

Weekly Insights

EVERGREEN INSIGHTS: A WEEKLY SNAPSHOT

JUNE 15, 2015

Top News Headlines

- 1) Progress Slow in Athens as Odds Increase for 'Grexit'
- 2) Bonds Reverse Drop as Stocks Selloff on Greece Uncertainty
- 3) 'Jurassic World' Opening Day Pulls in a Record \$512 Million at the Box Office

Economic News

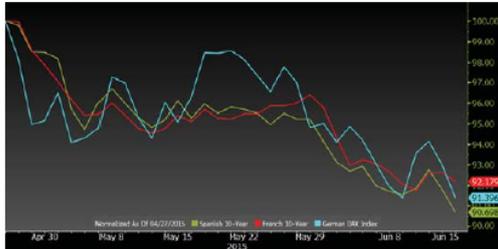
- US retails sales rebounded in May 1.2% after a weak first four months of 2015
- US industrial production in May fell -0.2% as economy, while improving, still on shaky ground
- University of Michigan consumer confidence jumped in June, labor market continues to improve
- Eurozone GDP rose 0.4% in Q1, a sluggish but improving report for the region
- Japanese industrial production and machine tool orders both beat expectations in April

Thought of the Week

Over the last several weeks, negotiations have failed to produce an agreement for a debt repayment plan between Greece and the EU. Over the weekend, though, the talks all but broke down. In fact, reports are stating that yesterday's meeting in Brussels lasted a mere 45 minutes before adjourning. Apparently, the main sticking points were pension cuts, tax increases, and budget surplus targets. What the EU is saying: Greece has gotten itself into this mess and should have to fund the budget surplus via pension cuts and tax hikes. What Greece is saying: We've been down that road before and gotten burned. To fund the budget, private creditors need to put skin in the game and reduce their bond holdings. No matter how you slice it, it's clear both sides are sticking to their guns. The divide in ideals, and the fact that both sides are very wary of history repeating itself, is making a long-term resolution very difficult. Meanwhile, European markets continue to slide. French and Spanish bonds have both dipped by nearly 10% since the end of April, while lagging European stocks are beginning to drag on US shares. Unfortunately for Greece, it appears the dreaded "Grexit" could become a reality, as the country must find a way to come up with €6.5 billion this month alone. Obviously, how this development unfolds will have a major impact on global and domestic markets in the coming months.

Chart of the Week

Spanish 10-Year, Italian 10-Year, and German DAX Index



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.

Index Levels	Friday Close 6/12/15	Prior Week 6/5/15	Year End 12/31/14	Year Ago 6/12/14
S&P 500	2094	2093	2059	1930
Dow Jones 30	17899	17849	17823	16734
Nasdaq	5051	5068	4736	4298
Russell 2000	1265	1261	1205	1159

Market Returns	1 week	1 month	YTD	1 Year
S&P 500	0.1%	0.0%	2.7%	10.7%
Russell 2000	0.4%	2.8%	5.6%	10.5%
Barclays Agg	0.0%	-0.7%	-0.5%	-2.1%
MSCI World	0.6%	-0.8%	4.9%	5.2%
MSCI Europe	0.2%	-1.2%	15.7%	14.9%
MSCI Japan	-1.0%	2.7%	17.9%	35.6%
MSCI China	-0.3%	-1.2%	20.1%	31.7%
MSCI Brazil	2.2%	-8.3%	-8.7%	-30.5%
MSCI Emerging Markets	-0.2%	-5.0%	3.3%	-4.7%

Market Valuations	P/E Trailing	P/E Forward	P/Sales	Dividend Yield
S&P 500	18.5	17.7	1.8	2.0
Russell 2000	20.7	17.0	1.3	1.4
FTSE 100 (Europe)	21.1	16.2	1.1	3.9
Hang Seng (Hong Kong)	11.2	12.9	2.0	3.1

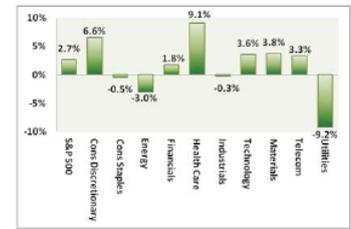
Bond Yields	Friday Close 6/12/15	Prior Week 6/5/15	Year End 12/31/14	Year Ago 6/12/14
Fed Funds Target	0.25	0.25	0.25	0.25
2 Year Treasury	0.73	0.71	0.67	0.44
10 Year Treasury	2.39	2.41	2.17	2.60
Investment Grade	3.84	3.82	3.70	3.52
Muni Yield	2.54	2.55	2.32	2.79
High Yield	6.32	6.23	6.80	5.36

Consumer Rates	Friday Close 6/12/15	Prior Week 6/5/15	Year End 12/31/14	Year Ago 6/12/14
15 Year Mortgage	3.21	3.22	3.09	3.26
30 Year Mortgage	4.09	4.08	3.99	4.21
Consumer Confidence	95.40	95.40	93.10	82.21

Commodities	Friday Close 6/12/15	Prior Week 6/5/15	Year End 12/31/14	Year Ago 6/12/14
Gold	1181.7	1172.0	1184.9	1273.5
Silver	16.0	16.0	15.7	19.5
WTI Crude Oil	60.0	59.1	53.3	106.5
Natural Gas	2.8	2.6	2.9	4.8

Currency	Friday Close 6/12/15	Prior Week 6/5/15	Year End 12/31/14	Year Ago 6/12/14
Dollar Index	94.97	96.31	90.27	80.58
\$ per Euro	1.127	1.112	1.210	1.355
Yen per \$	123.40	125.60	119.68	101.70
CAD per \$	1.232	1.244	1.162	1.086

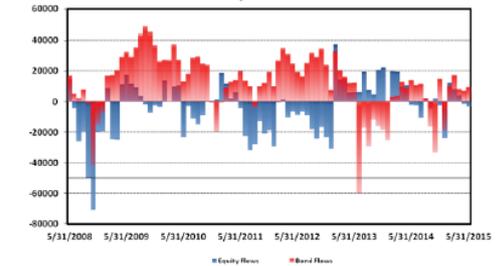
S&P 500 YTD Sector Returns



YTD Market Style Returns



Monthly Fund Flows



Market question of the week:

Despite the housing recovery, what percentage of homeowners remained underwater on their mortgage at the end of the first quarter? (Source: Zillow)

- a) 5% b) 15% c) 25%

Trivia question of the week:

The US Open comes to Chambers Bay this week, marking the first time the tournament will be played in Washington State. How many other states have previously hosted the prestigious event?

- a) 17 b) 23 c) 29

Answers: b) 15% a) 17

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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.