INTERMARKET FORECASTING

TOP DOWN INSIGHTS . . . BOTTOM LINE RESULTS

TRACK RECORD 2015

IFI delivered another good forecasting performance in 2015, with an overall success rate of 62%, close to our 15-year average of 65%. We also out-performed Wall Street strategists for the 12th time in 15 years. We predicted the rise in the U.S. Treasury yield curve and the beginning of Fed rate-hiking; anticipating the policy shift, we issued eight reports documenting the past effects of rate-hiking on key asset classes (pages 15-16). We also frequently refuted others' recession calls. Three of our four model portfolios out-performed benchmarks (page 5), as we correctly forecasted U.S. equities beating bonds, bills, and commodities. We predicted the drop in commodities and the U.S. dollar's advance. Most foreign equities declined, while we projected meager gains. The main results:

- Global equities lost 2.2%, but IFI's **Global equity portfolio** out-performed by 1.2% points, due to a material portfolio weighting for the U.S., which returned 1.4%, while the three other major regions, globally, posted losses (Table 4, page 5).

- Our **U.S. Specific portfolio** (Table 4, page 5) returned 1.6%, due mainly to a large allocation to equities (70%). We advised only a 25% portfolio allocation in bonds (which lost -0.6%) but no holdings in commodities (which lost -21.7%). This portfolio outperformed the benchmark (65% stocks, 30% bonds, 5% T-Bills) by 0.5% points (see Table 4, page 5).

- Our model portfolio for **U.S. Equity Styles** returned 3.1% and materially out-performed the benchmark of equal-weighted styles by 3.3% points (Table 4, page 5). We advised the largest portfolio shares (45% each) for what turned out to be the two best-performers in 2015: large-cap growth stocks (+5.4%) and small-cap growth stocks (+2.7%). Meanwhile other styles (for which we advised only a 10% share) recorded losses. In **sector rotation** (Tables 8 and 9, pages 9-10) our five *most-favored* sectors delivered a weighted gain of 3.2% versus a loss of -1.8% for our five *least-favored* sectors – an out-performance of 5% points; our model sector portfolio gained 1.4% and surpassed the S&P 500 by 1.2% points.

- IFI's model portfolio for **U.S. Specific Fixed Income** lost 2.5%, versus a 0.5% return on the benchmark Barclays Aggregate Government-Corporate Bond Index (Table 4, page 5). We were mistaken in favoring corporate bonds (especially high-yield bonds, with a 35% portfolio share; they lost -5.3%) versus U.S. T-Bonds (no allocation; they lost -0.2%), medium-term notes, which gained 1.6%, and mortgaged-back bonds, which gained 1.1% (Table 4, page 5).

- We correctly predicted gains in the **U.S. dollar** and declines in most **commodity prices** (Table 5, page 6)

- In 2015 we out-performed all peers (ten top strategists, as designated by *Barron's*) on U.S. T-Bonds, 60% of them on S&P 500 earnings, and 40% of them on U.S. equities; most of our competitors rightly expected weaker U.S. GDP growth than did we (Table 12, page 13).

- We began this service 15 years ago and our forecasting success rate (2001-2015, inclusive) has averaged 65% (Table 2, page 3). Since their inception in 2002 our **four model portfolios** have materially out-performed benchmarks on a long-term, compounded basis, as well as in 75% of the years they've been in place (Table 13, page 14).

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IFI's Market-Based Forecasting Method

IFI's unique forecasting system uses signals from forward-looking market prices to anticipate risk-adjusted returns on currencies, commodities, stocks, bonds and bills globally. We eschew the use of economic or accounting data, which are backward-looking, perpetually revised and thus incapable of capturing the outlooks and incentives faced by market-makers with their own capital (or their clients' capital) at risk. IFI's most powerful, best-known signal is the Treasury yield curve, which has a stellar forecasting record with many practical applications. Our mission is to help our institutional investment clients consistently out-perform both benchmarks and peers.

IFI's core method seeks and discovers the causal, quantitative, predictive, and exploitable relationships that exist among asset prices consistent with classical (or "supply-side") economics is to seek and discover causal, quantitative, predictive, and exploitable relationships among asset prices consistent with classical (or "supply-side") economics,[1] market-clearing price theory, market efficiency and empirical financial history. The finance-investment research on which we rely most is Arbitrage Pricing Theory (APT),[2] which shows how market prices reflect the combined, forward-looking wisdom of the most astute market-makers, and as such, reliably embody forecasts. We "decode" the predictive messages of markets by performing rigorous regression analyses on price data and using only statistically significant explanatory factors. We employ no "gurus" and reject the conventional resort to subjective "hunches," anecdotes, and pop psychology.[3]

Our approach is *neither* "top-down" nor "bottom-up" but instead focuses on the reliable *inter-connections that exist* among the five key markets – currencies, commodities, equites, bonds and bills – while incorporating judgment about political-legal factors. We differ from competitors in that we use markets to forecast markets while they use backward-looking, oft-revised economic-accounting data and claim business cycles and investment returns are driven by consumers, emotions, or "animal spirits."[4] History shows that initial asset allocations explain more than 80% of the variation in subsequent investment returns, while security selection and buy-sell timing account for less than 20% of results. By forecasting asset-class performance IFI focuses on the element of investment decision-making that most influences investment returns. Our time horizon is *one-year*, because there we find the most dependable forecasting success. We also provide forecasts a half-year ahead, which are slightly less reliable. Optimal use of our forecasting system is achieved by *tactical asset allocation* (with a year-ahead horizon) versus day-trading, "market timing," or strategic asset allocation (multi-year horizons).

Investors today have practical means of profiting by broad-based forecasts and asset-allocation advice. It's unnecessary (and dangerous) to be a "stock picker" (or bond picker) and bot safer and wiser to profit from forecasts of broad asset classes and sub-classes.[5] All variables in our comprehensive monthly report, *The InterMarket Forecaster, are investable* assets. We believe it's a waste of time to forecast or focus on GDP, CPI, jobs, and other "data" issued by Washington and discussed *ad nauseam* by the Street; such data are not investable and entail hindsight, not foresight. Macro-variables are relevant only to the extent used by policymakers, who surely influence the economy and markets (for good or ill).

All reports in 2015 are listed on pages 15-16. Clients can access an archive (starting in 2000) by access code on our web-site. "Track Record 2015" measures performance based on "Outlook 2015" (issued a year ago). As market conditions and price signals changed during the year we altered our forecasts, but to be objective we focus here on our year-ahead outlook a year ago. As usual we include *all* forecasts and results – the good, bad or ugly .[6]

[1] See "Saysian Economics," *The Capitalist Advisor*, InterMarket Forecasting, Inc., December 31, 2003 (Part I) and January 5, 2004 (Part II).

[2] See "Arbitrage Pricing Theory," http://en.wikipedia.org/wiki/Arbitrage_pricing_theory. For technical articles on APT specifically and multi-factor forecasting models generally, see http://www.kellogg.northwestern.edu/faculty/korajczy/htm/aptlist.htm. For APT articles focused on investment applications and forecasting using the yield curve (or "the term structure of interest rates), see the work of Campbell Harvey, finance professor at Duke's Fuqua School of Business (http://www.duke.edu/~charvey/research.htm).

