DATE: **October 1, 2015**

TO: **POINT VIEW CLIENTS**

FROM: **David G. Dietze, JD, CFA, CFP^{TM} and Founder and President**

I. 2015 Third Quarter Performance

- It was a painful Third Quarter, the worst three month period in the last four years, and the first time the Dow has slid for three quarters in a row since 2009. Blamed for the volatility is the flip flopping of the Federal Reserve and the impenetrable enigma that is China. The Federal Reserve, while talking about raising interest rates, has not done so. Even worse, it has kept the market guessing as to why it is reluctant to raise rates. Investors worry about what the Fed might know that they don't. China, meanwhile, boasts about its 7% economic growth rate but then takes steps to prop up its market and devalue its currency. Investors have a low degree of confidence in China, the world's second largest economy.

MARKET DATA	**09/30/14 09/30/15**	**Third Quarter**	**Year to Date 2015**
S&P 500 (dividends reinvested)	-0.62%	-6.43%	-5.29%
NASDAQ (dividends reinvested)	4.00%	-7.09%	-1.61%
60/40 S&P 500 / TX-EXEMPT SECURITIES BLEND	1.06%	-3.21%	-2.36%
DOW JONES INDUSTRIALS (dividends reinvested)	-2.11%	-6.97%	-6.93%
INTERNATIONAL STOCKS (MSCI EAFE IX ID)	-10.91%	-10.75%	-7.35%
TAXABLE BONDS (Barclay's 1-3 Yr Gov't/Credit)	1.19%	0.30%	1.02%
TAX-EXEMPT SECURITIES (Barclay's Muni Index)	3.16%	1.64%	1.77%
YOUR PORTFOLIO (If fully invested by Point View)	*SEE ATTACHED*		

- The US economy's continued steady performance is a positive. New job creation has remained steady at about 200K per month; the unemployment rate fell to 5.1%. New car sales are at the fastest pace since 2005. Full year GDP should end up in the 2%+ range. Corporate profits, however, are challenged, weighed down by US dollar strength and weak energy prices.

- Utilities sported the best gain in Q3, up 4.7%; a weak Q2 plus a general drift down in interest rates set the stage. **PSE&G** and **Southern Co**. climbed 8.3% and 8%, respectively. Real estate and consumer defensive sectors held up better than most, +0.3% and -0.8% apiece. Closed end REIT fund **Cohen and Steers (RNP)** climbed 1.2% while wine purveyor **Constellation Brands** continued on a tear, up 8.2%

- Given China weakness, a major consumer of raw materials and energy, it was no surprise that energy and basic material players brought up the rear among sectors, declining 18.7% and 16.9% each. A focus on blue chips, stocks with wide defensible moats plus solid dividends, helped: **Exxon** declined (only) 9.8%. Healthcare stocks also showed surprising Q3 weakness; valuations had gotten extended, plus drug pricing questions weighed. The group fell 11.2% with double digit percentage losses in **Merck**, **McKesson**, **Abbvie**, and **Abbott Labs**.

- Fixed income: High quality bonds rallied as the ten year Treasury yield fell from 2.33% to 2.06%, while high yield bonds' spreads widened. Investor concerns switched from interest rate risk to credit risk, as fears over Greece, China, and Russia pushed investors to seek safety.

PREVAILING YIELDS AS OF:

FIXED INCOME ASSET	09/30/14	12/31/14	03/31/15	06/30/15	09/30/15
US Government 10 Yr. Note	2.51%	2.17%	1.93%	2.33%	2.06%
5-Year Certificate of Deposit	0.82%	0.85%	0.87%	0.86%	0.86%
Money Market	0.01%	0.00%	0.00%	0.00%	0.01%

II. Looking Forward

- We are long term bullish. Interest rates remain low and any normalization will be a long, slow process. Yields on the market exceed yields on the ten year Treasury, historically a bullish indicator. The US economy is expanding, while 32 overseas central banks continue to ease monetary conditions. Earnings expectations are low, so the downside from disappointments may be less than the upside from beats. We have just come off a horrendous quarter, and you often see a bounce back.

- Nevertheless, there are reasons for near term caution. Earning are the life blood of stocks and we are approaching an earnings recession, meaning two quarters in a row of negative year over year comparisons. Interest rates may be poised to rise, putting pressure on price to earnings multiples. The US dollar may lift further, eroding the value of overseas sales and making US exports less competitive. Energy prices remain stuck in the mud, putting pressure on the financial health of a large swath of the economy, including energy stocks and industrials that supply them. The global economy is weak, particularly the second largest economy, China's.

III. Enclosures

The enclosed shows the recent performance of all of your Fidelity accounts (if under management for more than 3 months and fully invested by Point View) and your investment advisory invoice.