

MARKET COMMENTARY

Concerns over a weak earnings season pushed U.S. large caps into negative territory in March, though smaller cap stocks continued their advance due to the relative strength of the domestic economy. International equities also traded lower as concerns of the impact of a Greek exit from the EMU weighed on investors. Interest rates in the U.S. continued their decline, despite a Federal Reserve which continues to signal that a rise in short-term interest rates is likely later this year. In the eurozone, interest rates remain negative, supporting fears of deflation but also stimulating domestic consumption.

MARKET NEWS

- Domestic growth remained somewhat subdued in Q4, at 2.2%, with declines in energy capex and an increase of imports relative to exports on account of the strong dollar
- Corporate earnings in Q4 declined by 5.6% year over year while earnings estimates for Q1 are flat or, in the case of the energy sector, being revised downward given the uncertain impact of low crude prices
- The ECB's bond buying program has stimulated eurozone consumer confidence, with retail sales having grown 3.7% annualized in the region, which is the fastest growth in nearly a decade and well ahead of 2.3% consensus (Bloomberg)

INDEX RETURNS & MARKET LEVELS<sup>1, 2</sup>

	Description	Month	3 Months	YTD	1yr
<b>Equities</b>					
S&P 500	<i>U.S. large cap</i>	-1.58%	0.95%	0.95%	12.73%
Russell 2000	<i>U.S. small cap</i>	1.74%	4.32%	4.32%	8.21%
MSCI EAFE	<i>Non-U.S. developed</i>	-1.52%	4.88%	4.88%	-0.92%
MSCI EM	<i>Emerging markets</i>	-1.42%	2.24%	2.24%	0.44%

**Fixed Income**

Barclays U.S. Aggregate	<i>U.S. core inv. grade</i>	0.46%	1.61%	1.61%	5.72%
Barclays Municipal	<i>U.S. municipal</i>	0.29%	1.01%	1.01%	6.62%
BofAML High Yield Master II	<i>U.S. sub inv. grade</i>	-0.53%	2.54%	2.54%	2.05%
JPMorgan EMBI Global TR	<i>Emerging markets</i>	0.46%	2.06%	2.06%	4.08%

**Alternatives**

HFRX Global Hedge Fund	<i>Hedge funds</i>	0.33%	2.06%	2.06%	0.36%
Alerian MLP	<i>MLPs</i>	-4.24%	-5.23%	-5.23%	-2.50%
S&P U.S. REIT	<i>REITs</i>	1.74%	4.74%	4.74%	24.10%
Bloomberg Commodity TR	<i>Commodities</i>	-5.14%	-5.94%	-5.94%	-27.04%

**U.S. Economic Measures**

U.S. GDP <sup>3</sup>		2.2%	(Q4 2014, third est.)
CPI-U ex Food & Energy <sup>4</sup>	<i>"Core" inflation</i>	1.7%	(2/28/2015)
Unemployment Rate		5.5%	(2/28/2015)

	Levels		
	3/27/2015	12/31/2014	3/27/2015
<b>Rates</b>			
2yr U.S. Treasury	0.58%	0.67%	0.45%
10yr U.S. Treasury	1.95%	2.17%	2.69%
3mo LIBOR	0.28%	0.26%	0.23%
Prime Rate	3.25%	3.25%	3.25%
30yr Mortgage Fixed	3.90%	4.04%	4.56%

**Commodities**

Gold (\$/oz.)	1,196	1,206	1,296
Copper (\$/MT)	6,146	6,359	6,581
Oil-WTI (\$/barrel)	48.87	53.49	101.24
Corn (\$/bushel)	3.83	3.80	4.78

**Currencies**

Euro (\$/€)	1.09	1.21	1.37
Pound (\$/£)	1.49	1.56	1.66
Jap. Yen (¥/\$)	119.16	119.90	102.14

**Investment Team:**

**John Howard (Chief Investment Officer)**  
 (214) 346-0789  
 john.howard@hfs-wm.com

**Stephen Howard (Private Markets)**  
 (214) 239-0850  
 stephen.howard@hfs-cp.com

**Will Gray, CAIA (Public Markets)**  
 (512) 828-7015  
 will.gray@hfs-wm.com

**Randall Horton (Public Markets)**  
 (214) 239-0883  
 randall.horton@hfs-wm.com

**About HFS:**

HFS Wealth Management is an SEC-registered investment adviser, founded in 1994, that provides comprehensive wealth management services to individuals, trusts, businesses, and family offices. HFS delivers a coordinated solution that spans investments and planning, tailored to the unique financial needs of each client. HFS also operates an asset management division that has invested over \$400M of equity capital since 2002 in proprietary offerings focused on real estate, hedge funds, and other alternative investments.

**Contact:**

**HFS Wealth Management**  
 8350 Meadow Road, Suite 181  
 Dallas, Texas 75231  
 Tel: (214) 346-0785  
 Fax: (214) 346-0794  
 www.howardfs.com

*Notes:* 1) Sources: Bloomberg, J.P. Morgan Asset Management, Morningstar, Hedge Fund Research, Bureau of Labor Statistics, Bureau of Economic Analysis. 2) Data as of the date of this report unless otherwise noted. 3) U.S. GDP measures the percentage change during the referenced quarter as published by BEA. 4) Consumer Price Index for All Urban Consumers: U.S. City Average, All Items Less Food and Energy is based on 12-month percent change as published by BLS.

*Disclosures:* This material is provided for informational purposes only and does not constitute an offer or solicitation by HFS, or its subsidiaries or affiliates, to invest in these indices or their constituent products. The data contained herein are from referenced sources which HFS believes to be reliable. This information discusses general market activity, industry or sector trends, or other broad-based economic, market or political conditions and should not be construed as research or investment advice. The views expressed are those of HFS. They are subject to change at any time. These views do not necessarily reflect the opinions of any other firm. Investing involves a high degree of risk, and all investors should carefully consider their investment objectives and the suitability of any investment. Past performance is not necessarily indicative of future results. All data is as of the date of this report unless otherwise noted.