation expectations. Municipal bonds rose 1.7%. Developed non-U.S. government bonds appreciated 4.3% in local currency terms and 9.1% in U.S. dollar terms, as the U.S. dollar weakened against a basket of global currencies. Emerging Market bonds posted positive results in local currency and U.S. dollar terms for the period.



Note: The following indices represent the returns of the asset classes within the above chart: U.S. Stocks—Russell 3000, Non-U.S. Stocks—MSCI EAFE, Fixed Income—Barclays Aggregate, and U.S. Treasury Bills



Source of statistics not otherwise specifically cited within this newsletter: Strategic Capital Investment Advisors.

For More Information

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0630-2016