[3] For more on our basic forecasting framework, see "Introducing the 'Policy Mix Index,'" *The Capitalist Advisor*, April 23, 2002 and "The Basics of Inter-Market Forecasting," *The Capitalist Advisor*, September 7, 2004.

[4] On how and why we're distinct from competitors, see "Debating Doctor Doom – Part I," *The Capitalist Advisor*, January 27, 2009. "Debating Doctor Doom – Part II," *The Capitalist Advisor*, January 31, 2009; "Doctor Doom Revisited," *The Capitalist Advisor*, February 28, 2010; "The 'Who' vs. 'What' of Investing: The Irrelevance of PIMCO on T-Bond Returns," *Investor Alert*, March 31, 2011; "Wall Street Strategists 'Predict' Last Year's Equity Performance Instead of Next Year's – Unlike IFI," *Investment Focus*, March 31, 2012; "Should Investors Trust Economic Data?," *Investment Focus*, December 20, 2013; "The Roots of Wall Street's Mistaken Bearishness," *Investment Focus*, March 8, 2013; and "Wall Street Strategists Again Lagging IFI," *Investor Alert*, September 12, 2014.

[5] See "Exchange-Traded Funds: Asset Allocation Made Easy," *Investment Focus*, April 11, 2003.

[6] Some forecasters dishonestly "cherry-pick" their track records so as to emphasize only their successes; IFI prides itself on presenting the *full* record, not a mere *partial* one. Of course, there's nothing magical about measuring forecasting success solely in the calendar year after December; it's merely a convention in the field. The reports we issue *during* the year also can be consulted for our subsequent forecasting success. Please contact IFI for full details.

Table One

Forecasted Variables and IFI's Success Rate in 2015

Table	Page	Category	# of Variables	Correctly Forecasted Number	Correctly Forecasted Percent
3	5	Returns on IFI Model Portfolios	4	3	75%
5	6	U.S. Dollar & Commodities	44	37	84%
6	7	U.S. Money Market & Fixed Income	14	8	57%
7	8	U.S. Fixed Income Indexes	25	13	52%
8, 9	9, 10	U.S. Equities (Broad), Styles & Sectors	33	21	64%
10	11	International Currencies & Fixed Income	32	20	63%
11	12	International Equities	30	11	37%
		Total	**182**	**113**	**62%**

Table	Page	IFI vs 12 Other Strategists Category	# of Competitors	Out-Performed by IFI Number	Out-Performed by IFI Percent
12	13	S&P 500 Price Index	10	4	40%
12	13	S&P 500 Earnings per Share	10	6	60%
12	13	10-Year U.S. Treasury Bond Yield	10	10	100%
12	13	U.S. Real GDP Growth	10	2	20%
		Average		**5.5**	**55%**

Table Two

IFI'S Annual Track Records

2003 - 2015

Year	# of Variables	% Correct	Above/ Below Average	% of WS Peers Surpassed
2001	68	70%	5%	64%
2002	100	60%	-5%	79%
2003	140	84%	19%	58%
2004	136	78%	13%	48%
2005	148	70%	5%	83%
2006	148	65%	0%	54%
2007	126	49%	-16%	72%
2008	126	48%	-17%	63%
2009	125	79%	14%	54%
2010	126	72%	7%	52%
2011	129	33%	-32%	40%
2012	129	80%	15%	65%
2013	129	67%	2%	63%
2014	185	56%	-9%	33%
2015	182	62%	-3%	55%
AVG	133	65%		59%

For details on annual and cumulative returns on IFI's four model portfolios (2003-2015)—and relative to benchmarks—see page 14.

Table Three

IFI's Asset Allocation Recommendations in 2015

Allocations Assume a One-year Time Horizon

Global Investor	**Dec 2014**	**Jan 2015**	**Feb 2015**	**Mar 2015**	**Apr 2015**	**May 2015**	**Jun 2015**	**Jul 2015**	**Aug 2015**	**Sep 2015**	**Oct 2015**	**Nov 2015**	**Dec 2015**
U.S.	56%	55%	54%	52%	50%	49%	46%	44%	42%	47%	47%	46%	47%
Asia-Pacific/Japan	23%	26%	28%	31%	32%	33%	35%	37%	38%	32%	33%	34%	35%
Europe/U.K.	21%	19%	18%	17%	18%	18%	19%	19%	20%	19%	18%	18%	17%
Latin America/Canada	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	2%	2%	1%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
U.S.-Specific Investor													
Equities	75%	70%	70%	65%	65%	65%	70%	70%	75%	75%	80%	80%	75%
Bonds (U.S. & Corporate)	25%	25%	25%	30%	30%	30%	25%	25%	20%	20%	15%	15%	20%
Bills (T-Bills & Aaa C/P)	0%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Commodities/Gold	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
U.S.-Specific Fixed Income Investor													
U.S. T-Bonds (Long Position) [TLH/TLT]	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
U.S. T-Bonds (Short Position) [TBF]	10%	5%	10%	5%	5%	5%	5%	5%	10%	5%	5%	5%	5%
Inflation-Indexed Bonds [TIP]	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Medium-Term T-Notes [IEI]	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	10%	10%	10%
Invest.-Grade Corp. Bonds [LQD]	10%	15%	10%	10%	10%	10%	10%	5%	5%	5%	5%	5%	5%
High Yield Corporate Bonds [HYG]	30%	35%	35%	40%	40%	35%	35%	35%	35%	35%	35%	35%	40%
Mortgage-Backed Bonds [MBB]	0%	0%	0%	5%	5%	10%	5%	10%	10%	10%	5%	5%	5%
Convertible Corp. Bonds [CWB]	50%	45%	45%	40%	40%	40%	45%	45%	40%	35%	40%	40%	35%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
U.S.-Specific Equity Investor													
Large-Cap Growth [IVW]	40%	45%	45%	45%	45%	45%	40%	35%	35%	30%	35%	35%	40%
Large-Cap Value [IVE]	10%	5%	5%	5%	5%	5%	10%	15%	15%	15%	10%	10%	5%
Small-Cap Growth [IJT]	40%	45%	45%	45%	45%	45%	40%	35%	35%	40%	40%	40%	40%
Small-Cap Value [IJS]	10%	5%	5%	5%	5%	5%	10%	15%	15%	15%	15%	15%	15%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Table Four

Returns on Major Asset Classes & IFI's Model Portfolios

Based on Advised Portfolio Weightings at the Beginning of 2015 *

Portfolio #1: Global Equity Investor	Advised Weighting	Total Returns per Asset Class: Absolute	Weighted Avg.
U.S. (S&P 500)	55%	1.38%	0.76%
Asia-Pacific/Japan	26%	-5.00%	-1.30%
Europe/U.K.	19%	-2.42%	-0.46%
Latin America/Canada	0%	-24.68%	0.00%
Sum of Weighted-Average Returns:			**-1.00%**
Benchmark Return (MSCI World AC):			**-2.18%**
Excess/Deficient Return vs. Benchmark:			**1.18%**

