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Fourth Quarter 2015 Weather(ly) Report
January 2016

The New Year started with a bang, and China became the proverbial "elephant in the room" to investors, with China's pronounced slowed growth and devaluation of the Yuan causing turmoil in global markets. Furthermore, with the stock market circuit breaker set at only 7%, Chinese equity markets were forced to close early the first four trading days of 2016. China's turbulent markets sparked contagion and caused global equity markets to start the first week of 2016 as the worst on record. Uncertainty surrounding the continued decline in oil prices and other commodities also caused tremors in emerging markets. In stark contrast, investors were rewarded in 2015 for "Fab Five" investing (Netflix, Amazon, Apple, Google, and Facebook); yet these mega-cap technology and consumer stocks dragged down U.S. market indices at the start of the New Year. 2015 ended with large disparities within both indices and industries. While the Dow Jones ended up 0.23%, S&P500 up 1.4%, and Stoxx Europe up 6.8%, the MSCI World was down -1.80% and the MSCI Emerging Markets down -14.92%.

The energy market went full circle in 2015. Fracking was the "darling" at the beginning of the year, but come mid-year some companies were forced into consolidation and bankruptcy. Crude oil supply in both the Middle East and the U.S. remained strong and investors saw the lowest crude oil prices in a decade. Oil prices continued to decline at the start of 2016. Commodities in general followed the same trend as oil in 2015, with a brief reversal in gold prices upward for the first week of 2016. Inflation both in the U.S. and abroad (with minor exceptions) remained contained. Labor markets in the U.S. continued to improve, with strong job growth and an unemployment rate at 5%. The labor markets continued to see a mismatch in both skills and geographic locations holding wage growth to nil thus far.

The Federal Reserve finally made their mark as the U.S. Central Bank raised rates in December 2015 by 25 basis points, their first rate rise in nearly a decade. Meanwhile, other central banks were grappling with weak economies and low inflation, creating a balancing act for the Central Banks of Japan, China, and the Eurozone. With interest rates historically low around the globe, attractive borrowing allowed for investment in real estate, businesses, technology and equipment. Businesses also utilized low rates as an opportunity to merge, acquire, or buy back company stock at record rates. As rents in the U.S. continued to rise, millennials and empty nesters looked to appropriate purchases or sales in real estate to suit their present needs. Weatherly continued to selectively add callable municipals, short-term and high-quality corporate bonds as well as Treasury Inflation Protected Securities (TIPS) to client accounts as appropriate. The US dollar strength perhaps reached fair pricing given the two year rally. The recent bout of global volatility in 2016 further helped U.S. valuations of the Euro, Japanese Yen and Chinese Yuan.

"Top Ten" Holdings *

1. Apple Inc.
2. Netflix Inc.
3. Home Depot Inc.
4. Starbucks Corp
5. Amazon Inc.
6. Adobe Systems Inc.
7. Roche Holdings AG
8. AT&T Inc.
9. SPDR Series Trust S&P Biotech
10. General Electric Co.

The 2016 election year has just started with intra-party debates continuing, yet the narrowing of candidates is still in flux. While no major imminent tax code changes are projected, affluent investors are paying more with state, federal, surtax and capital gains taxes in 2016. In respect to the upcoming elections, changes to Social Security are already underway with updates to eligibility ages and "file and suspend" strategies, both key to cash flow considerations to those eligible for benefits.

Our clients concerns and needs are of paramount importance to our Weatherly team of advisors. We continue to remain diligent in our oversight of assets and advice. We continue to invest in technology, education, and communications, with our secure portal and website for clients. We welcome your comments, suggestions, and concerns and look forward to working with you in the New Year.

***Please see reverse side**

-The Weatherly Crew

* TOP TEN DISCLOSURE

Top Ten" holdings consist of Weatherly's largest stock positions as of quarter end. A full list of holdings is available upon request.
It should not be assumed that any of the securities, transactions, or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings.

