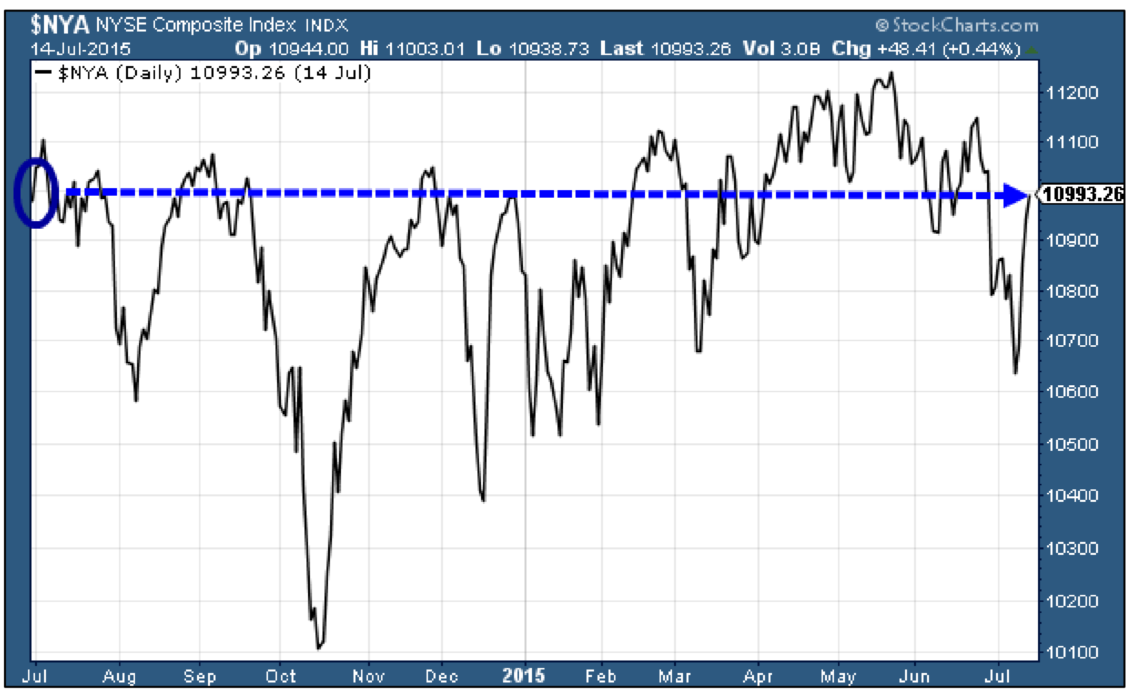
Optimistic For a 2nd Half Rally

NYSE Composite – Measures Value of All NYSE Listed Stocks… is virtually unchanged for the past 12 months.

For the stock market, it was a most deceiving first half of the year, punctuated with a real-life Greek drama. The quarter ended with the S&P 500 price average virtually unchanged for the past six months. In fact, by some measures, the broader stock market has not changed much at all from the second quarter of 2014. However, this rather muted performance hid the fact there was plenty of downward movement going on under the surface. For example, the energy sector experienced a complete bear market beginning last summer dropping *nearly a quarter* in price. Importantly, the economically sensitive Dow Jones Transportation and interest rate-sensitive Utility averages suffered *double-digit price declines* from recent highs. Despite mild S&P price appearance, thanks to the strength of a few very heavily weighted issues, we characterize much of the market as being in a "stealth" correction. In simple terms, market action has been much weaker than it appears on the surface and portfolios reflect the underlying weakness. This disparity in market action presents an interesting junction in the stock market.

Short-term technical market indicators have reached oversold and attractive levels. These "green lights" signal a likely rebound for stock prices in the weeks ahead

NYSE Composite – Measures Value of All NYSE Listed Stocks



NYSE is Virtually Unchanged for the Past 12 Months.

We remain positive but please know we do have a disciplined game plan to protect your portfolio should the evidence become less favorable.

