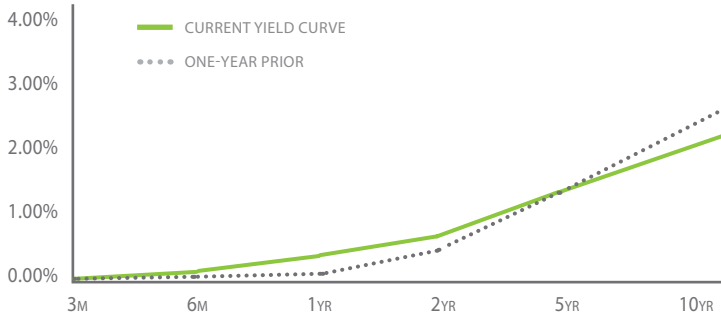


# PRUDENT MAN ADVISORS MARKET UPDATE

NOVEMBER 2015

## Historical Yield Curve



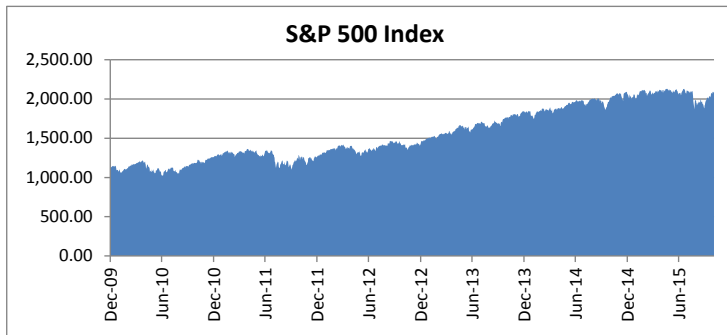
Source: Bloomberg Finance L.P., 11/2/15

## FEATURED ECONOMIC INDICATOR

### What Has Quantitative Easing Achieved?

Low interest rates achieved in part through the Fed's Quantitative Easing programs have produced desired results as well as unintended consequences. As shown here, the S&P 500 Index has rallied since 2010. But price increases might not reflect the kind of growth the Fed is seeking. Investment grade companies have taken advantage of the low interest rate environment to issue more than a trillion dollars of bonds so far in 2015 on top of the \$5 trillion in the previous five years. Meanwhile, companies in the S&P 500 Index have bought back \$2.5 trillion of their own stock and paid \$1.5 trillion in dividends over this same time. Price increases built on such shareholder friendly activities may be resulting in asset bubbles.

Source: Bloomberg, S&P Dow Jones Indices



Source: Bloomberg

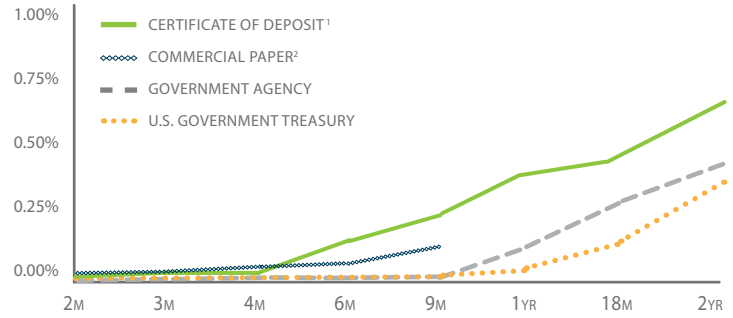
## RECENT NEWS

### Fed Attempts to Adjust Market Expectations

The October Fed Statement was an attempt by the Federal Reserve to reawaken the market to the possibility of a December rate increase. The Fed added a key line that specifically mentions the "next meeting" in reference to its determination of whether economic progress would justify a rate increase. The market interpreted the statement as more hawkish than previous statements as the Fed also struck out language from the September statement which warned that global financial and economic developments could hold back U.S. activity and inflation. Suggestions from European Central Bank President Mario Draghi that it may further ease policy in December and further stimulus by People's Bank of China may be easing concerns at the Fed about global market weakness.

