UNITED
Asset Strategies, Inc.

Dear clients and friends, January 2016

Diverging global forces resulted in increased volatility across equity markets in 2015. Investors were faced with numerous uncertainties during the year, including a 40% decline in oil prices, the ongoing slowdown in China, the impact of the strong dollar on the earnings of large U.S. multinationals, terror attacks around the globe and a looming Federal Reserve rate hike. When the dust settled, markets were down, with the S&P 500 Index declining by 0.7%, the Dow Jones Industrial Average down 2.2%, the EAFE (International) Index down 3.3% and the Merrill Lynch Corporate Bond Index down 0.6% for the year. Clients in our growth & income, total return and high dividend strategies generally realized results that exceeded these indices. Lastly, mutual funds struggled to beat benchmarks, owing to the relatively few stocks that contributed disproportionately to returns in 2015 – to this end, just 27% of large cap core funds beat the S&P 500 Index for the year and our mutual fund models lagged their relative benchmarks.

While investors have been faced with a slew of negative headlines, there are some positives worth noting. Two of the biggest drags on corporate earnings in 2015, namely the strong U.S. dollar and the oil price decline, should have a reduced impact on earnings in 2016. After flat overall earnings in 2015, we see a return to low single-digit EPS growth driven by modest revenue increases coupled with margin expansion and share buybacks. Globally, central banks maintain accommodative policies, particularly in Europe where manufacturing data has been improving. Here in the U.S., we would expect the Federal Reserve to take a measured approach to raising rates in 2016, allowing economic data trends to drive decisions. Lastly, U.S. lawmakers have taken significant fiscal risk off the table via the recently enacted bipartisan budget deal.

We expect volatility in the markets to continue, and take note of adverse trends developing in U.S. manufacturing and new job creation. We have taken steps throughout 2015 to reduce risk exposure, which included active profit taking on select appreciated investments, downside stop loss orders, and increased exposure to less volatile sectors such as Consumer Staples and Utilities. Diversification remains a key tenet of our investment philosophy, and we continue to recommend an allocation to our active fixed income strategies, dictated by each client’s unique goals and circumstances. Our Investment Committee continues to identify and assess risks and stress test our strategies, and we will look to modify portfolios in 2016 as appropriate based on these assessments.

Importantly, we see dynamic growth at the micro level and our work is uncovering pockets of opportunity for investment. For example, we believe that the U.S. election in November will drive record levels of spending on TV and digital advertising, and are accumulating positions in stocks that will benefit from that dynamic for clients invested in our growth-oriented strategies. In addition, the federal budget includes increases in defense spending to address the growing global threat level, and we have increased exposure to stocks that will benefit from such an increase. Lastly, select companies will continue to benefit from lower gasoline prices, such as cruise operators, which are enjoying reduced fuel costs and solid capacity utilization. Looking forward, we are currently evaluating potential opportunities, such as those arising from regulatory policy changes, which may present themselves as the outcome of the election becomes clearer.

While we are now focused on 2016, we take pride in a notable achievement from 2015. Our President, Lee DeLorenzo, was selected as a member of the 2015 class of Top Financial Advisors on Long Island, having received special recognition in the charitable award category. As stewards, we look forward to continuing to help our clients achieve their unique goals and objectives.

Respectfully submitted by the Professional Staff at United Asset Strategies, Inc.

666 OLD COUNTRY ROAD ● SUITE 104 ● GARDEN CITY, NEW YORK 11530 ● t 516.222.0021 ● f 516.222.0163 • unitedwealthplanning.com