

Weekly Insights

EVERGREEN INSIGHTS: A WEEKLY SNAPSHOT

APRIL 20, 2015

Top News Headlines

- 1) IMF Spring Meeting Ends Without a Deal for Greece
- 2) China Adds More Stimulus, Lowers Bank Reserve Ratio
- 3) Stocks Slide Following Weak Retail Sales and Rising Inflation

Economic News

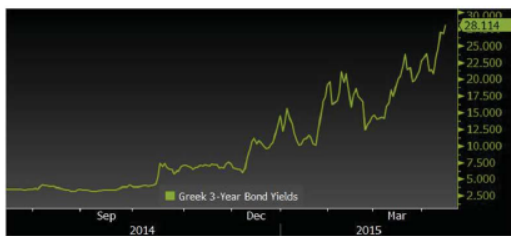
- US retail sales miss expectations in March, Q1 sales declined by 5.0%
- Capacity utilization fell again in March as manufacturing sector continues to struggle
- US industrial production fell by -0.6% last month as economic momentum remains weak in 2015
- Eurozone data continues to improve as industrial production rose by 1.1% YoY in March
- Chinese GDP growth slowest since 2009, at 7.0% in Q1

Thought of the Week

Over the weekend, the IMF's spring meeting ended without a deal for Greece, increasing the likelihood of an exit from the eurozone. In response, Greek yields went bonkers. The country's three-year bonds now yield over 28%—up from just 5% a year ago! The major roadblock to progress is that Greece's new government refuses to budge on austerity measures such as cutting wages and pensions. This point of contention is making it very difficult to make any significant progress towards other fiscal reforms. And, without these changes, the IMF refuses to agree on a new deal and more funding. If there is a silver lining, it's that the two sides agreed on extending the deadline to May 11th to reach an agreement. The Greek government has also made all of its debt payments, which is a positive sign for the country. On the negative side, Greece has to come up with 770 million euros for a loan due on May 12th, and has more large repayments over the summer. The country's ability to pay these debts relies solely on funding from the IMF, and without a deal, Greece will default. For now, it appears the two sides are far from an agreement. Clearly, how this drama unfolds over the next few weeks has major implications for the global markets.

Chart of the Week

Greek 3-Year Bond Yields



Source: Bloomberg, Evergreen Gavekal

Index Levels	Friday Close 4/17/15	Prior Week 4/10/15	Year End 12/31/14	Year Ago 4/17/14
S&P 500	2081	2102	2059	1865
Dow Jones 30	17826	18058	17823	16409
Nasdaq	4932	4996	4736	4096
Russell 2000	1252	1265	1205	1138

Market Returns	1 week	1 month	YTD	1 Year
S&P 500	-1.0%	-0.8%	1.7%	13.9%
Russell 2000	-1.0%	0.1%	4.3%	11.5%
Barclays Agg	0.4%	0.5%	1.9%	5.7%
MSCI World	-0.6%	1.1%	4.2%	8.6%
MSCI Europe	-2.1%	1.7%	18.9%	25.1%
MSCI Japan	0.0%	0.9%	13.5%	38.6%
MSCI China	2.6%	20.3%	25.5%	43.2%
MSCI Brazil	0.4%	12.0%	-6.0%	-24.4%
MSCI Emerging Markets	0.8%	9.2%	9.5%	6.1%

Market Valuations	P/E Trailing	P/E Forward	P/Sales	Dividend Yield
S&P 500	18.1	17.7	1.8	2.0
Russell 2000	20.9	16.8	1.2	1.4
FTSE 100 (Europe)	24.0	16.6	1.1	3.8
Hang Seng (Hong Kong)	11.4	13.0	2.0	3.3

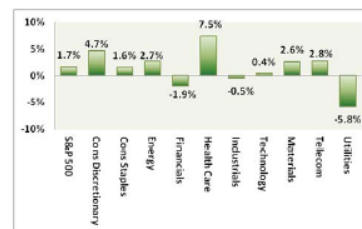
Bond Yields	Friday Close 4/17/15	Prior Week 4/10/15	Year End 12/31/14	Year Ago 4/17/14
Fed Funds Target	0.25	0.25	0.25	0.25
2 Year Treasury	0.51	0.56	0.67	0.37
10 Year Treasury	1.87	1.95	2.17	2.69
Investment Grade	3.47	3.42	3.70	3.57
Muni Yield	2.57	2.58	2.32	2.89
High Yield	6.23	6.18	6.80	5.63

