

Market Update

Stoker Ostler

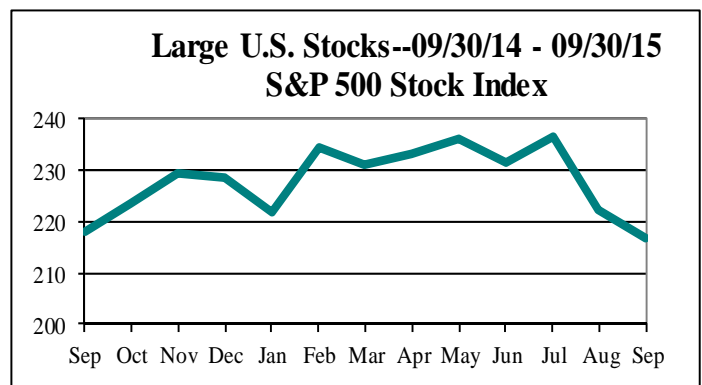
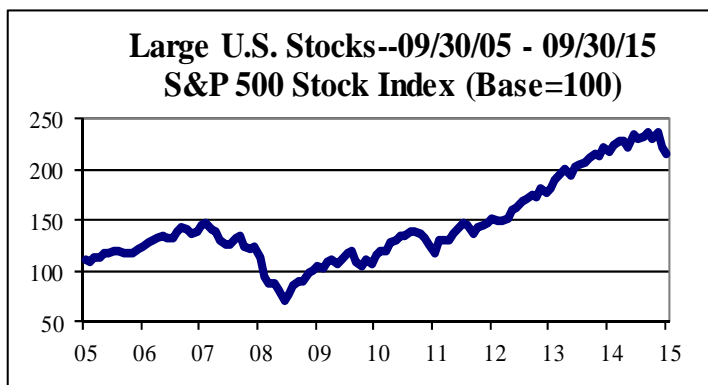
BMO  A part of BMO Financial Group

September 2015

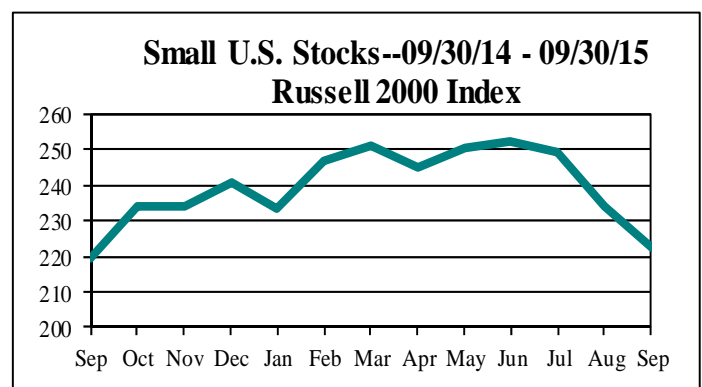
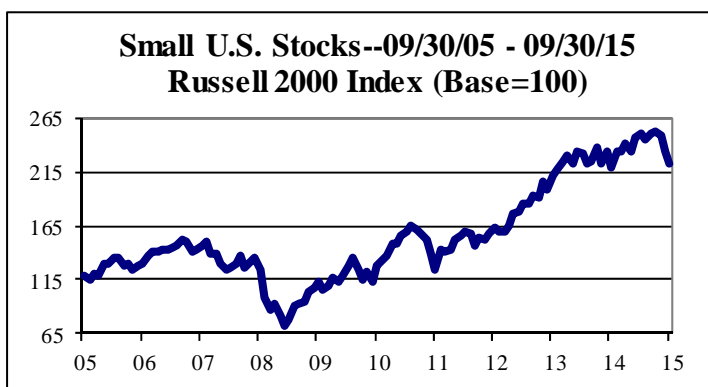
U.S. Markets

U.S. equities had their worst quarter since 2011 as global growth worries roiled markets. The S&P 500 Index fell 6.4% while the Dow Jones Index was down 7.0%. Year-to-date, U.S. large cap equities have fallen by 5.3%. U.S. small cap stocks were hit even harder, with the Russell 2000 Index down 11.9% during the quarter, and down 7.7% year-to-date. The quarterly declines were largely driven by concerns over faltering Chinese economic growth, falling commodity prices, and increasing uncertainty regarding the timing of interest rate changes by the Federal Reserve. As volatility increased in equity markets, many investors fled to bonds, leading to positive returns for bond holders. U.S. Treasuries fared particularly well, with the Barclays U.S. Treasury Index up 1.8% during the quarter.

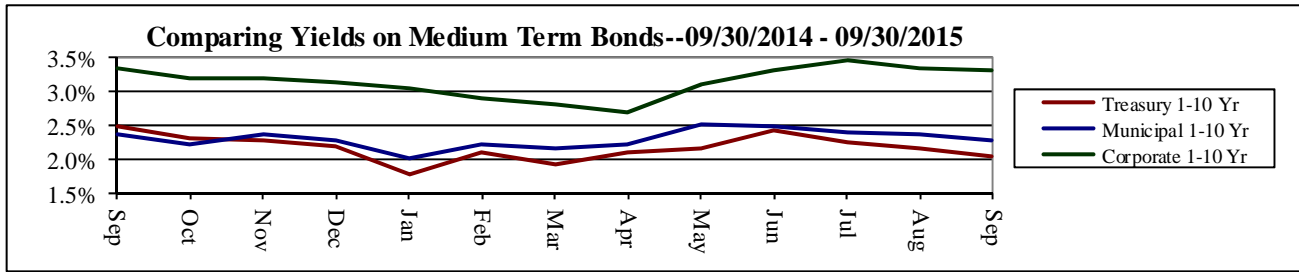
The U.S. economy has been sending mixed signals to investors. Despite a steadily falling unemployment rate throughout the year (from 5.7% in January to 5.1% in September), there were fewer new jobs created this quarter than had been expected. Oil prices continued to fall as production outpaced demand, finishing the quarter at \$45.09 per barrel. Undeterred by market volatility, U.S. consumer confidence unexpectedly rose in September, and the service sector, which is far and away the largest contributor to economic activity, remains well into growth territory. In its September meeting the Federal Reserve decided against raising interest rates, citing concerns of persistently low inflation and weakening global growth.



