


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, equities, 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/korajczyk/htm/aplhist.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

<u>Table</u>	<u>Page</u>	<u>Category</u>	<u># of Variables</u>	<u>Correctly Forecasted</u>	
				<u>Number</u>	<u>Percent</u>
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	<u>30</u>	<u>11</u>	<u>37%</u>
Total			182	113	62%
IFI vs 12 Other Strategists					
<u>Table</u>	<u>Page</u>	<u>Category</u>	<u># of Competitors</u>	<u>Out-Performed by IFI</u>	
				<u>Number</u>	<u>Percent</u>
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	<u>2</u>	<u>20%</u>
Average				5.5	55%

Table Two

IFI'S Annual Track Records

2003 - 2015

<u>Year</u>	<u># of Variables</u>	<u>% Correct</u>	<u>Above/ Below Average</u>	<u>% of WS Peers Surpassed</u>
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

	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
Global Investor													
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 [IIP]	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 *

<u>Portfolio #1: Global Equity Investor</u>	<u>Advised Weighting</u>	<u>Total Returns per Asset Class</u>	
		<u>Absolute</u>	<u>Weighted Avg.</u>
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%

<u>Portfolio #2: U.S.-Specific Investor</u>	<u>Advised Weighting</u>	<u>Total Returns per Asset Class</u>	
		<u>Absolute</u>	<u>Weighted Avg.</u>
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%

<u>Portfolio #3: U.S.-Specific Equity Investor</u>	<u>Advised Weighting</u>	<u>Total Returns per Asset Class</u>	
		<u>Absolute</u>	<u>Weighted Avg.</u>
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%

<u>Portfolio #4: U.S.-Specific Bond Investor</u>	<u>Advised Weighting</u>	<u>Total Returns per Asset Class</u>	
		<u>Absolute</u>	<u>Weighted Avg.</u>
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>U.S. Dollar in Foreign Exchange</u>	<u>% Changes in 2015</u>		<u>Directionally</u>
	<u>Forecasted</u>	<u>Actual</u>	<u>Correct?</u>
Dollar Index	5.9%	10.1%	yes
in Euro	8.1%	13.2%	yes
in Japanese Yen	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
<u>Broad Commodity Indexes</u>	<u>% Changes in 2015</u>		<u>Directionally</u>
	<u>Forecasted</u>	<u>Actual</u>	<u>Correct?</u>
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
<u>Specific Commodities</u>	<u>% Changes in 2015</u>		<u>Directionally</u>
	<u>Forecasted</u>	<u>Actual</u>	<u>Correct?</u>
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

	<u>Yield Levels (averages in %)</u>				Forecasted	Actual	Directionally
	<u>Actual</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Actual</u>	Change in	Change in	
<u>U.S. Treasury Yield Curve</u>	<u>Dec 14</u>	<u>Jun 15</u>	<u>Dec 15</u>	<u>Dec 15</u>	<u>2015 (bps)</u>	<u>2015 (bps)</u>	<u>Correct?</u>
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
	<u>Total Returns</u>				<u>Forecasted</u>	<u>Actual</u>	
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
	<u>Yield Levels (averages in %)</u>				Forecasted	Actual	Directionally
	<u>Actual</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Actual</u>	Change in	Change in	
<u>U.S. Corporate Bond Yields (%)</u>	<u>Dec 14</u>	<u>Jun 15</u>	<u>Dec 15</u>	<u>Dec 15</u>	<u>2015 (bps)</u>	<u>2015 (bps)</u>	<u>Correct?</u>
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>U.S. Corp. Yield Spreads to 10-yr T-Bond (bps)</u>							
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

<u>Composite Bond Indexes</u>	<u>ETF</u>	<u>% Changes in 2015</u>		<u>Directionally</u>
		<u>Forecasted</u>	<u>Actual</u>	<u>Correct?</u>
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>U.S. Govt. Bills, Notes & Bonds</u>				
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>U.S. Agency, MBS, & Municipals</u>				
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>U.S. Corporate Bonds & FRNs</u>				
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

<u>U.S. Equities and Style Bets</u>	<u>% Changes in 2015</u>		<u>Directionally</u>
	<u>Forecasted</u>	<u>Actual</u>	<u>Correct?</u>
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
<u>Large-Cap Growth (S&P 500)</u>	<u>13.0%</u>	<u>6.0%</u>	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
<u>Small-Cap Growth (S&P 600)</u>	<u>15.5%</u>	<u>6.3%</u>	yes
Small-Cap Value vs Small-Cap Growth (% pts)	-10.9%	-10.1%	yes
<u>Small-Cap (Russell 2000)</u>	<u>8.9%</u>	<u>-1.2%</u>	no
Large-Cap 500 vs. Small Cap 600 (% pts)	-1.1%	-1.4%	yes
<u>S&P 500 Sectors: Absolute Change (%)</u>	<u>% Changes in 2015</u>		<u>Directionally</u>
	<u>Forecasted</u>	<u>Actual</u>	<u>Correct?</u>
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
<u>S&P 500 Sectors vs. S&P 500 (% pts)</u>	<u>% Changes in 2015</u>		<u>Directionally</u>
	<u>Forecasted</u>	<u>Actual</u>	<u>Correct?</u>
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		Relative to S&P 500	
			Simple	Weighted	Simple	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