Portfolio #2: U.S.-Specific Investor	Advised Weighting	Total Returns per Asset Class: Absolute	Weighted Avg.
Equities (1)	70%	3.11%	2.18%
Bonds (Treas. & Corp.) (2)	25%	-2.49%	-0.62%
3-Month Treasury Bills	5%	-0.13%	-0.01%
Commodities/Gold (3)	0%	-21.70%	0.00%
Sum of Weighted-Average Returns:			**1.55%**
Benchmark Return (4):			**1.04%**
Excess/Deficient Return vs. Benchmark:			**0.51%**

1. See weighted-average calculation from "U.S.-Specific Equity Investor"
2. See weighted-average calculation from "U.S.-Specific Bond Investor"
3. Half from the Goldman Sachs Commodity Index (GSCI) and half from gold
4. Benchmark: 65% Equities (S&P 500) + 30% Bonds (Barc-AGG) + 5% T-Bills = 100%

Portfolio #3: U.S.-Specific Equity Investor	Advised Weighting	Total Returns per Asset Class: Absolute	Weighted Avg.
Large-Cap Growth (in S&P 500) [IVW]	45%	5.36%	2.41%
Small-Cap Growth (in S&P 600) [IJT]	45%	2.69%	1.21%
Large-Cap Value (in S&P 500) [IVE]	5%	-3.30%	-0.16%
Small-Cap Value (in S&P 600) [IJS]	5%	-6.90%	-0.35%
Sum of Weighted-Average Returns:			**3.11%**
Benchmark Return (50% in S&P500, 50% in S&P600):			**-0.23%**
Excess/Deficient Return vs. Benchmark:			**3.34%**

Portfolio #4: U.S.-Specific Bond Investor	Advised Weighting	Total Returns per Asset Class: Absolute	Weighted Avg.
Convertible Corp. Bonds [CWB]	45%	-0.81%	-0.37%
High Yield Corporate Bonds [HYG]	35%	-5.29%	-1.85%
Invest.-Grade Corp. Bonds [LQD]	15%	-1.27%	-0.19%
U.S. T-Bonds (Short Position) [TBF]	5%	-1.70%	-0.08%
Medium-Term T-Notes [IEI]	0%	1.61%	0.00%
Mortgage-Backed Bonds [MBB]	0%	1.13%	0.00%
U.S. T-Bonds (Long Position) [TLH/TLT]	0%	-0.22%	0.00%
Inflation-Indexed Bonds [TIP]	0%	-1.79%	0.00%
Sum of Weighted-Average Returns:			**-2.49%**
Benchmark Return (Barclays Aggregate Bond Index):			**0.48%**
Excess/Deficient Return vs. Benchmark:			**-2.98%**

* "Outlook 2015," January 20, 2015.

For details on annual and cumulative returns on IFI's four model portfolios (2003-2015)—and relative to benchmarks—see page 14.

Table Five

The U.S. Dollar & Commodities

IFI Forecasts versus Actual Results, Dec. 2014 - Dec. 2015

U.S. Dollar in Foreign Exchange	% Changes in 2015 Forecasted	% Changes in 2015 Actual	Directionally Correct?
Dollar Index	5.9%	10.1%	yes
in Euro	8.1%	13.2%	yes
in JapaneseYen	6.3%	1.9%	yes
in Swiss Franc	-11.3%	2.0%	no
in British Pound	6.1%	4.4%	yes
in Canadian Dollar	4.9%	18.9%	yes
in Australian Dollar	5.1%	13.9%	yes
in Mexican Peso	7.4%	17.6%	yes
in Brazilian Real	10.7%	46.9%	yes
Broad Commodity Indexes	**Forecasted**	**Actual**	**Correct?**
CRB Index: Spot Prices (All Commodities)	-3.0%	-14.8%	yes
Diversified Basket of Commodities [DBC]	-1.1%	-29.8%	yes
Precious Metals [DBP]	-10.8%	-12.6%	yes
Base Metals [DBB]	-8.1%	-28.5%	yes
Energy Products [DBE]	5.6%	-38.6%	no
Agricultural Goods [DBA]	-4.7%	-18.8%	yes
Goldman Sachs Commodity Index [GSP]	2.6%	-37.1%	no
Specific Commodities	**Forecasted**	**Actual**	**Correct?**
Aluminum	-10.0%	-20.5%	yes
Coal	-10.3%	-14.5%	yes
Cocoa	0.2%	10.5%	yes
Coffee	-0.3%	-30.4%	yes
Copper	-5.9%	-26.1%	yes
Corn	-10.4%	-9.4%	yes
Cotton	-5.9%	4.0%	no
Crude Oil	19.9%	-37.3%	no
Electricity	-3.6%	-25.8%	yes
Gasoline	18.9%	-19.5%	no
Gold	-15.7%	-10.1%	yes
Heating Oil	-2.2%	-42.2%	yes
Lead	-7.7%	-8.8%	yes
Lean Hogs	-0.3%	-28.6%	yes
Live Cattle	-5.5%	-17.9%	yes
Natural Gas	-4.9%	-39.6%	yes
Nickel	-6.8%	-45.4%	yes
Oats	-2.0%	-28.4%	yes
Orange Juice	-4.6%	2.0%	no
Palladium	-9.7%	-31.1%	yes
Platinum	-8.5%	-29.3%	yes
Silver	-9.4%	-13.3%	yes
Soybeans	-4.6%	-16.1%	yes
Steel	-17.5%	-64.6%	yes
Sugar	-3.4%	-0.3%	yes
Tin	-1.8%	-26.2%	yes
Wheat	-16.3%	-22.2%	yes
Zinc	-6.6%	-29.3%	yes

Table Six

U.S. Money Market & Fixed Income

IFI Forecasts versus Actual Results, Dec. 2014 - Dec 2015

	Yield Levels (averages in %)				Forecasted	Actual	
	Actual	Forecast	Forecast	Actual	Change in	Change in	Directionally
U.S. Treasury Yield Curve	Dec 14	Jun 15	Dec 15	Dec 15	2015 (bps)	2015 (bps)	Correct?
Fed Funds Rate	0.12	0.15	0.25	0.24	13	12	yes
3 mo. T-Bill Rate	0.03	0.16	0.24	0.23	21	20	yes
2 yr. U.S. Treasury Note Yield	0.54	0.65	0.71	0.98	17	44	yes
5 yr. U.S. Treasury Note Yield	1.64	1.57	1.79	1.70	15	6	yes
10 yr. U.S. Treasury Note Yield	2.21	2.30	2.45	2.24	24	3	yes
30 yr. U.S. Treasury Note Yield	2.83	2.95	3.15	2.97	32	14	yes
			Total Returns		Forecasted	Actual	
Long-Term U.S. Treasury Bonds (absolute):					-1.45%	-0.22%	yes
Long-Term U.S. Treasury Bonds Relative to U.S. Treasury Bills:					-1.55%	-0.09%	yes

