

# Weekly Insights

## EVERGREEN INSIGHTS: A WEEKLY SNAPSHOT

JUNE 1, 2015

### Top News Headlines

- 1) Stocks Fall As Stronger Economic Data Poses Tightening Threat
- 2) Greece Progress Limited, Countdown Looms for Debt Payment
- 3) US Economy Shrinks 0.7% in Q1 Amid Slowly Improving Data

### Economic News

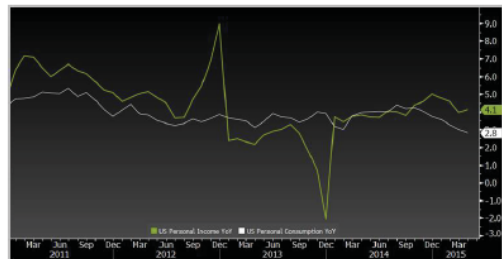
- The ISM manufacturing index rose slightly in May, an improved data point from Q1
- US consumer spending flat in April as Americans saved more of their paycheck
- Regional surveys mixed in Q2 indicating sluggish, but better, economic results
- Eurozone Consumer confidence improved in May for the fifth time in six months
- The HSBC China manufacturing PMI contracted again in May

### Thought of the Week

US consumer data was released today and indicated household savings is on the rise. Specifically, we saw incomes rise 0.4% month-over-month in April, while spending remained flat. This disparity means the increase in earnings from the average worker is either being saved, or is being used to pay off debt. While this is a prudent move by Joe Worker, it's not exactly rocket fuel for economic growth. And, it's going to make it rather difficult to hit the lofty GDP target of 2.7% for Q2—especially since the household savings rate is approaching its Q1 peak. If the US economy is going to bounce back, it's going to have to lean on a crippled energy sector and segments beaten down by a stronger dollar. Still, we have seen signs of hope so far in Q2, which means we the US will likely avoid the "r" word (hint: rhymes with smcession). We think it's pretty clear the US is stuck in a slow growth environment, as this cycle continues to produce quarters with negative growth.

### Chart of the Week

US Personal Income and Personal Consumption Year-over-Year



Source: Bloomberg, Evergreen Gavekal

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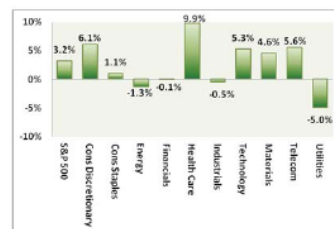
Note: All returns represent total return including dividends  
YTD Market Style Returns are based on the Russell indices. Please see important disclosure on next page.

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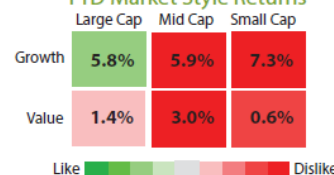
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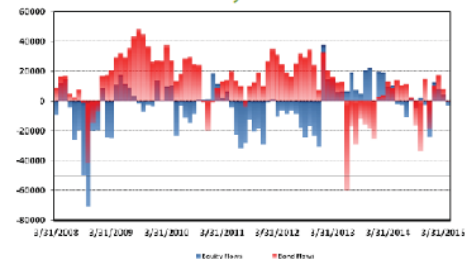
### S&P 500 YTD Sector Returns



### YTD Market Style Returns



### Monthly Fund Flows



**Market question of the week:**  
Both institutions and individuals can own mutual funds. In the US, households account for what percentage of long-term mutual fund assets?  
a) 35% b) 65% c) 95%

**Trivia question of the week:**  
LeBron James will be playing in his fifth straight NBA finals this week. Which teammate of his is also accomplishing this feat?  
a) Mike Miller b) James Jones c) Anderson Varejao

Answers: Q 95% B) James Jones

Index Levels	Friday Close 5/29/15	Prior Week 5/22/15	Year End 12/31/14	Year Ago 5/29/14
S&P 500	2107	2126	2059	1920
Dow Jones 30	18011	18232	17823	16699
Nasdaq	5070	5089	4736	4248
Russell 2000	1247	1252	1205	1140

Market Returns	1 week	1 month	YTD	1 Year
S&P 500	-0.8%	0.3%	3.3%	12.0%
Russell 2000	-0.4%	0.1%	4.0%	10.8%
Barclays Agg	0.3%	-0.4%	0.7%	3.0%

MSCI World	MSCI Europe	MSCI Japan	MSCI China	MSCI Brazil	MSCI Emerging Markets
-1.3%	-1.9%	1.7%	-2.2%	-6.8%	-3.2%
-0.5%	1.2%	2.6%	-4.7%	-12.3%	-5.0%
5.4%	18.7%	19.8%	21.4%	-11.9%	5.7%
6.5%	19.1%	42.0%	36.7%	-29.7%	-0.8%

Market Valuations	P/E Trailing	P/E Forward	P/Sales	Dividend Yield
S&P 500	18.6	17.8	1.8	2.0
Russell 2000	20.4	16.7	1.3	1.4
FTSE 100 (Europe)	22.0	16.6	1.1	3.7
Hang Seng (Hong Kong)	10.7	13.1	2.1	3.1

Bond Yields	Friday Close 5/29/15	Prior Week 5/22/15	Year End 12/31/14	Year Ago 5/29/14
Fed Funds Target	0.25	0.25	0.25	0.25
2 Year Treasury	0.61	0.62	0.67	0.38
10 Year Treasury	2.12	2.21	2.17	2.47
Investment Grade	3.60	3.64	3.70	3.40
Muni Yield	2.53	2.60	2.32	2.85
High Yield	6.13	6.14	6.80	5.48

Consumer Rates	Friday Close 5/29/15	Prior Week 5/22/15	Year End 12/31/14	Year Ago 5/29/14
15 Year Mortgage	3.02	3.07	3.09	3.15
30 Year Mortgage	3.90	3.90	3.99	4.13
Consumer Confidence	95.40	94.30	93.10	81.71

Commodities	Friday Close 5/29/15	Prior Week 5/22/15	Year End 12/31/14	Year Ago 5/29/14
Gold	1190.6	1206.2	1184.9	1255.6
Silver	16.7	17.1	15.7	19.0
WTI Crude Oil	60.3	59.7	53.3	103.6
Natural Gas	2.6	2.9	2.9	4.6

Currency	Friday Close 5/29/15	Prior Week 5/22/15	Year End 12/31/14	Year Ago 5/29/14
Dollar Index	96.91	96.01	90.27	80.49
\$ per Euro	1.099	1.102	1.210	1.360
Yen per \$	124.14	121.55	119.68	101.79
CAD per \$	1.246	1.228	1.162	1.084

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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.