Thoughts From Evergreen

"*There is nothing wrong with America that cannot be cured by what is right with America.”*
- William J. Clinton

The Fourth of July has always been my favorite holiday. Growing up in the Pacific Northwest, Independence Day always meant the “official” start of summer and a big reason to celebrate. As I’ve gotten older, not much has changed. I still look forward to the parade, great weather, fireworks, and, most importantly, time spent with friends and family. Since America’s birthday lands on a Saturday this year, we realize most of our readers will be celebrating with loved ones when EVA gets sent out. So, we decided to mix up the format and employ a more digestible video edition of the *Evergreen Exchange*.

As we reach 2015’s halfway point, here’s where we stand: US markets are flat to down, 10-year Treasury rates have moved up by over 50 basis points from their lows, and the Federal Reserve appears poised to raise interest rates for the first time since 2006. Thanks to the great people at Real Vision TV, we have three new videos featuring members of our investment contingent discussing some of these developments. Specifically, Louis Gave, David Hay, and Grant Williams talk about where they see interest rates going, their favorite trades for 2015 and the best advice they have for investors. Each video is a little over five minutes, and the insights will certainly prepare you for the remainder of what could be a volatile 2015.

While many investment managers are on vacation this week, financial markets apparently didn’t get the memo it was a holiday. Next week, we’ll undoubtedly be discussing (in our regular EVA format) the fallout from the Greek referendum, the Puerto Rican debt debacle, increased volatility in the Chinese stock market, and any other ramifications from the onslaught of market moving news this week. For now, we wish you a very happy Independence Day and hope you enjoy some independent thoughts from our team.

Click here to Watch Louis' interview.

Click here to watch Dave's interview.

Click here to watch Grant's interview.

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OUR CURRENT LIKES AND DISLIKES

There were no changes this week.

WE LIKE

- Large-cap growth (on a pull back)
- Emerging stock markets (on a pull back)
- International developed markets (on a pull back)
- Canadian REITs
- Intermediate Treasure notes
- BB-rated corporate bonds (i.e., high-quality, high yield)
- Cash
- Publicly-traded pipeline partnerships yielding 7%-9% (MLPs)
- Intermediate-term investment grade corporate bonds, yielding approximately 4%
- Gold-mining stocks
- Gold
- Intermediate municipal bonds with strong credit ratings
- Emerging bond markets (dollar-based)
- Long-term municipal bonds
- Bonds denominated in renminbi trading in Hong Kong (dim sum bonds)
- The Indian stock market

WE'RE NEUTRAL ON

- Most cyclical resource-based stocks
- Large-cap value
- Short-term investment grade corporate bonds
- High-quality preferred stocks yielding 6%
- Long-term investment grade corporate bonds
- Short yen ETF
- Long-term Treasury bonds
- Emerging market bonds (local currency)
- Short euro ETF
- Blue chip oil stocks
- Canadian dollar-denominated bonds

WE DON'T LIKE

- Real Estate Investment Trusts (REITs)*
- Small-cap value
- Mid-cap value
- Small-cap growth
- Mid-cap growth
- Floating-rate bank debt (junk)
- Lower rated junk bonds

*However, some small and mid-cap issues look attractive

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