4TH QUARTER END 2015

Financial & Economic Review

2015 concluded with stocks rebounding after a dismal third quarter, but ultimately posting results for the year that were tepid at best. At the same time the current bull market, generally intact since 2009, appears to be wavering, the Federal Reserve made the decision to raise interest rates. The decision was long anticipated by many and believed to come after a recent series of strong jobs reports. While only a quarter percent increase, or 25 basis points (BPs), I fear that increasing the rate now, at the end of a bull market run may be in essence tightening the flow of money into the economy at the same time we are experiencing a recessionary environment. It has been over ten years since the last increase in the Federal Funds rate. In the past, interest rates have been increased throughout the advancement of a bull market, thereby limiting any pending inflationary pressures. Only time will tell if the timing of the Fed's interest rate decision was advantageous or not. In addition, headlines for the fourth quarter were dominated by the continued and major decline in energy and basic material prices stemming from a large oversupply of crude oil on the market and signs from OPEC they would not cut production. The immediate result for Americans is lower gas prices at the pump resulting in more free cash to spend on other goods and services, a modest economic boost. For businesses, the lower input cost may bolster an otherwise pressured income statement in the near term. Ultimately, demand will catch up to the current oversupply glut in energy and equilibrium will reign driving up the price.

The S&P 500, Dow Jones Industrial Average and NASDAQ Composite Index returned 6.5%, 7.0% and 8.4% for the fourth quarter of 2015, while returning -0.7%, -2.2% and 5.7% for the year respectively. Healthcare and technology were the best performing sectors in 2015, rising 7.1% and 4.0%. The worst performing sectors for the year were Energy, down a substantial -22.7% and Basic Materials losing -9.0%. With most sectors sans energy appearing close to fully valued, we're continuing to encourage investors to remain cautious. We're advising clients to anticipate broader market returns over the next several years to be modest. Our recommendations continue to be stock and sector specific, recommending broader market investment allocation only after larger pullbacks in the broader market. I would be honored to share my thoughts and opinions on the market and my top stock picks with interested investors upon request[1].

The Kennedy Family

What a blessed and wonderful year the Kennedy's had in 2015. We are fully moved in to our new home and loving the view of Lake Minneola. My wife Jennifer had another fantastic year as Director of orlandoJobs.com and greatinsurancejobs.com, as they continue to provide employment opportunities for all job seekers in our local community and nationwide in the insurance industry. She has been and continues to be amazing at what she does for her clients and their potential new hires. Both our daughters had amazing years in school and in softball and Brianna continues to excel in gymnastics. It's hard to believe that Sierra entered high school this year and Brianna Kindergarten. They are both loving life and giving us much joy as they grow.

We truly appreciate your business and sharing our firm's name with your family and friends and look forward to helping you navigate the markets in 2016 and beyond. We look forward to growing your investments and continually earning your trust and your referrals.

Respectfully Submitted,

Jack A. Kennedy
Chief Investment Officer

Like

[1] Results referenced from Morningstar.com

OBJECTIVE | RELIABLE | COMMITTED

1009 East Ave. • Clermont, FL 34711 • Toll Free 877.398.0051 • Fax 877.398.0050 • www.jbmeridian.com