

AUGUST 2015 – MARKET UPDATE & ADVISORY COMMENTARY

EQUITY MARKETS

- S&P 500 INDEX TR **-6.03%**
- DOW JONES INDUSTRIAL AVERAGE TR **-6.57%**
- NASDAQ COMPOSITE INDEX **-6.86%**
- RUSSELL 3000 INDEX TR **-6.04%**
- CBOE SPX MARKET VOLATILITY INDEX **+134.57%**

FIXED INCOME MARKETS

- BARCLAYS U.S. AGGREGATE BOND INDEX **-0.14%**
- BARCLAYS U.S. 7-10 YEAR TREASURY BOND INDEX **+0.26%**

ALTERNATIVE INVESTMENTS, COMMODITIES & CURRENCIES

- S&P GSCI TOTAL RETURN INDEX **+0.30%**
- GSCI WEST TEXAS INTERMEDIATE EXCESS RETURN **+2.79%**
- U.S. DOLLAR INDEX **-1.45%**
- GOLD SPOT **+3.33%**
- DOW JONES COMPOSITE REIT INDEX TR **-5.68%**
- CBOE BUYWRITE MONTHLY INDEX **-4.84%**

ANCHORED GROWTH BENCHMARK **-4.26%**

(70% RUSSELL 3000, 25% BARCLAYS U.S. AGGREGATE BOND INDEX, 5% CASH)

FOUNDATION TOTAL RETURN BENCHMARK **-3.08%**

(50% RUSSELL 3000, 40% BARCLAYS U.S. AGGREGATE BOND INDEX, 10% CASH)

INFLATION-PLUS INCOME BENCHMARK **-0.08%**

(40% BARCLAYS U.S. AGGREGATE BOND INDEX, 40% BARCLAYS U.S. 1-3 YEAR TREASURY BOND INDEX, 20% CASH)

*SOURCE: KWANTL.COM (9/5/15). INDEXES ARE UNMANAGED AND CANNOT BE INVESTED INTO DIRECTLY. UNMANAGED INDEX RETURNS DO NOT REFLECT FEES, EXPENSES, OR SALES CHARGES. INDEX PERFORMANCE IS NOT INDICATIVE OF THE PERFORMANCE OF ANY INVESTMENT. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.



LOOKING FORWARD...

THE WORLD'S STOCK MARKETS ENDED ON A DECIDEDLY NEGATIVE NOTE IN AUGUST, WITH THE S&P 500, RUSSELL 3000, DOW JONES INDUSTRIALS & NASDAQ COMPOSITE ALL DECLINING BY OVER 6% EACH FOR THE MONTH. THE MARKET'S TURMOIL CONTINUED TO BE FUELED BY THE TOPSY-TURVY CHINESE MARKET, AS WELL AS THE RELATIVELY SUB-PAR ECONOMIC READINGS COMING OUT OF THE U.S. AND OTHER DEVELOPED COUNTRIES.

THE MONTH OF SEPTEMBER MAY WELL HOLD THE KEY TO THE MARKET'S DIRECTION FOR THE LAST FEW MONTHS OF THE YEAR, AS MARKET PARTICIPANTS HAVE BEGUN TO FEEL AS IF THERE IS A BETTER THAN 50-50 CHANCE OF THE FEDERAL RESERVE RAISING RATES AT ITS SEPTEMBER MEETING. THIS POSSIBILITY HAS BECOME MORE PALPABLE EVEN THOUGH THE MARKET'S GYRATIONS WILL LIKELY BE SEEN AS A NEGATIVE TO THE FED'S ECONOMIC OUTLOOK. WE'VE HIGHLIGHTED THE FED'S UNIQUELY SELF-INDUCED PREDICAMENT OVER THE LAST FEW MONTHS AND CONTINUE TO QUESTION HOW THEY WILL NORMALIZE INTEREST RATES WITHOUT CAUSING EVEN MORE MARKET RANCOR. SHOULD THE FED BEGIN TO RAISE RATES, IT WILL ADD YET ANOTHER OBSTACLE FOR THE MARKET TO NAVIGATE.

