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Q3 2015 – Market Overview Newsletter

Economic Update

Volatility returned to global financial markets during the 3rd Quarter. Concerns over market and economic weakness in China and other emerging markets pushed U.S. stock indexes into correction territory (defined as a loss of 10% or more). Conditions stabilized in September, and though the S&P 500 recovered more than 5% as of 10/12/15, a rebound hadn't materialized by quarter-end.

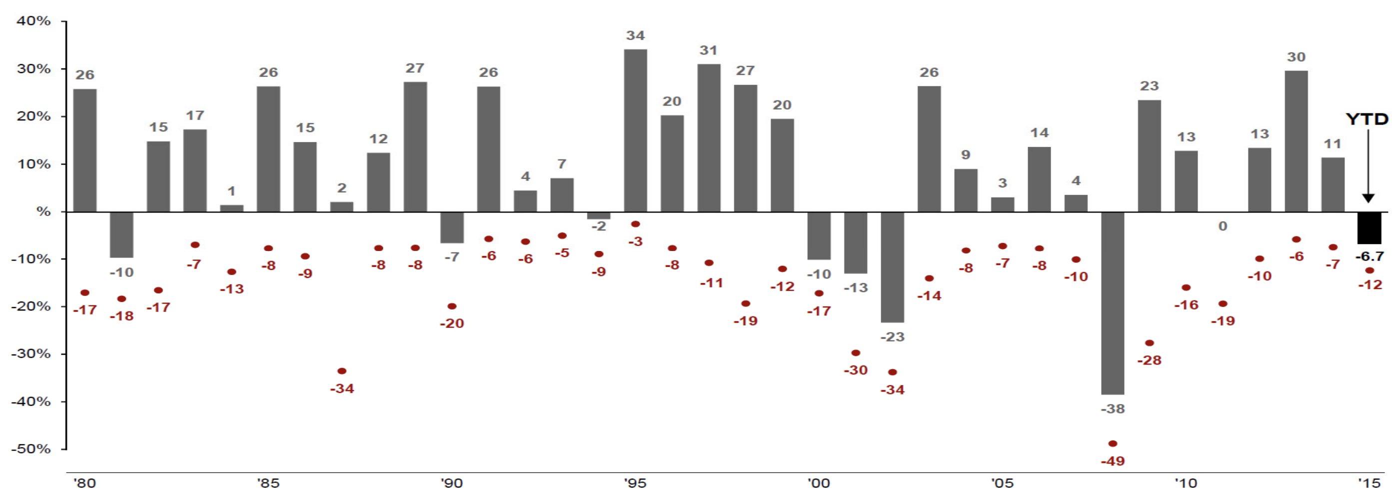
The chart below shows intra-year declines along with calendar year returns over the past 35 years. The average intra-year decline over that 35 year period was 14.2%. This year the S&P 500 had an intra-year decline of 12% from peak to trough, much of which was experienced in the 3rd quarter. While this might make many investors uneasy, especially with the memory of 2008, it is completely normal with intra-year drops of similar magnitude in many of the previous 35 years. Still, many investors have their reasons for being anxious about further market declines and a need to ensure their current portfolio allocations align with their tolerance for risk.

Along with the market downturns experienced this year, the Federal Reserve provided more excitement in the days leading up to its September meeting. Many economists and Fed watchers thought September would be the month that delivered the first rate hike in nine years. The central bankers chose otherwise, however, keeping the current rate policy in place in large part due to the pervasive market uncertainty. The Fed hasn't given further details about when the first rate increase will happen, but the next opportunities will come in the final two Fed meetings of this year (October and December) or early in 2016.

At this uncertain time in the market, you should prepare for more days of volatility, but not by abandoning your current investment strategy. Instead, a portfolio allocation that fits with your comfort level for risk helps you stay on track to meet your investment goals. Also, keep in mind that volatility in the short-term is just that—short-term and temporary. Staying true to your long-term plan and avoiding emotional reactions to market swings can also help you emerge from these volatile periods on a path toward financial success. -LS

S&P 500 intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.2%, annual returns positive in 27 of 35 years*



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. *Returns shown are calendar year returns from 1980 to 2014 excluding 2015, which is year-to-date. Guide to the Markets – U.S. Data are as of September 30, 2015.

Timely Reminders

- IRA Required Minimum Distributions (RMDs)

Those with IRA accounts are required to take a distribution each year beginning in the year they turn 70½. RMDs must be taken by the last day of the calendar year (12/31/2015.) We monitor these requirements for our clients and will be in touch between now and the end of the year if you qualify and have not yet taken your RMD. Please contact us if you have any questions.

- College Choice 529 Indiana State Tax Credit

The Indiana State 529 plan, College Choice offers an annual state tax credit for 20% of contributions up to $5,000 ($1,000 tax credit) per tax filing. If you have a College Choice 529 account (or are thinking to start one) and wish to make a contribution, the deadline for the 2015 Indiana tax credit is 12/31/2015. If sent in the mail, contributions need to be post-marked by that date. Please contact our office if you would like any assistance or have questions about the College Choice 529 plan or the Indiana tax credit.

- Charitable Gifting

Gifts of highly appreciated stock can be a great way to make charitable contributions. Those who wish to do so this year need to make their stock donations by 12/31/2015 to qualify for the 2015 tax deduction. Please contact our office with any questions you may have.

For more market details from the third quarter, see the "Capital Analysts Q3 2015 Market Review" in the commentaries page on our website at www.langdonshaw.com/commentaries.