	*WAM Equity** (gross fee)*	*WAM Equity (net fee)*	*S&P 500*	MSCI ACWI (gross USD)	*WAM Fixed** (gross fee)*	*WAM Fixed (net fee)*	*Merrill Lynch 1-3 year*	*WAM Balanced** (gross fee)*	*WAM Balanced (net fee)*	*Blended Benchmark*
2003	**28.70%**	**27.70%**	**28.69%**	**34.63%**	**2.89%**	**2.38%**	**1.90%**			
2004	**14.70%**	**13.70%**	**10.87%**	**15.75%**	**4.05%**	**3.55%**	**0.91%**			
2005	**12.65%**	**11.65%**	**4.92%**	**11.37%**	**2.43%**	**1.93%**	**1.66%**			
2006	**16.21%**	**15.21%**	**15.78%**	**21.53%**	**4.94%**	**4.44%**	**3.95%**			
2007	**11.18%**	**10.18%**	**5.49%**	**12.18%**	**5.47%**	**4.97%**	**7.32%**			
2008	**-34.04%**	**-35.04%**	**-36.99%**	**-41.84%**	**-0.95%**	**-1.45%**	**6.61%**			
2009	**32.36%**	**31.36%**	**26.47%**	**35.41%**	**10.63%**	**10.13%**	**0.78%**			
2010	**11.93%**	**10.93%**	**15.06%**	**13.21%**	**6.77%**	**6.27%**	**2.35%**			
2011	**-5.58%**	**-6.85%**	**2.12%**	**-6.86%**	**4.37%**	**3.87%**	**1.55%**			
2012	**16.36%**	**15.36%**	**16.00%**	**16.80%**	**5.99%**	**5.49%**	**0.43%**	**11.84%**	**11.09%**	**8.22%**
2013	**28.20%**	**27.20%**	**32.41%**	**23.44%**	**-1.62%**	**-2.12%**	**0.36%**	**15.41%**	**14.66%**	**15.61%**
2014	**8.53%**	**7.53%**	**13.69%**	**4.71%**	**5.55%**	**5.05%**	**0.62%**	**7.43%**	**6.68%**	**7.01%**
1st Quarter 2015	**3.61%**	**3.36%**	**0.95%**	**2.44%**	**0.93%**	**0.80%**	**0.52%**	**2.62%**	**2.43%**	**0.74%**
2nd Quarter 2015	**1.75%**	**1.50%**	**0.28%**	**0.52%**	**-0.61%**	**-0.74%**	**0.15%**	**0.89%**	**0.70%**	**0.22%**
3rd Quarter 2015	**-6.93%**	**-7.18%**	**-6.44%**	**-9.33%**	**0.44%**	**0.32%**	**0.31%**	**-4.31%**	**-4.49%**	**-3.07%**
4th Quarter 2015	**6.87%**	**6.62%**	**7.04%**	**5.15%**	**0.55%**	**0.42%**	**-0.44%**	**4.52%**	**4.33%**	**3.30%**
YTD	**4.86%**	**3.86%**	**1.38%**	**-1.75%**	**1.31%**	**0.81%**	**0.54%**	**3.55%**	**2.80%**	**1.09%**
Since Inception *(Ann.) Please see footnotes*	**9.31%**	**8.31%**	**9.40%**	**7.07%**	**5.04%**	**4.54%**	**3.94%**	**9.47%**	**8.72%**	**7.86%**

** PERFORMANCE DISCLOSURE

Please note, the Weatherly Asset Management (WAM) Equity performance is a mid- to large-cap value equity approach and the WAM Fixed Income performance is a high-quality intermediate-maturity investment approach. Performance numbers up to 12/31/05 are prepared in compliance with Association of Investment Management Research Performance Presentation Standards (AIMR PPS). Periods from 12/31/05 to 12/31/10 meet the requirements of the revised version of Global Investment Performance Standards (GIPS).

The gross of fee returns shown above are presented after deduction of all transaction costs, but prior to the deduction of advisory fees and such other possible expenses as custodial fees. The net of fee return is calculated by subtracting the advisory fees. Investment advisory fees are described in Part II of Weatherly's Form ADV. For the 4th Quarter 2015, the maximum quarterly management fee is 0.25% for Weatherly's Equity Composite and 0.125% for the Fixed Income Composite.

Composite rates of return, since inception on an annualized basis after deduction of the maximum quarterly management fee is as follows for equity accounts for 1995, 32.41%, for 1995 and 1996 combined, 28.50%, for 1995-1997 combined, 30.24%, for 1995-1998 combined, 26.15%, for 1995-1999 combined, 25.06%, for 1995-2000 combined, 18.31%, for 1995-2001 combined, 12.70%, for 1995-2002 combined, 7.44%, for 1995-2003 combined, 9.53%, for 1995-2004 combined, 9.94%, for 1995-2005 combined, 10.05%, for 1995-2006 combined, 10.48%, for 1995-2007 combined, 10.46%, and for 1995-2008 combined, 6.36% for 1995-2009 combined 7.87%, for 1995-2010 combined, 8.06%, for 1995-2011 combined, 7.14%. for 1995-2012 combined, 7.58%,for 1995-2013 combined 8.54%, 1995-2015 combined 8.31%. For fixed income accounts 1995, 11.49%, for 1995-1996 combined, 8.35%, for 1995-1997 combined, 7.63%, for 1995-1998 combined, 7.58%, for 1995-1999 combined, 6.18%, for 1995-2000 combined, 6.50%, for 1995-2001 combined, 6.37%, for 1995-2002 combined 6.37%, for 1995-2003 combined, 5.92%, for 1995-2004 combined 5.68%, for 1995-2005 combined, 5.33%, for 1995-2006 combined, 5.25%, for 1995-2007 combined, 5.23%, for 1995-2008 combined, 4.74%, for 1995-2009 combined, 5.09%, for 1995-2010 combined, 5.17%, for 1995-2011 combined, 5.09%, for 1995-2012 combined, 5.11%, for 1995-2013 combined 4.73%, for 1995-2015 combined 4.54%.

Composite returns consist of all 100% discretionary accounts under management utilizing individual stock and bond holdings selected by WAM. Balanced portfolio segments have been included in single asset composites. Cash and cash returns have been allocated to the segment returns according to the procedures outlined by Association of Investment Management Research (AIMR) effective 1/1/06 to 12/31/10. Weatherly 2010-present Equity Composite performance excludes two related family groups which hold a concentrated position that due to tax considerations cannot be managed in the same manner as the overall equity composite.

These performance numbers are provided under the flash reports provision of these said standards. "As prospective and current clients have received past results that were in compliance with the required disclosures within a 12-month period, firms may present interim data and returns (i.e. "Flash numbers") without quarterly disclosures." A full presentation, including all required disclosures, is available upon request.

The WAM Balanced Composite represents portfolios utilizing strategic asset allocation with both equity and fixed income components. The Blended Benchmark is comprised of 50% S&P 500 and 50% Merrill Lynch 1-3 Year representing the average 50% Equity and 50% Fixed Income allocation in the Composite.