<u>Foreign Currencies vs. U.S. \$</u>	<u>ETFs</u>	<u>% Changes in 2015</u>		<u>Directionally</u>
		<u>Forecasted</u>	<u>Actual</u>	<u>Correct?</u>
See Table 4, page 6 (the inverse of these currency forecasts and performances)				
<u>Total Return on Foreign Govt. Bonds (Broad)</u>				
<u>Developed Markets (IG) ETFs</u>				
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 *
<u>Emerging Markets (NIG) ETFs</u>				
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
<u>Change in Foreign Govt. Bond Yields (bp)</u>				
	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
<u>Total Return on Foreign Govt. Bonds (%)*</u>				
	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
<i>* JP Morgan Indexes, in local currency</i>				
<u>Total Return on Foreign Govt. Bonds (%)**</u>				
	Brazil	16.8%	-19.0%	no
	Mexico	6.5%	-1.8%	no
	Russia	20.3%	14.1%	yes
<i>** JP Morgan Indexes, in external FX (U.S.\$)</i>				

* 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		Directionally Correct?
		Forecasted	Actual	
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
<u>Foreign Equities: Asia-Pacific</u>				
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
<u>Foreign Equities: Europe</u>				
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
<u>Foreign Equities: Americas</u>				
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
<u>Averages for Countries</u>		<u>Forecasted</u>	<u>Actual</u>	<u>Difference</u>
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

<u>S&P 500 Price Index</u>				
<u>Forecaster/Firm</u>	<u>Actual Dec. 2014</u>	<u>Forecasted Dec. 2015</u>	<u>Forecasted % Change</u>	<u>Actual Change (%)</u>
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%
<u>S&P 500 Operating Earnings per share</u>				
<u>Forecaster/Firm</u>	<u>Actual Dec. 2014</u>	<u>Forecasted Dec. 2015</u>	<u>Forecasted % Change</u>	<u>Actual Change (%)</u>
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%
<u>10-Year U.S. Treasury Bond Yield</u>				
<u>Forecaster/Firm</u>	<u>Actual Dec. 2014</u>	<u>Forecasted Dec. 2015</u>	<u>Forecasted Change (bps)</u>	<u>Actual Change (bp)</u>
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
<u>Growth Rate of U.S. Economy</u>				
<u>Forecaster/Firm</u>	<u>Actual 2014</u>	<u>Forecasted 2015</u>	<u>Forecasted Change (% pts)</u>	<u>Actual Change (% pts)</u>
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

IFI Model Portfolio #1: Global Equity Investor				"CAGR" = Compounded Annual Growth Rate	IFI Model Portfolio #2: U.S.-Specific Investor			
Year	IFI Model Returns	Benchmark Returns	IFI versus Benchmark	Year	IFI Model Returns	Benchmark Returns	IFI versus Benchmark	
2003	30.00%	25.40%	4.60%	2003	25.50%	19.90%	5.60%	
2004	15.50%	14.50%	1.00%	2004	18.60%	9.40%	9.20%	
2005	12.80%	9.80%	3.00%	2005	7.02%	6.10%	0.92%	
2006	18.00%	12.00%	6.00%	2006	5.65%	10.60%	-4.95%	
2007	10.20%	10.01%	0.19%	2007	6.79%	6.50%	0.29%	
2008	-42.93%	-42.16%	-0.77%	2008	-8.82%	-20.10%	11.28%	
2009	30.88%	30.37%	0.51%	2009	24.38%	11.80%	12.58%	
2010	14.44%	11.07%	3.37%	2010	18.09%	12.15%	5.94%	
2011	-11.65%	-4.95%	-6.70%	2011	4.09%	12.63%	-8.54%	
2012	12.91%	12.72%	0.19%	2012	12.37%	11.65%	0.72%	
2013	25.98%	20.25%	5.73%	2013	27.92%	17.94%	9.98%	
2014	5.09%	4.37%	0.72%	2014	8.60%	10.60%	-2.00%	
2015	-1.00%	-2.18%	1.18%	2015	1.55%	1.04%	0.51%	
Year End	IFI Model Value	Benchmark Value	Multiple	Year End	IFI Model Value	Benchmark Value	Multiple	
2002	\$1.00	\$1.00	1.00	2002	\$1.00	\$1.00	1.00	
2003	\$1.30	\$1.25	1.04	2003	\$1.26	\$1.20	1.05	
2004	\$1.50	\$1.44	1.05	2004	\$1.49	\$1.31	1.13	
2005	\$1.69	\$1.58	1.07	2005	\$1.59	\$1.39	1.14	
2006	\$2.00	\$1.77	1.13	2006	\$1.68	\$1.54	1.09	
2007	\$2.20	\$1.94	1.13	2007	\$1.80	\$1.64	1.10	
2008	\$1.26	\$1.12	1.12	2008	\$1.64	\$1.31	1.25	
2009	\$1.65	\$1.46	1.12	2009	\$2.04	\$1.46	1.39	
2010	\$1.88	\$1.63	1.16	2010	\$2.41	\$1.64	1.47	
2011	\$1.66	\$1.55	1.08	2011	\$2.51	\$1.85	1.35	
2012	\$1.88	\$1.74	1.08	2012	\$2.82	\$2.07	1.36	
2013	\$2.37	\$2.10	1.13	2013	\$3.60	\$2.44	1.48	
2014	\$2.49	\$2.19	1.14	2014	\$3.91	\$2.69	1.45	
2015	\$2.46	\$2.14	1.15	2015	\$3.97	\$2.72	1.46	
CAGR:	7.17%	6.03%		CAGR:	11.19%	8.01%		
IFI advantage (% pts p.a.):		1.15%		IFI advantage (% pts p.a.):		3.19%		
% of years IFI has out-performed benchmark:			85%	% of years IFI has out-performed benchmark:			77%	

