Andrew C. Bolyard Chief Investment Officer
P. Barton Peters Equity Portfolio Manager
Brad Shiveley Equity Portfolio Manager
Heather Voight Fixed Income Portfolio Manager

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By any measure, the world's stock markets have had one of the worst starts to a year in history. The markets are dealing with a slowing Chinese economy, geopolitical concerns in the Mideast, growing political and economic pressures in Europe and a downdraft in global commodity prices, especially energy.

An emerging source of improvement is the US consumer. Unemployment is low, wages are growing and, at least looking at bank statistics, consumer spending is picking up. Given that the consumer is about 68% of our economy and another 18% is government spending, these trends do not portend a recession as some suggest.

Last week, Standard & Poor's noted that three times as many companies are at risk of a credit downgrade versus an upgrade, the highest ratio since 2009. While much of the deterioration is focused in energy and mining companies, both of which are struggling with collapsing commodity prices, the fear is that the damage will spread beyond natural resource companies. There will likely be bankruptcies of weaker companies in energy and mining.

In short, we expect continued volatility. Any fundamental market strength is more likely in the latter part of 2016. Last year, growth stocks clearly outperformed value stocks. In large cap stocks, growth outperformed value by 8.65%. This spread is abnormally large. The 10 year historical spread is under 3% and longer time frames value tends to beat growth. Sticking with value should be the preferred strategy as historical patterns re-emerge.

The softness in the market does present opportunities to upgrade the quality in our portfolios. Our course of action has been to trim the energy holdings, eliminate the commodity exposure and to emphasize the consumer.

We are also replacing the weakening situations with more fundamentally stable investment vehicles. This means favoring value stocks with a focus on high return-on-equity, low leverage and earnings consistency, often referred to as a "quality theme". In a world in which conviction is plummeting, the market is likely to place a premium on consistency.

Finally, in the most volatile market segments, International and Emerging Markets we are focusing on more agile actively managed funds and lowering the use on more passive investment vehicles. These moves should help the risk/reward profiles of our investments.