Here's To Your Wealth
Mid-Year Update: June, 2015

The Markets:

In this year's Stanley Cup playoff run, the New York Rangers made a lot of noise and got a lot of loyal fans excited. But in their last two home games they were shut out by Tampa Bay and got sent home. Sure, there were pockets of fun and excitement, but in an arena where results matter, it all seems like a lot of unnecessary noise and distraction. And for the first five months of this year, the U.S. stock market has been on a similar run. There has been a lot of noise - recently a fair amount emanating from the potential for a Greek banking failure - but not a lot of net movement in stock prices. For the most part, most of the large capitalization U.S. stock market indices have posted returns in the very low single digits. Overseas investors and smaller companies are faring slightly better and if the dollar remains strong, we expect this trend to continue.

Unlike the results that the New York Rangers fans experienced, a somewhat disappointing, short term, U.S. stock market performance is not all bad. After a 6 year plus bull market run - with only the

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Financial Times
Top 401 Retirement Plan Advisor List (2015)

Private Wealth Magazine
as a member of their *Inaugural All-Star Research Team (2012)*

Washington Business Journal
as one of *Washington's Premier Wealth Advisors (2011, 2012, 2013, 2014)*

NABCAP
as one of the *Top Wealth Managers* in the Washington, DC Metropolitan Region (2011, 2012, 2013, 2014)

spring of 2011 presenting a meaningful interim correction - this bull market has been virtually uninterrupted. So the consolidation we witnessed for most of this year may actually set the stage for another upward move. If so, we do not expect any market rally to be as strong as what we witnessed in 2013 or even 2014. As we look to the remainder of 2015 we will continue to focus on four themes that have served us well (all of which we have written about repeatedly:)

1) **An accommodating Fed.** Nothing has been more important to the stock markets resurgence than an incredibly accommodating Federal Reserve Bank that has kept American rich with liquidity.

2) **Accommodating global central banks and their easy money policies**. In an effort to jump start their stagnant economies, European and Japanese central banks in particular have stated policies of easy money. Given the length of time these countries have been dealing with slow growth, we are not sure how much impact central banks alone can have without these countries addressing other structural issues (e.g., Japanese demographics, European regulation, etc.). So in the absence of real reforms, they have little choice but to maintain easy money and to allow their currencies to decline relative to their trading partners.

3) **Global currency devaluation.** As noted above, the easy money policies around the world have created a stealth trade war with the developed economies. Even the relatively strong U.S. economy would risk facing a slowdown if interest rates rise. So as long as weaker currencies help export economies, no country wants to raise its own interest rates which could strengthen their currency.

4) **Strong corporate earnings.** Strong U.S. earnings continue due to many factors including our diverse economy. We continue to benefit from incredible technological improvements that are not only creating new industries but also helping other industries be more efficient. And despite the recent "dead cat bounce", energy prices are still relatively low which helps corporate profits across the board.

SmartCEO Magazine
as a *Top Wealth Manager (2012)*

Consumers' Research Council of America
as one of *America's Top Financial Planners* (2010-2014)

DC Magazine
as a *Five Star Wealth Manager* (2012)

Financial Advisor Magazine
as an *All-Star Research Manager (2012)*

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So the story remains the same - easy money around the world and a slow but steady rebound in the U.S. economy. With this backdrop, we continue to question why zero percent returns in cash and money markets are attractive to long term investors.

Weekly Update for the Week Ending June 19, 2015

Index	Last Week			One Month		Year-to-Date	
	Close	Net Change	% Change	Net Change	% Change	Net Change	% Change
Dow Jones Global Index	333.78	0.60	0.18%	-6.99	-2.05%	12.92	4.03%
Dow Jones Industrial Average	18015.95	117.11	0.65%	-296.44	-1.62%	192.88	1.08%
S&P 500 Index	2109.99	15.88	0.76%	-17.84	-0.84%	51.09	2.48%
Nasdaq Composite Index	5117.00	65.90	1.30%	46.96	0.93%	380.95	8.04%
S&P Midcap 400 Index	1540.83	9.94	0.65%	-0.14	-0.01%	88.39	6.09%
Barclays Aggregate US Intermediate Credit							1.09%
MSCI EAFE Index (EFA)	66.06	-0.14	-0.21%	-1.87	-2.75%	5.22	8.58%
MSCI Emerging Markets Index (EEM)	40.06	-0.18	-0.45%	-2.72	-6.36%	0.77	1.96%
BAML US High Yield	1081.27	0.66	0.06%	-6.99	-0.64%	33.09	3.16%

Master II Index							
Above returns exclude dividends. Data Source: Investors FastTrack, Barclays Index Returns							

Quote of the Day:

"Give me control of a nation's money and I care not who makes it's laws."

~~~ Mayer Amschel Bauer Rothschild

Potomac Wealth Advisors, LLC

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

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*The ***Dow Jones Global Indexes (DJGI)*** is a family of international equity indexes, including world, region, and country indexes and economic sector, market sector, industry-group, and subgroup indexes created by Dow Jones Indexes a unit of Dow Jones & Company best known for the Dow Jones Industrial Average**.**

The indexes are constructed and weighted using market value-weighted index. They provide 95 percent market capitalization coverage of developed markets and emerging markets. More than 3000 DJGI indexes provide data on more than 5500 companies around the world. Market capitalization is float-adjusted

*The ***DJIA*** is a widely followed measurement of the stock market. The average is comprised of 30 stocks that represent leading companies in major industries.

* The ***Standard & Poor's 500*** (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

*The ***NASDAQ*** Composite Index is a market-valued weighted index, which measures all securities listed on the NASDAQ stock market.

*The ***S&P Mid Cap 400 Index*** This Standard & Poor's index serves as a barometer for the U.S. mid-cap equities sector and is the most widely followed mid-cap index in existence. To be included in the index, a stock must have a total market capitalization that ranges from roughly $750 million to $3 billion dollars. Stocks in this index represent household names from all major industries including energy, technology, healthcare, financial and manufacturing.

*The ***Russell 2000 Index*** is a small-cap stock market index of the bottom 2,000 stocks in the Russell 3000 Index
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* The ***MSCI EAFE*** Index is a stock market index that is designed to measure the equity market performance of
developed markets outside of the U.S. & Canada. It is maintained by MSCI Barra,[1] a provider of investment decision support tools; the EAFE acronym stands for **Europe, Australasia and Far East.**

* The MSCI ***Emerging Markets Index***s a float-adjusted market capitalization index that consists of indices in 21 emerging economies: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

*The **Merrill Lynch US High Yield Master II Index** (H0A0) is a commonly used benchmark index for high yieldcorporatebonds. It is administered by Merrill Lynch . The Master II is a measure of the broad high yield market, unlike the Merrill Lynch BB/B Index\ which excludes lower-rated securities.

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