	Yield Levels (averages in %)				Forecasted	Actual	
	Actual	Forecast	Forecast	Actual	Change in	Change in	Directionally
U.S. Corporate Bond Yields (%)	Dec 14	Jun 15	Dec 15	Dec 15	2015 (bps)	2015 (bps)	Correct?
Non-Investment Grade	6.76	6.15	5.75	8.63	-101	187	no
Investment-Grade (Baa-rated)	4.74	4.64	4.60	5.46	-14	72	no
Investment-Grade (Aaa-rated)	3.79	3.73	3.70	3.97	-9	18	no
U.S. Corp. Yield Spreads to 10-yr T-Bond (bps)							
Non-Investment Grade	455	385	330	639	-125	184	no
Investment-Grade (Baa-rated)	253	234	215	322	-38	69	no
Investment-Grade (Aaa-rated)	158	143	125	173	-33	15	no

Table Seven

U.S. Fixed Income Indexes:
Government, Corporate & MBS

IFI Forecasts versus Actual Results, Dec. 2014 - Dec 2015

		% Changes in 2015		Directionally
Composite Bond Indexes	**ETF**	**Forecasted**	**Actual**	**Correct?**
Total U.S. IG Bonds	AGG	-0.5%	0.8%	no
Total U.S. IG Bonds (Float-Adj.)	BND	-0.3%	0.8%	no
U.S. Govt. Bills, Notes & Bonds				
3 Month U.S. Treasury Bill	BIL	0.1%	-0.1%	no
1-3 Year U.S. Treasury Notes	SHY	0.3%	0.4%	yes
3-7 Year U.S. Treasury Notes	IEI	1.0%	1.8%	yes
7-10 Year U.S. Treasury Notes	IEF	0.6%	2.0%	yes
10-20 Year U.S. Treasury Bonds	TLH	-1.4%	2.2%	no
20+ Year U.S. Treasury Bonds	TLT	-3.1%	0.6%	no
U.S. Inflation-Protected T-Bond	TIP	-1.7%	-1.8%	yes
Short: 20+ Yr. U.S. T-Bonds	TBF	3.1%	-4.1%	no
U.S. Agency, MBS, & Municipals				
GSE Mortgage Agency Bonds	AGZ	1.6%	1.3%	yes
Residential MBS	MBB	2.1%	1.4%	yes
Commercial MBS	CMBS	4.9%	1.0%	yes
Res. & Comm. Mortgage REITS	REM	9.8%	-10.7%	no
National AMT-Free Muni Bond	MUB	2.3%	2.8%	yes
U.S. Corporate Bonds & FRNs				
Short-Term Commercial Paper	MINT	1.0%	0.5%	yes
Invest.-Grade Floating Rate Notes	FLRN	3.5%	0.2%	yes
Bank Senior Loan Portfolio	BKLN	6.9%	-2.8%	no
1-3 Year Corporate Bond	CSJ	2.6%	0.8%	yes
Invest.-Grade LT Corporate Bond	LQD	4.1%	0.2%	yes
Aaa - A Rated LT Corporate Bond	QLTA	2.7%	1.3%	yes
Baa - Ba Rated LT Corporate Bond	QLTB	8.6%	-2.5%	no
B – Ca Rated LT Corporate Bond	QLTC	17.9%	-7.5%	no
High-Yield LT Corporate Bond	HYG	11.9%	-4.6%	no
Convertible Bond	CWB	4.8%	-1.0%	no
Utilities Sector Bond	AMPS	0.6%	Disc.	na *
Financials Sector Bond	MONY	2.3%	Disc.	na *

* This ETF was closed/discontinued by the sponsor during the year.

Table Eight

U.S. Equities (Broad), Styles & Sectors

IFI Forecasts versus Actual Results, Dec. 2014 - Dec 2015

	% Changes in 2015		Directionally
U.S. Equities and Style Bets	**Forecasted**	**Actual**	**Correct?**
DJIA 30	7.9%	-1.2%	no
NASDAQ Composite	9.6%	6.5%	yes
Large-Cap (S&P 500)	8.9%	0.2%	yes
Large-Cap Value (S&P 500)	4.9%	-2.4%	no
Large-Cap Growth (S&P 500)	13.0%	6.0%	yes
Large-Cap Value vs Large-Cap Growth (% pts)	-8.2%	-8.4%	yes
Super-Cap (S&P 100)	8.9%	3.1%	yes
Small-Cap (S&P 600)	10.0%	1.6%	yes
Small-Cap Value (S&P 600)	4.6%	-3.8%	no
Small-Cap Growth (S&P 600)	15.5%	6.3%	yes
Small-Cap Value vs Small-Cap Growth (% pts)	-10.9%	-10.1%	yes
Small-Cap (Russell 2000)	8.9%	-1.2%	no
Large-Cap 500 vs. Small Cap 600 (% pts)	-1.1%	-1.4%	yes
	% Changes in 2015		**Directionally**
S&P 500 Sectors: Absolute Change (%)	**Forecasted**	**Actual**	**Correct?**
Consumer Discretionary	5.8%	11.7%	yes
Consumer Staples	8.4%	2.9%	yes
Energy	5.4%	-21.2%	no
Financials	8.8%	-2.3%	no
Health Care	15.9%	3.0%	yes
Industrials	4.1%	-4.1%	no
Information Technology	13.1%	5.4%	yes
Materials	2.3%	-8.9%	no
Telecommunications Services	2.2%	-3.1%	no
Utilities	1.9%	-8.5%	no
	% Changes in 2015		**Directionally**
S&P 500 Sectors vs. S&P 500 (% pts)	**Forecasted**	**Actual**	**Correct?**
Consumer Discretionary	-3.2%	11.5%	no
Consumer Staples	-0.5%	2.7%	no
Energy	-3.5%	-21.4%	yes
Financials	-0.1%	-2.5%	yes
Health Care	7.0%	2.8%	yes
Industrials	-4.8%	-4.3%	yes
Information Technology	4.1%	5.2%	yes
Materials	-6.6%	-9.1%	yes
Telecommunications Services	-6.8%	-3.3%	yes
Utilities	-7.0%	-8.7%	yes

Table Nine

Absolute & Relative Price Performance of S&P 500 Sectors

Ranked by IFI's Advised Weightings at the Beginning of 2015 *
Changes in averages: Dec. 2014 to Dec. 2015

Sectors	IFI's Advised Weighting	Over-weight/ Under-weight	Absolute Changes Simple	Absolute Changes Weighted	Relative to S&P 500 Simple	Relative to S&P 500 Weighted
Health Care	25%	11%	3.0%	0.7%	2.8%	0.7%
Information Technology	24%	4%	5.4%	1.3%	5.2%	1.2%
Financials	16%	-1%	-2.3%	-0.4%	-2.5%	-0.4%
Consumer Staples	15%	5%	2.9%	0.4%	2.7%	0.4%
Consumer Discretionary	9%	-3%	11.7%	1.1%	11.5%	1.0%
Energy	8%	0%	-21.2%	-1.7%	-21.4%	-1.7%
Industrials	3%	-7%	-4.1%	-0.1%	-4.3%	-0.1%
Materials	0%	-3%	-8.9%	0.0%	-9.1%	0.0%
Telecomm Services	0%	-2%	-3.1%	0.0%	-3.3%	0.0%
Utilities	0%	-3%	-8.5%	0.0%	-8.7%	0.0%
Change in S&P 500: +0.2%		IFI Sector Portfolio:		1.4%		1.2%
Performance of IFI's 5 Most-Favored Sectors:			4.2%	**3.2%**	4.0%	3.0%
Performance of IFI's 5 Least-Favored Sectors:			-9.1%	**-1.8%**	-9.3%	-1.8%
Relative Performance, Most-Favored minus Least-Favored:			13.3%	**5.0%**	13.3%	4.8%
			(average)	(sum)	(average)	(sum)

* "Outlook 2015," January 20, 2015.

