



Dear clients and friends,

July 2015

The second quarter is in the history books with the S & P 500 flat and the major bond indices firmly in the red as of June 30, 2015. Although, the US equity markets remain in a bull market, we hear our clients ask “why then does it feel so bearish?” Perhaps the answer lies in the converging announcements of the uncharted financial challenges of Greece, Puerto Rico and China along with the likelihood of rising interest rates later this year. Perhaps, as we wrote about last quarter, volatility has been rising (returning to normal) and many investors became used to below average daily volatility for the past three consecutive years.

Examining each component to determine an appropriate response helps to understand United’s positioning and resolve. Greece’s bond default, expected restructure or exit from the Euro is NOT expected to cause systemic banking, currency or corporate earnings meltdowns. This means any sell off in the markets attributable to Greece is likely to offer some buying opportunities. Puerto Rico seems to have taken the headlines by storm last week, but its weaker credits have been trading at levels indicative of debt restructure for at least a year. The headlines ignore the fact that the sales tax bonds have 100% coverage for their payments and recently the sales tax rate was increased, creating new revenues for the obligations of the commonwealth. Unlike Greece’s debt, the majority of Puerto Rican debt is held by institutions such as mutual fund and hedge funds, so private funding for restructure will be available and is likely to take place. Absent any surprise (unconstitutional) from the Puerto Rican government, systemic ripples are unlikely to occur. China’s GDP continues to contract with harmful effects to countries that relied on China to import their goods and natural resources, but again this should not derail the progress of the US economic recovery.

On a more positive note, the employment story in the US bodes well for the US equity market as the consumer, long missing from the recovery, is now mostly employed with the unemployment rate falling to 5.3%. Wage inflation is on the rise and energy prices remain low; both cause renewed stimulus for corporate revenues.

United Asset continues to overweight the financial sector for our Growth & Income and Total Return equity portfolios due to attractive valuations and the sector’s favorable outlook for both improved revenue and earnings. The large cap international equity market also offers attractive valuations, and we continue to dollar cost average into this space. The fixed income market offered a mixed bag of performance last quarter, with the safety of US Treasuries looking attractive relative to most other world currencies. Each time the sector starts to weaken due to expected interest rate increases, headlines from across the globe create a flight to safety, causing yields to fall and prices to increase.

United's unique portfolio composition is likely at its best during falling markets due to a combination of top down and bottom up construction. Our active strategy of profit taking, sector rotation, outright selling and hedges is meant to create a buffer from some of the market's gyrations. We expect more of the same over the coming months, so we encourage you to call us with your questions or concerns. Let us make sure that we are meeting or exceeding your financial planning and investment expectations.

The June edition of Barron’s included Lee DeLorenzo, co-founder of United Asset, as one of the Top 100 Women Advisors in America for the sixth consecutive year. Other news items include the spinoff of our planning unit to create United Wealth Planning, LLC. If you or someone you know is looking for personal bill paying, bookkeeping, social security analysis or specific financial asset protection and estate counseling, United Wealth can help. United Retirement Consultants, Inc. is pleased to announce its reentry into comprehensive pension and 401(k) administration. Our expanded staff includes actuarial and administrative expertise and prepares valuations, designs, and tax returns.

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 • UNITEDASSET.COM