WHILE EQUITY PRICES ARE CERTAINLY CHEAPER THAN THEY WERE A MONTH AGO, WE HAVE SEEN A LARGE AMOUNT OF TECHNICAL DAMAGE DONE TO THE MARKET OVER THE PAST WEEKS. SHOULD THE DOWNWARD PRESSURE CONTINUE, WE COULD OBVIOUSLY SEE THE MARKET FURTHER DETERIORATE DOWN TO EVEN LOWER PRICE LEVELS. WE THINK THE MOST LIKELY OUTCOME WILL BE CONTINUED HIGH VOLATILITY, RESULTING IN THE MORE EXPENSIVE AREAS OF THE MARKET CONTINUING TO PULL BACK TO MORE REASONABLE LEVELS, RATHER THAN A MORE BROAD AND INDISCRIMINATE SELLOFF.

AS WE HAVE SINCE THE BEGINNING OF 2015, WE CONTINUE TO FAVOR STRATEGIES THAT SHOULD BENEFIT FROM THE MARKET'S CONTINUING VOLATILITY. WE ARE PREPARED TO TAKE ADVANTAGE OF THE MARKET'S WEAKNESS AS OPPORTUNITIES PRESENT THEMSELVES, BUT WILL CONTINUE TO TEMPER OUR DESIRE FOR POSITIVE RETURNS WITH THE REALIZATION THAT THE MARKETS COULD BE ENTERING A PROTRACTED PERIOD OF LOW TO MODERATE RETURNS.

SINCERELY,



BRIAN WECKMAN, RFC
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SECURITIES AND ADVISORY SERVICES OFFERED THROUGH LPL FINANCIAL, A REGISTERED INVESTMENT ADVISER, MEMBER FINRA/SIPC.

The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Dow Jones Industrial Average is the most widely used indicator of the overall condition of the stock market, a price-weighted average of 30 actively traded blue chip stocks, primarily industrials. The 30 stocks are chosen by the editors of the Wall Street Journal. The Dow is computed using a price-weighted indexing system, rather than the more common market cap-weighted indexing system.

The NASDAQ Global Market Composite consists of 1,450 stocks that meet NASDAQ's strict financial and liquidity requirements, and corporate governance standards. The Global Market Composite is less exclusive than the Global Select Market Composite.

The Russell 3000 Index is a market capitalization weighted equity index maintained by the Russell Investment Group that seeks to be a benchmark of the entire U.S. stock market. More specifically, this index encompasses the 3,000 largest U.S.-traded stocks, in which the underlying companies are all incorporated in the U.S.

The CBOE SPX Market Volatility Index shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. This volatility is meant to be forward looking and is calculated from both calls and puts. The VIX is a widely used measure of market risk and is often referred to as the "investor fear gauge."

The Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

The Barclays US 7-10 Year Treasury Bond Index measures the performance of U.S. Treasury securities that have a remaining maturity of at least seven years and less than 10 years.

The S&P GSCI is recognized as a leading measure of general price movements and inflation in the world economy. The index – representing market beta – is world-production weighted. It is designed to be investable by including the most liquid commodity futures, and provides diversification with low correlations to other asset classes.

The GSCI West Texas Intermediate Excess Return Index reflects the returns that are potentially available through an unleveraged investment in the West Texas Intermediate (WTI) crude oil futures contract plus the Treasury Bill rate of interest that could be earned on funds committed to the trading of the underlying contracts.

The U.S. Dollar Index is a measure of the value of the U.S. dollar relative to majority of its most significant trading partners. This index is similar to other trade-weighted indexes, which also use the exchange rates from the same major currencies.

Gold Spot refers to the price paid for current delivery of 1 ounce of physical gold.

The Dow Jones Composite REIT Index contains all publicly traded U.S. REITs in the S&P Dow Jones Indices U.S. stock universe that are classified into one of three subcategories—equity, mortgage or hybrid—as defined by the REIT/RESI Industry Classification Hierarchy.

The CBOE S&P 500 BuyWrite Index (BXM) is a benchmark index designed to track the performance of a hypothetical buy-write strategy on the S&P 500 Index.



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