Table Ten

International Currencies & Fixed Income

IFI Forecasts versus Actual Results, Dec. 2014 - Dec 2015

		% Changes in 2015		Directionally
Foreign Currencies vs. U.S. $	**ETFs**	**Forecasted**	**Actual**	**Correct?**
See Table 4, page 6 (the inverse of these currency forecasts and performances)				
Total Return on Foreign Govt. Bonds (Broad)				
Developed Markets (IG)	**ETFs**			
Short-Term 1-3 Year Int'l Govt. Note	BWZ	0.2%	-8.4%	no
Long-Term Int'l Govt. Bond	BWX	1.5%	-7.1%	no
Inflation-Protected Int'l. Govt. Bond	WIP	-0.2%	-10.0%	yes
Euro-Zone Government Bonds	EU	1.4%	disc.	na *
Emerging Markets (NIG)	**ETFs**			
JPM Emerging Markets Bond (in US$)	EMB	21.9%	0.9%	yes
Emerging Markets Govt. Debt (in US$)	PCY	13.7%	2.6%	yes
Emerging Markets Govt. Bond (local FX)	LEMB	5.4%	-12.2%	no
Change in Foreign Govt. Bond Yields (bp)				
Australia		23	-11	no
Brazil		-78	362	no
Britain		16	1	yes
Canada		20	-39	no
France		-2	2	no
Germany		9	-4	no
Greece		-3	-22	yes
Italy		-10	-41	yes
Japan		-15	-5	yes
Mexico		-11	35	no
Russia		-119	-31	yes
Spain		-14	-7	yes
Switzerland		-14	-42	yes
Total Return on Foreign Govt. Bonds (%)*				
Australia		1.1%	3.2%	yes
Britain		0.6%	1.7%	yes
Canada		0.3%	4.4%	yes
France		1.2%	0.8%	yes
Germany		-0.3%	0.8%	no
Greece		7.2%	16.7%	yes
Italy		2.8%	4.9%	yes
Japan		1.8%	1.2%	yes
Spain		2.9%	2.0%	yes
Switzerland		1.7%	10.5%	yes

** JP Morgan Indexes, in local currency*

Total Return on Foreign Govt. Bonds (%)**				
Brazil		16.8%	-19.0%	no
Mexico		6.5%	-1.8%	no
Russia		20.3%	14.1%	yes

*** JP Morgan Indexes, in external FX (U.S.$)*

* This ETF was closed/discontinued by the sponsor during the year.

Table Eleven

International Equities

IFI Forecasts versus Actual Results, Dec. 2014 - Dec 2015

Foreign Equities: Broad	ETFs	% Changes in 2015 Forecasted	Actual	Directionally Correct?
EAFE	EFA	4.9%	-1.9%	no
Asia-Pacific ex-Japan	ADRA	6.2%	-2.9%	no
Europe ex-Britain	IEV	3.6%	-4.1%	no
Americas ex-Canada	ILF	-9.3%	-29.0%	yes
Emerging Markets	EEM	5.1%	-14.6%	no
BRIC Countries	BKF	3.0%	-12.9%	no
Foreign Equities: Asia-Pacific				
Australia	EWA	10.8%	-12.4%	no
China	FXI	-5.4%	-9.0%	yes
Hong Kong	EWH	5.2%	-1.7%	no
India	EPI	11.1%	-11.5%	no
Japan	EWJ	5.2%	7.8%	yes
Malaysia	EWM	6.4%	-20.7%	no
Singapore	EWS	6.0%	-17.2%	no
South Korea	EWY	7.1%	-6.9%	no
Taiwan	EWT	3.7%	-11.1%	no
Thailand	THD	4.0%	-21.7%	no
Foreign Equities: Europe				
Austria	EWO	10.9%	2.4%	yes
Britain	EWU	5.7%	-7.2%	no
France	EWQ	4.7%	0.2%	yes
Germany	EWG	3.8%	-3.7%	no
Italy	EWI	10.0%	1.8%	yes
Netherlands	EWN	-3.8%	-0.2%	yes
Russia	RSX	11.2%	-2.7%	no
Spain	EWP	2.2%	-16.1%	no
Sweden	EWD	2.4%	-5.5%	no
Switzerland	EWL	-1.7%	-1.9%	yes
Foreign Equities: Americas				
Canada	EWC	1.5%	-21.0%	no
Brazil	EWZ	-5.1%	-38.0%	yes
Chile	ECH	-14.9%	-18.4%	yes
Mexico	EWW	-8.0%	-12.0%	yes

Averages for Countries	Forecasted	Actual	Difference
Top 12 Forecasted Returns:	7.9%	-5.7%	-13.5%
Average Return:	**3.0%**	**-9.5%**	**-12.5%**
Bottom 12 Forecasted Returns:	-1.8%	-13.2%	-11.5%
Difference: Top 12 vs. Bottom 12:	**9.6%**	**7.5%**	**-2.1%**

Table Twelve

IFI's Forecasts for 2015 Compared to Wall Street Strategists

Source: "Outlook 2015," Barron's, December 13, 2014

	S&P 500 Price Index			
Forecaster/Firm	**Actual Dec. 2014**	**Forecasted Dec. 2015**	**Forecasted % Change**	**Actual Change (%)**
Steve Auth/Federated Investors		2,350	14.6%	
Adam Parker/Morgan Stanley		2,275	11.0%	
John Praveen/Prudential International		2,250	9.7%	
Dubravko Lakos-Bujas/J.P. Morgan Chase		2,250	9.7%	
Richard Salsman/InterMarket Forecasting		**2,238**	**9.1%**	
Tobias Levkovich/Citibank		2,200	7.3%	
Savita Subramanian/BofA Merrill Lynch		2,200	7.3%	
Jeffrey Knight/Columbia Management		2,200	7.3%	
Russ Koesterich/BlackRock		2,160	5.3%	
David Kostin/Goldman Sachs		2,100	2.4%	
Jonathan Glionna/Barclays		2,100	2.4%	
S&P 500 Price Index (actual)	**2,050**	**2,054**		**0.2%**

	S&P 500 Operating Earnings per share			
Forecaster/Firm	**Actual Dec. 2014**	**Forecasted Dec. 2015**	**Forecasted % Change**	**Actual Change (%)**
Russ Koesterich/BlackRock		$132.0	16.4%	
Steve Auth/Federated Investors		$130.0	14.6%	
Tobias Levkovich/Citibank		$128.3	13.1%	
John Praveen/Prudential International		$127.0	12.0%	
Dubravko Lakos-Bujas/J.P. Morgan Chase		$127.0	12.0%	
Jeffrey Knight/Columbia Management		$127.0	12.0%	
Richard Salsman/InterMarket Forecasting		**$126.5**	**11.6%**	
Adam Parker/Morgan Stanley		$126.1	11.2%	
Jonathan Glionna/Barclays		$125.0	10.2%	
Savita Subramanian/BofA Merrill Lynch		$124.0	9.3%	
David Kostin/Goldman Sachs		$122.0	7.6%	
S&P 500 OPS (actual - Full Year)	**$113.4**	**$106.7**		**-5.9%**