Thru 09/30/15	Year to Date	1 Year	5 Years	10 Years
S&P 500	-5.3%	-0.6%	+13.3%	+6.8%

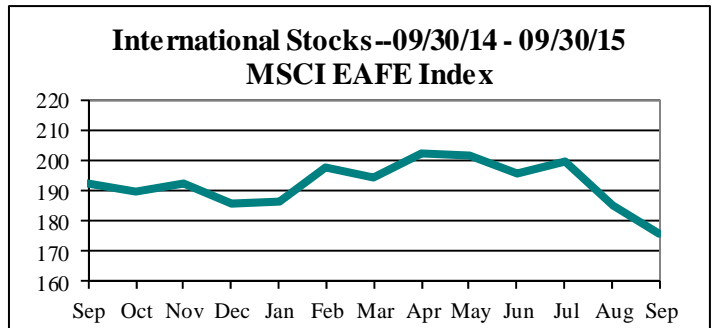
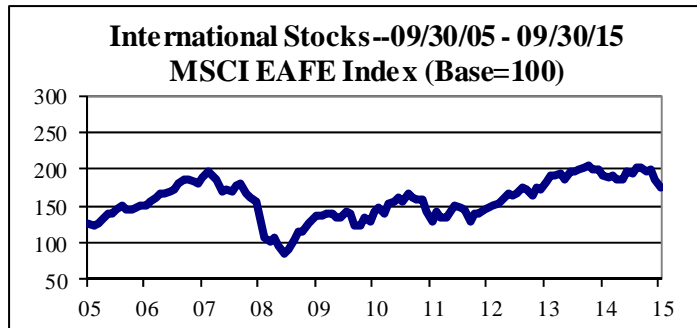


Thru 09/30/15	Year to Date	1 Year	5 Years	10 Years
Russell 2000	-7.7%	+1.2%	+11.7%	+6.6%

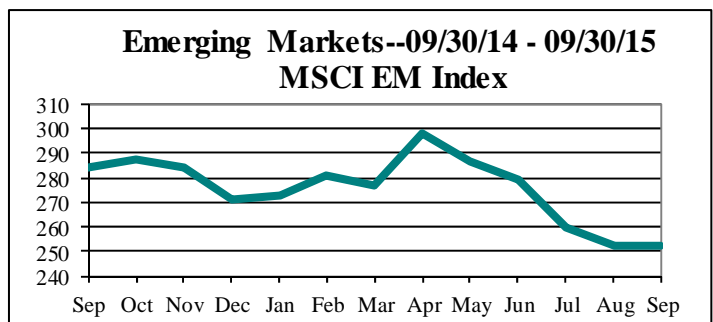
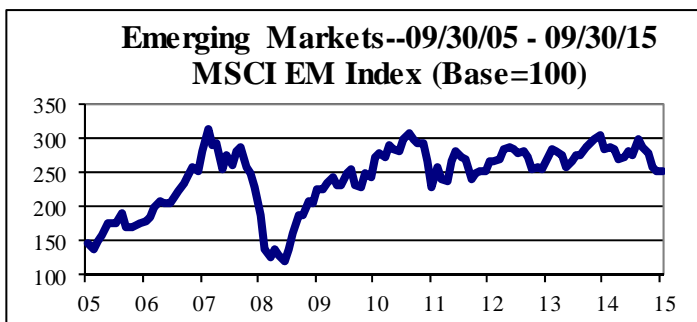


International Markets

China dominated headlines this quarter as extreme volatility gripped Chinese equity markets. Chinese stocks fell more than 28% during the quarter, as measured by the Shanghai Index. This decline was driven, in part, by concerns of an economic slowdown of the world's second-largest economy. Other emerging economies also experienced steep declines, with the MSCI Emerging Markets Index down 17.9% during the quarter, and down 15.5% year-to-date. Economic analysts cited both the slowing Chinese economy and falling commodity prices as reasons for the decline. Brazil, whose economy is heavily dependent on commodity prices, was particularly hard-hit. Europe experienced increased business and consumer confidence, as well as improved manufacturing output during the quarter. The European Central Bank's Quantitative Easing program seems to be having a positive economic impact throughout the European Union. Greece's turmoil appeared to abate slightly as the country held referendum elections in which Alexis Tsipras retained his seat as Prime Minister, leading to a measure of stability for Greeks. In defiance of attractive valuations, the MSCI Index followed global equities lower, falling 5.3% so far this year.



Thru 09/30/15	Year to Date	1 Year	5 Years	10 Years
MSCI EAFE	-5.3%	-8.7%	+4.3%	+3.4%



Thru 09/30/15	Year to Date	1 Year	5 Years	10 Years
MSCI EM	-15.5%	-19.3%	-3.4%	+4.5%

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