Source: Wall Street Journal, Financial Times

## Indicative Rates



<sup>1</sup> Average of top ten banks; <sup>2</sup> General Electric Capital Corp.

Source: PMA Financial Network, Inc., Bloomberg Finance L.P., 11/2/15

## U.S. Economic Indicators

| Event                                         | Event Date | Period | Survey | Actual | Prior / Revised (R) |
|-----------------------------------------------|------------|--------|--------|--------|---------------------|
| Consumer Price Index (YoY)                    | 10/15/15   | SEP    | -0.1%  | 0.0%   | 0.2%                |
| Core CPI (YoY)                                | 10/15/15   | SEP    | 1.8%   | 1.9%   | 1.8%                |
| Durable Goods Orders Ex. Transportation (MoM) | 10/27/15   | SEP    | 0.0%   | -0.4%  | -0.9% (R)           |
| Consumer Confidence                           | 10/27/15   | OCT    | 102.9  | 97.6   | 102.6 (R)           |
| GDP Annualized (QoQ)                          | 09/25/15   | 3Q A   | 1.6%   | 1.5%   | 3.9%                |
| ISM Manufacturing                             | 11/02/15   | OCT    | 50.0   | 50.1   | 50.2                |
| Change in Nonfarm Payrolls                    | 11/06/15   | OCT    | 185K   | --     | 142K                |
| Unemployment Rate                             | 11/06/15   | OCT    | 5.0%   | --     | 5.1%                |
| Underemployment Rate                          | 11/06/15   | OCT    | 9.9%   | --     | 10.0%               |

Source: Bloomberg Finance L.P., 11/2/15

## Contact Information

**JOHN H. HUBER, CFA**

Senior Vice President, Chief Investment Officer

Prudent Man Advisors, Inc.  
2135 CityGate Lane, 7th Floor  
Naperville, IL 60563

Tel: 630.657.6510

Fax: 630.718.8701

Email: [jhuber@pmanetwork.com](mailto:jhuber@pmanetwork.com)

This document was prepared by Prudent Man Advisors, Inc. for clients of the firm and its affiliated PMA entities, as defined below. It is being provided for informational and/or educational purposes only without regard to any particular user's investment objectives, financial situation or means. The content of this document is not to be construed as a recommendation, solicitation or offer to buy or sell any security, financial product or instrument, or to participate in any particular trading strategy in any jurisdiction in which such an offer or solicitation, or trading strategy would be illegal. Nor does it constitute any legal, tax, accounting or investment advice of services regarding the suitability or profitability of any security or investment. Although the information contained in this document has been obtained from third-party sources believed to be reliable, PMA cannot guarantee the accuracy or completeness of such information. It is understood that PMA is not responsible for any errors or omissions in the content in this document and the information is being provided to you on an "as is" basis without warranties or representations of any kind.

Securities, public finance services and institutional brokerage services are offered through PMA Securities, Inc. PMA Securities, Inc. is a broker-dealer and municipal advisor registered with the SEC and MSRB, and is a member of FINRA and SIPC. Prudent Man Advisors, Inc., an SEC registered investment adviser, provides investment advisory services to local government investment pools and separate accounts. All other products and services are provided by PMA Financial Network, Inc. PMA Financial Network, Inc., PMA Securities, Inc. and Prudent Man Advisors (collectively "PMA") are under common ownership.

Securities and public finance services offered through PMA Securities, Inc. are available in CA, CO, FL, GA, IL, IN, IA, KS, MI, MN, MO, NE, OH, OK, PA, SD, TX and WI. This document is not an offer of services available in any state other than those listed above, has been prepared for informational and educational purposes and does not constitute a solicitation to purchase or sell securities, which may be done only after client suitability is reviewed and determined. All investments mentioned herein may have varying levels of risk, and may not be suitable for every investor. PMA and its employees do not offer tax or legal advice. Individuals and organizations should consult with their own tax and/or legal advisors before making any tax or legal related investment decisions. Additional information is available upon request.