Consumer Rates	15 Year Mortgage	30 Year Mortgage	Consumer Confidence
15 Year Mortgage	2.93	3.79	101.30
30 Year Mortgage	2.96	3.76	101.30
Consumer Confidence	3.09	3.99	93.10
	3.36	4.32	83.86

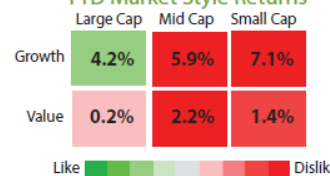
Commodities	Gold	Silver	WTI Crude Oil	Natural Gas
Gold	1203.1	16.3	55.7	2.6
Silver	1204.5	16.4	51.6	2.5
WTI Crude Oil	1188.0	15.7	53.3	2.9
Natural Gas	1295.7	19.6	104.3	4.7

Currency	Dollar Index	\$ per Euro	Yen per \$	CAD per \$
Dollar Index	97.52	1.078	118.95	1.225
\$ per Euro	99.34	1.059	120.23	1.259
Yen per \$	90.27	1.210	119.84	1.162
CAD per \$	79.83	1.382	102.40	1.101

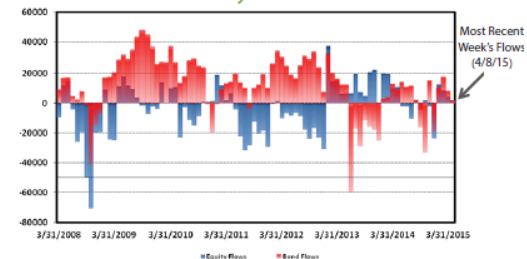
S&P 500 YTD Sector Returns



YTD Market Style Returns



Monthly Fund Flows



Market question of the week:

What percentage of US homeowners, in the lowest-priced third of homes, have negative equity on their homes?
a) 7% b) 17% c) 27%

Trivia question of the week:

The NBA playoffs began over the weekend. Of the eight opening round games, how many away teams came out victorious?
a) 0 b) 1 c) 3

Answers: a) 27% b) 1

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Note: All returns represent total return including dividends; YTD Market Style Returns are based on the Russell indices. Please see important disclosure on next page.

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Benchmark indices are provided in this material for comparison with well-known and widely recognized indices from various market capitalizations, asset classes, markets around the world, and economic data. You cannot invest directly in an index. Index results assume the re-investment of all dividends and capital gains.

The S&P 500 is a market-capitalization weighted index that includes the 500 most widely held companies chosen with respect to market size, liquidity, and industry. The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The National Association of Securities Dealers Automated Quotation (NASDAQ) System is a nationwide computerized quotation system for over 5,500 over-the-counter stocks. The index is compiled of more than 4,800 stocks that are traded via this system. The FTSE 100 Index is an index of the 100 largest companies (by market capitalization) in the United Kingdom. A market capitalization-weighted index of 40 of the largest companies that trade on the Hong Kong Exchange. The Hang Seng Index is maintained by a subsidiary of Hang Seng Bank, and has been published since 1969. The index aims to capture the leadership of the Hong Kong exchange, and covers approximately 65% of its total market capitalization. The Hang Seng members are also classified into one of four sub-indexes based on the main lines of business including commerce and industry, finance, utilities and properties.

The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market. The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 Value Index contains those Russell 1000 companies that have higher book-to-price ratios, and thus a less-than-average growth orientation, than the remaining companies in the Russell 1000 Index that encompass the Russell 1000 Growth Index. The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index. The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth rates. The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Index is an unmanaged index that measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Value Index is constructed to provide a comprehensive and unbiased barometer of the

small-cap value market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine value probability approximates the aggregate small-cap value manager's opportunity set. The Russell 3000 Index is a market capitalization weighted index that measures the performance of the 3,000 largest U.S. companies representing approximately 98% of the investable U.S. equity market.

The Morgan Stanley Capital International (MSCI) World Index is a market capitalization weighted index composed of companies representative of the market structure of 23 Developed Market countries in North America, Europe and the Asia/Pacific Region. The MSCI Europe Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. The MSCI Europe Index consists of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. The MSCI China Index covers the large and mid cap segments in the China and is constructed according to the MSCI Global Investable Market Indices Methodology. The MSCI China Index is part of the MSCI Emerging Markets Index. The MSCI Brazil Index is designed to measure the performance of the large and mid cap segments of the Brazilian market with 81 constituents.