	10-Year U.S. Treasury Bond Yield			
Forecaster/Firm	**Actual Dec. 2014**	**Forecasted Dec. 2015**	**Forecasted Change (bps)**	**Actual Change (bp)**
John Praveen/Prudential International		3.50%	129	
Russ Koesterich/BlackRock		3.00%	79	
David Kostin/Goldman Sachs		3.00%	79	
Steve Auth/Federated Investors		3.00%	79	
Tobias Levkovich/Citibank		2.95%	74	
Jeffrey Knight/Columbia Management		2.90%	69	
Adam Parker/Morgan Stanley		2.85%	64	
Jonathan Glionna/Barclays		2.85%	64	
Dubravko Lakos-Bujas/J.P. Morgan Chase		2.80%	59	
Savita Subramanian/BofA Merrill Lynch		2.75%	54	
Richard Salsman/InterMarket Forecasting		**2.45%**	**24**	
10-Year U.S. Treasury Bond Yield (actual)	**2.21%**	**2.24%**		**3**

	Growth Rate of U.S. Economy			
Forecaster/Firm	**Actual 2014**	**Forecasted 2015**	**Forecasted Change (% pts)**	**Actual Change (% pts)**
Steve Auth/Federated Investors		3.5%	1.1%	
Savita Subramanian/BofA Merrill Lynch		3.3%	0.9%	
Richard Salsman/InterMarket Forecasting		**3.2%**	**0.8%**	
David Kostin/Goldman Sachs		3.1%	0.7%	
Jeffrey Knight/Columbia Management		3.0%	0.6%	
John Praveen/Prudential International		3.0%	0.6%	
Dubravko Lakos-Bujas/J.P. Morgan Chase		3.0%	0.6%	
Tobias Levkovich/Citibank		3.0%	0.6%	
Adam Parker/Morgan Stanley		2.9%	0.5%	
Jonathan Glionna/Barclays		2.9%	0.5%	
Russ Koesterich/BlackRock		2.8%	0.4%	
Growth, U.S. Real GDP (actual, 2015 vs 2014)	**2.4%**	**1.9%**		**-0.5%**

Table Thirteen

Annual & Compounded Returns on IFI's 4 Model Portfolios vs. Benchmarks, 2003-2015

"CAGR" = Compounded Annual Growth Rate

IFI Model Portfolio #1: Global Equity Investor

Year	IFI Model Returns	Benchmark Returns	IFI versus Benchmark
2003	30.00%	25.40%	4.60%
2004	15.50%	14.50%	1.00%
2005	12.80%	9.80%	3.00%
2006	18.00%	12.00%	6.00%
2007	10.20%	10.01%	0.19%
2008	-42.93%	-42.16%	-0.77%
2009	30.88%	30.37%	0.51%
2010	14.44%	11.07%	3.37%
2011	-11.65%	-4.95%	-6.70%
2012	12.91%	12.72%	0.19%
2013	25.98%	20.25%	5.73%
2014	5.09%	4.37%	0.72%
2015	-1.00%	-2.18%	1.18%

Year End	IFI Model Value	Benchmark Value	Multiple
2002	**$1.00**	**$1.00**	1.00
2003	$1.30	$1.25	1.04
2004	$1.50	$1.44	1.05
2005	$1.69	$1.58	1.07
2006	$2.00	$1.77	1.13
2007	$2.20	$1.94	1.13
2008	$1.26	$1.12	1.12
2009	$1.65	$1.46	1.12
2010	$1.88	$1.63	1.16
2011	$1.66	$1.55	1.08
2012	$1.88	$1.74	1.08
2013	$2.37	$2.10	1.13
2014	$2.49	$2.19	1.14
2015	$2.46	$2.14	1.15
CAGR:	**7.17%**	**6.03%**	
IFI advantage (% pts p.a.):		1.15%	
% of years IFI has out-performed benchmark:			**85%**

IFI Model Portfolio #2: U.S.-Specific Investor

Year	IFI Model Returns	Benchmark Returns	IFI versus Benchmark
2003	25.50%	19.90%	5.60%
2004	18.60%	9.40%	9.20%
2005	7.02%	6.10%	0.92%
2006	5.65%	10.60%	-4.95%
2007	6.79%	6.50%	0.29%
2008	-8.82%	-20.10%	11.28%
2009	24.38%	11.80%	12.58%
2010	18.09%	12.15%	5.94%
2011	4.09%	12.63%	-8.54%
2012	12.37%	11.65%	0.72%
2013	27.92%	17.94%	9.98%
2014	8.60%	10.60%	-2.00%
2015	1.55%	1.04%	0.51%

Year End	IFI Model Value	Benchmark Value	Multiple
2002	**$1.00**	**$1.00**	1.00
2003	$1.26	$1.20	1.05
2004	$1.49	$1.31	1.13
2005	$1.59	$1.39	1.14
2006	$1.68	$1.54	1.09
2007	$1.80	$1.64	1.10
2008	$1.64	$1.31	1.25
2009	$2.04	$1.46	1.39
2010	$2.41	$1.64	1.47
2011	$2.51	$1.85	1.35
2012	$2.82	$2.07	1.36
2013	$3.60	$2.44	1.48
2014	$3.91	$2.69	1.45
2015	$3.97	$2.72	1.46
CAGR:	**11.19%**	**8.01%**	
IFI advantage (% pts p.a.):		3.19%	
% of years IFI has out-performed benchmark:			**77%**

"CAGR" = Compounded Annual Growth Rate

IFI Model Portfolio #3: U.S.-Specific Equity Investor

Year	IFI Model Returns	Benchmark Returns	IFI versus Benchmark
2003	32.30%	30.60%	1.70%
2004	20.50%	15.90%	4.60%
2005	7.32%	7.10%	0.22%
2006	15.80%	13.80%	2.00%
2007	3.53%	2.60%	0.93%
2008	-38.23%	-39.74%	1.51%
2009	22.81%	26.02%	-3.21%
2010	20.39%	20.68%	-0.29%
2011	2.56%	1.56%	1.00%
2012	14.48%	15.85%	-1.37%
2013	38.51%	37.66%	0.85%
2014	9.69%	9.61%	0.08%
2015	3.11%	-0.23%	3.34%

Year End	IFI Model Value	Benchmark Value	Multiple
2002	**$1.00**	**$1.00**	1.00
2003	$1.32	$1.31	1.01
2004	$1.59	$1.51	1.05
2005	$1.71	$1.62	1.06
2006	$1.98	$1.84	1.07
2007	$2.05	$1.89	1.08
2008	$1.27	$1.14	1.11
2009	$1.56	$1.44	1.08
2010	$1.87	$1.73	1.08
2011	$1.92	$1.76	1.09
2012	$2.20	$2.04	1.08
2013	$3.05	$2.81	1.08
2014	$3.34	$3.08	1.09
2015	$3.45	$3.07	1.12
CAGR:	**9.98%**	**9.02%**	
IFI advantage (% pts p.a.):		0.97%	
% of years IFI has out-performed benchmark:			**69%**

