POINT VIEW WEALTH MANAGEMENT

Peapack Private Wealth Management

DATE: **July 1, 2016**

TO: **POINT VIEW CLIENTS**

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

I. 2016 Second Quarter Performance

The markets continued to march higher from the February 11th bottom, despite the outcome of the Brexit vote, mixed messages from the Fed, and lackluster earnings results. Driving buying interest were German and Japanese bonds trading at negative yields, US Treasuries earning less than 2%, and cash earning nothing. Yet, the same forces making stocks attractive, lower interest rates, also propelled fixed income, with the more long dated and risky the better returning. The Barclays Aggregate outperformed US stocks, returning 2.2% in Q2 and 5.3% year to date. Junk (high yield) bonds returned 5.9% in Q2 and 7.4% year to date.

MARKET DATA	06/30/15 06/30/16	Second Quarter	Year to Date 2016
S&P 500 (dividends reinvested)	4.01%	2.46%	3.84%
NASDAQ (dividends reinvested)	-1.69%	-0.24%	-2.66%
60/40 S&P 500 / TX-EXEMPT SECURITIES BLEND	5.71%	2.53%	4.15%
DOW JONES INDUSTRIALS (dividends reinvested)	4.40%	2.04%	4.25%
INTERNATIONAL STOCKS (MSCI EAFE ETF (EFA))	-10.16%	-1.39%	-4.35%
TAXABLE BONDS (Barclay's 1-3 Yr Gov't/Credit)	1.58%	0.68%	1.65%
TAX-EXEMPT SECURITIES (Barclay's Muni Index)	7.65%	2.61%	4.33%

- Stocks were grinding higher in the quarter until the results of the Brexit vote were announced. UK citizens narrowly voted to leave the European Union. This set off a two day market collapse. Many feared possible near term and long term negative effects. The market was trying to price in something, but really didn't know what that something was. Global central banks stepped in to offer a backstop if liquidity became strained. Markets rallied strongly to finish the quarter positive and up for the first half of 2016.

- Not all stocks moved in lockstep: Less cyclical and higher yielding stocks outperformed lower yielding, more cyclical and more growth oriented securities. Example one is that that the Nasdaq fell in Q2 and remains down for the year. Utilities, a prime example of a slower growing, higher yielding sector, advanced mightily, with Fidelity's Select Utilities fund up 7.7% in Q2 and 21.3% so far in 2016. Telecoms also did well, with Dow component Verizon up 3.25% in Q2; it's now is up nearly 21% this year.

- Energy and basic material stocks continued to rally hard as the US Dollar weakened and commodities surged, particularly gold. The shiny metal has had a huge 2016, up 24%. With central banks continuing to devalue currencies and negative interest rates becoming the norm, investors are flocking to gold as a store of value. The price of US crude rallied 26% for the quarter, its strongest since 2009. A weak US dollar and improving supply/demand fundamentals paved the way for higher oil prices.

- Financials have disappointed this year. With global interest rates low, and in some cases negative, and regulatory burdens high, bank earnings are under considerable pressure. Despite these headwinds, valuations for the sector are attractive as discounts to tangible book value remain large. Financials have not recovered from the 2008/09 crisis, despite their balance sheets and capital ratios being at very strong levels.

- Healthcare stocks continue to remain under pressure as well, particularly with the government blocking the Allergan/Pfizer deal to prevent corporate inversion (a US company merging with an overseas company to reduce its US taxes). This, along with scrutiny on drug prices has taken the wind out the sails of a sector that for the previous three years was one of the top performing in the S&P 500.

PREVAILING YIELDS AS OF:

FIXED INCOME ASSET	**06/30/15**	**09/30/15**	**12/31/15**	**3/31/16**	**06/30/16**
US Government 10 Yr. Note	**2.33%**	**2.06%**	**2.27%**	**1.78%**	**1.49%**
5-Year Certificate of Deposit	**0.86%**	**0.86%**	**0.85%**	**0.83%**	**0.81%**
Money Market	**0.00%**	**0.01%**	**0.00%**	**0.06%**	**0.10%**

II. Looking Forward

Long term we remain bullish. On the plus side are the yield advantages of stocks versus fixed income, that central banks remain dovish, and a belief that economies are slowly improving. We remain mindful that stock valuations are full, corporate earnings growth challenged, and that the outlook for global trade has not brightened as result of Brexit. In all events, selectivity is important.

III. Enclosures

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