IFI Model Portfolio #3: U.S.-Specific Equity Investor				"CAGR" = Compounded Annual Growth Rate	IFI Model Portfolio #4: U.S.-Specific Bond Investor			
Year	IFI Model Returns	Benchmark Returns	IFI versus Benchmark	Year	IFI Model Returns	Benchmark Returns	IFI versus Benchmark	
2003	32.30%	30.60%	1.70%	2003	16.50%	11.46%	5.04%	
2004	20.50%	15.90%	4.60%	2004	9.10%	4.10%	5.00%	
2005	7.32%	7.10%	0.22%	2005	4.08%	2.50%	1.58%	
2006	15.80%	13.80%	2.00%	2006	2.44%	3.80%	-1.36%	
2007	3.53%	2.60%	0.93%	2007	6.63%	5.62%	1.01%	
2008	-38.23%	-39.74%	1.51%	2008	15.20%	-7.06%	22.26%	
2009	22.81%	26.02%	-3.21%	2009	39.97%	5.76%	34.21%	
2010	20.39%	20.68%	-0.29%	2010	12.81%	6.36%	6.45%	
2011	2.56%	1.56%	1.00%	2011	10.57%	22.95%	-12.38%	
2012	14.48%	15.85%	-1.37%	2012	12.98%	3.75%	9.23%	
2013	38.51%	37.66%	0.85%	2013	3.47%	-2.06%	5.53%	
2014	9.69%	9.61%	0.08%	2014	2.43%	5.66%	-3.23%	
2015	3.11%	-0.23%	3.34%	2015	-2.49%	0.48%	-2.98%	
Year End	IFI Model Value	Benchmark Value	Multiple	Year End	IFI Model Value	Benchmark Value	Multiple	
2002	\$1.00	\$1.00	1.00	2002	\$1.00	\$1.00	1.00	
2003	\$1.32	\$1.31	1.01	2003	\$1.17	\$1.11	1.05	
2004	\$1.59	\$1.51	1.05	2004	\$1.27	\$1.16	1.10	
2005	\$1.71	\$1.62	1.06	2005	\$1.32	\$1.19	1.11	
2006	\$1.98	\$1.84	1.07	2006	\$1.36	\$1.23	1.10	
2007	\$2.05	\$1.89	1.08	2007	\$1.44	\$1.30	1.11	
2008	\$1.27	\$1.14	1.11	2008	\$1.66	\$1.21	1.37	
2009	\$1.56	\$1.44	1.08	2009	\$2.33	\$1.28	1.82	
2010	\$1.87	\$1.73	1.08	2010	\$2.63	\$1.36	1.93	
2011	\$1.92	\$1.76	1.09	2011	\$2.91	\$1.68	1.73	
2012	\$2.20	\$2.04	1.08	2012	\$3.28	\$1.74	1.89	
2013	\$3.05	\$2.81	1.08	2013	\$3.40	\$1.70	1.99	
2014	\$3.34	\$3.08	1.09	2014	\$3.48	\$1.80	1.93	
2015	\$3.45	\$3.07	1.12	2015	\$3.39	\$1.81	1.88	
CAGR:	9.98%	9.02%		CAGR:	9.85%	4.66%		
IFI advantage (% pts p.a.):		0.97%		IFI advantage (% pts p.a.):		5.19%		
% of years IFI has out-performed benchmark:			69%	% 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.

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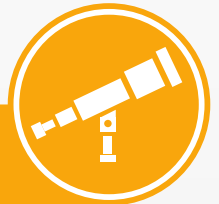
Investment Focus

the factors
driving
each asset
class



Outlook

6- and 12-
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(January)



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near-term
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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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