IFI Model Portfolio #4: U.S.-Specific Bond Investor

Year	IFI Model Returns	Benchmark Returns	IFI versus Benchmark
2003	16.50%	11.46%	5.04%
2004	9.10%	4.10%	5.00%
2005	4.08%	2.50%	1.58%
2006	2.44%	3.80%	-1.36%
2007	6.63%	5.62%	1.01%
2008	15.20%	-7.06%	22.26%
2009	39.97%	5.76%	34.21%
2010	12.81%	6.36%	6.45%
2011	10.57%	22.95%	-12.38%
2012	12.98%	3.75%	9.23%
2013	3.47%	-2.06%	5.53%
2014	2.43%	5.66%	-3.23%
2015	-2.49%	0.48%	-2.98%

Year End	IFI Model Value	Benchmark Value	Multiple
2002	**$1.00**	**$1.00**	1.00
2003	$1.17	$1.11	1.05
2004	$1.27	$1.16	1.10
2005	$1.32	$1.19	1.11
2006	$1.36	$1.23	1.10
2007	$1.44	$1.30	1.11
2008	$1.66	$1.21	1.37
2009	$2.33	$1.28	1.82
2010	$2.63	$1.36	1.93
2011	$2.91	$1.68	1.73
2012	$3.28	$1.74	1.89
2013	$3.40	$1.70	1.99
2014	$3.48	$1.80	1.93
2015	$3.39	$1.81	1.88
CAGR:	**9.85%**	**4.66%**	
IFI advantage (% pts p.a.):		5.19%	
% of years IFI has out-performed benchmark:			**77%**

Appendix
IFI Research Reports in 2015

Note: reports in red focus on the past effects of Fed rate-hiking on various asset classes

1. "U.S. Equity and Economic Performance Amid Fed Rate-Hiking," *Investment Focus*, January 5, 2015.
2. **"Outlook 2015," January 20, 2015.**
3. "U.S. Bond Performance Amid Fed Rate-Hiking," *Investment Focus*, January 27, 2015.
4. "The Coming Rise in Oil's Price," *Investor Alert*, January 31, 2015.
5. **"Track Record 2014," February 6, 2015.**
6. "Commodity Performance Amid Fed Rate-Hiking," *Investment Focus*, February 10, 2015.
7. "U.S. Sector Performance Amid Fed Rate-Hiking," *Investment Focus*, February 19, 2015.
8. ***The InterMarket Forecaster*, February 27, 2015.**
9. "Signals from the Long-End Yield Curve Spread," *Investor Alert*, March 10, 2015.
10. "Perma-ZIRP: Why the Fed Won't 'Normalize' Rates in Our Lifetime," *The Capitalist Advisor*, March 20, 2015.
11. ***The InterMarket Forecaster*, March 27, 2015.**
12. "A Simple Spread to Forecast the Fed," *Investment Focus*, March 31, 2015.
13. "U.S. Dollar Performance Amid Fed Rate-Hiking," *Investment Focus,* April 7, 2015.
14. "The Irrelevance of Budget Deficits and Public Debt to T-Bond Yields," *The Capitalist Advisor*, April 15, 2015.
15. ***The InterMarket Forecaster*, April 25, 2015.**
16. "The Oil Price Rebound: Farther to Go?" *Investor Alert*, April 30, 2015.
17. "The Fed's False View of Equity Valuation," *Investor Alert*, May 7, 2015.
18. "Rebounds from U.S. Equity Plunges in Historical Context," *Investor Alert*, May 15, 2015.
19. ***The InterMarket Forecaster*, May 25, 2015.**
20. "Grexit Risk: Bullish Aspects Outweigh Bearish Ones – Part I," *The Capitalist Advisor*, May 31, 2015.
21. "Grexit Risk: Bullish Aspects Outweigh Bearish Ones – Part II," *The Capitalist Advisor*, June 7, 2015.
22. "Accelerations in U.S. Profits and Investment," *Investor Alert*, June 15, 2015.
23. "Production of Money versus Production of Wealth," *Investment Focus*, June 22, 2015.
24. ***The InterMarket Forecaster*, June 29, 2015.**

Appendix
IFI Research Reports in 2015

(continued from page 15)

Note: reports in red focus on the past effects of Fed rate-hiking on various asset classes

25. "No Greece Fire in the Euro Kitchen," *Investor Alert*, July 7, 2015.
26. "China's Equity Performance: Does It Matter Much?" *Investment Focus*, July 17, 2015.
27. ***The InterMarket Forecaster*, July 24, 2015.**
28. "The Aftermath of a Lateral Equity Trend," *Investment Focus*, July 31, 2015.
29. "Current Signals from the Yield Curve: Don't Worry Yet," *Investor Alert*, August 7, 2015.
30. "China Devalues Again. Does It Matter?" *Investment Focus*, August 14, 2015.
31. ***The InterMarket Forecaster*, August 21, 2015.**
32. "The Real 'Correction' is Upward," *Investor Alert*, August 28, 2015.
33. "Non-Labor Days: As Fewer Americans Work, Output & Equities Suffer," *The Capitalist Advisor*, September 7, 2015.
34. "Three Factors Forecasting the Oil Price," *Investment Focus*, September 14, 2015.
35. "ZIRPs Make Credit (and Prosperity) Scarce, Not Plentiful," *The Capitalist Advisor,* September 21, 2015.
36. ***The InterMarket Forecaster*, September 25, 2015.**
37. "Does a Decline in Profit Growth Portend Recession?" *Investment Focus*, October 5, 2015.
38. "Do Widening Credit Spreads Necessarily Precede Recessions?" *Investment Focus*, October 12, 2015.
39. ***The InterMarket Forecaster*, October 23, 2015.**
40. "The Risk of Shifting From ZIRP to NIRP," *The Capitalist Advisor*, October 31, 2015.
41. "U.S. Equity Style Performance Amid Fed Rate-Hiking," *Investment Focus*, November 6, 2015.
42. "U.S. Equities versus Non-U.S. Equities Amid Fed Rate-Hiking," *Investment Focus*, November 13, 2015.
43. ***The InterMarket Forecaster*, November 23, 2015.**
44. "Differential Investment Performance Amid Differential Central Bank Rate Policies," *Investment Focus*, November 30, 2015.
45. "The Service Sector as Recession Preventer," *The Capitalist Advisor*, December 7, 2015.
46. "Why Christmas Should Be More Commercial (Dr. Leonard Peikoff)," *The Capitalist Advisor*, December 14, 2015.
47. "Deflation: No Necessary Impediment to Profitability," *Investor Alert*, December 21, 2015.
48. "Ten Things Every Economist Should Know About the Gold Standard (George Selgin)," *Investor Alert*, December 28, 2015.

INTERMARKET FORECASTING

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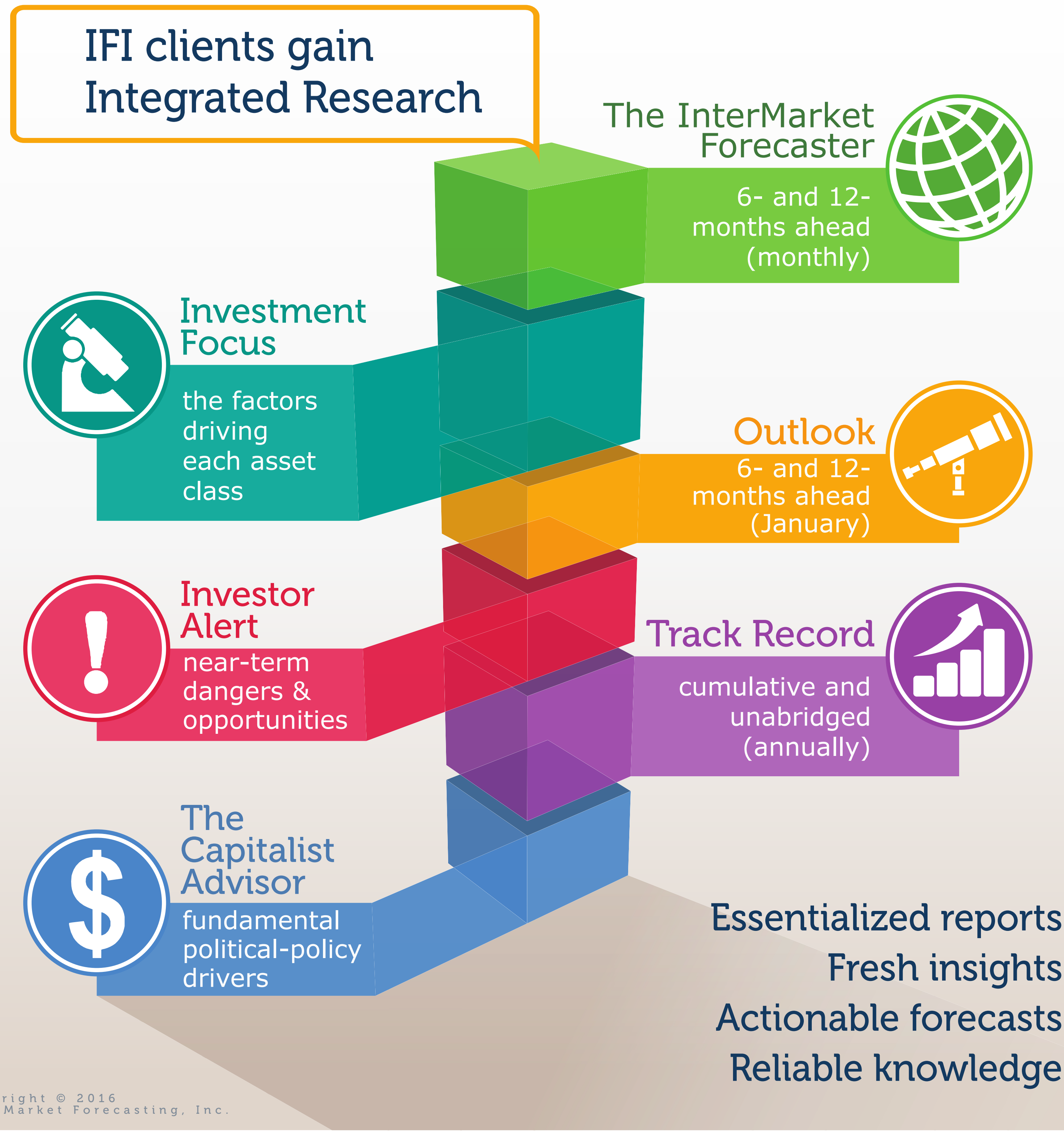

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INTERMARKET FORECASTING

Top Down Insights
Bottom Line Results

Company Background Services Leadership

InterMarket Forecasting, Inc. (IFI) is an independent investment research and forecasting firm that quantifies market-price signals to guide the asset allocation decisions and trading strategies of investment advisors, pension plans, asset managers, financial institutions and hedge funds. Since its founding in 2000 IFI has provided objective research and specific, practical advice to help investment managers maximize risk-adjusted returns and out-perform their benchmarks.

IFI's investment advice flows directly from its regression-based proprietary models, which are based on a careful scrutiny of long-term market data and historical patterns. Markets are inter-connected such that price changes have forecasting power. IFI identifies the quantitative links and distinct causal patterns of market history and uses these to signal portfolio outcomes. IFI's service and forecasts address the five major asset classes – currencies, commodities, stocks, bonds and bills – as well as sub-classes, including: large-cap vs. small-cap stocks, value stocks vs. growth stocks, stocks by sector, government bonds vs. corporate bonds, credit spreads and shifts in the yield curve. IFI's time horizon is six and twelve months ahead. Clients receive the following four reports each month by e-mail (an interactive, web-based archive is also available):

- *The InterMarket Forecaster* – comprehensive forecasts, analyses and AA advice for over 150 assets
- *Investment Focus* – in-depth, historical analyses of the factors which drive a specific asset or asset class
- *Investor Alert* – brief but timely analyses of recent market developments that might alter our forecasts
- *The Capitalist Advisor* – analysis of political-policy factors that might materially influence investments

Methodologically, IFI's research emphasizes the incentives and disincentives faced by producers, savers and investors and how these effect investments – the essence of classical or "supply-side" economics, in contrast to the flawed themes and track records of Keynesian economics. IFI views markets as global, inter-connected, and often politicized, so it also provides a rational framework for understanding and predicting how policies (monetary, fiscal, regulatory) will influence investment performance. IFI has no vested interest in rising or falling markets or in any particular investment styles. It offers clients an independent, objective source of investment research, forecasts and advice, in contrast to the bias often exhibited in brokerage firm material and salesmanship. Since its founding in 2000 IFI has delivered an average, across the board forecasting success rate of 66% and has outperformed its peers (Wall Street strategists) 61% of the time.

Richard M. Salsman, Ph.D., CFA®

Richard Salsman is founder, president and chief market strategist. Prior to IFI he was senior economist at H.C. Wainwright Economics, Inc. (1993-1999) and from 1981 to 1992 a banker and capital markets specialist at the Bank of New York and Citibank. Mr. Salsman has authored numerous articles and is an expert in market history, economics, forecasting, and investment strategy. His work has appeared in the Wall Street Journal, Investor's Business Daily, Barron's, Forbes, National Post (Canada) and the Economist. In addition, he has authored three books—Gold and Liberty (1995), Breaking the Banks: Central Banking Problems and Free Banking Solutions (1990), The Political Economy of Public Debt: Three Centuries of Theory and Evidence (2017) —plus many chapters in edited books. Salsman speaks regularly at conferences, investment gatherings and universities. He earned his B.A. in Law and Economics from Bowdoin College (1981), his M.B.A. in Economics from the Stern School of Business at NYU (1988), and his Ph.D. from Duke University in Political Economy (2012). In 1993 he earned the designation of Chartered Financial Analyst (CFA) from the Association for Investment Management and Research.

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