The Burning Question

Are prices ready to break out of the range to the upside or downside? Our current view is to stay optimistic since the outlook for the economy is still encouraging. Thanks in part to continued employment gains, higher consumer confidence and improved spending, our gauge of leading economic indicators project further growth for the remainder of 2015. Additionally, many short-term technical market indicators have reached oversold and attractive levels. These "green lights" signal a potential rebound for stock prices in the weeks ahead. Market behavior over the course of any rally from here will go a long way to determining just how much life may still be left in this rather mature bull market. Positive for now, we remain watchful for any signs of change in the evidence.

At the same time, it is worth noting that some of our long-term market indicators are starting to flash early warning yellow lights. Just how might the stock market tolerate the first interest rate hike by the Federal Reserve in more than seven years? And what if the economic debacle in Greece spreads to other weak European Union members? Will recent turmoil in China affect global financial markets? Nobody can say for sure, but should longer term market indicators move our warning lights from yellow to red, we are prepared to move into a much more defensive posture in portfolios.

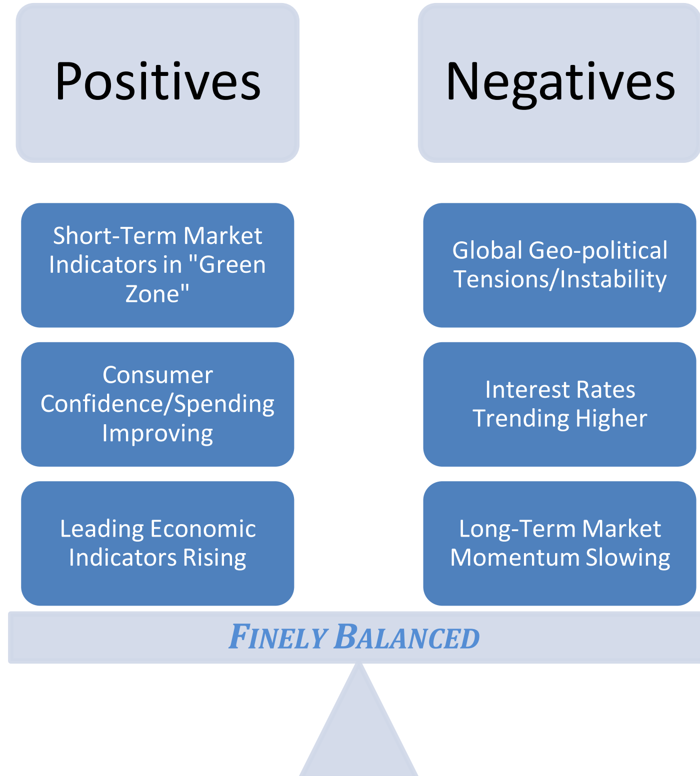
INTEREST RATES ON THE RISE

Turning to the bond market and interest rates, the Treasury bond market was especially weak and showed its first quarterly price decline since 2013. Long-term interest rates spiked higher and as interest rates rose bond prices declined. Income producing stock stalwarts like utilities and REITS were hit pretty hard in sympathy with bond prices and this affected portfolio performance. Long-term bonds are now discounting the inevitable, but likely slow yet volatile path back to 'normalization'. Normalization is the term to describe the level of interest rates that would exist without the Federal Reserve's artificially low zero interest rate policy (ZIRP). After more than six years near zero percent to resuscitate an excruciatingly weak economy, the Fed is set to begin a path (perhaps taking several years) to raise short-term rates beginning later this year. As we laid out in our bond ladder strategy update a few months back, we have already taken steps in your portfolio to both protect and take advantage of a rising interest rate situation. You have low bond exposure and also short duration (maturity) that will sail through any volatility associated with rising rates. If interest rates steadily rise, this flexible strategy will allow us to take advantage of those higher interest rates. As these short term bonds mature and are reinvested into the next maturity date on the ladder, the portfolio will see a steady rise in overall income. Our expectation is sometime in the future the bond market will again provide a nice window to lock in higher yields. These pro-active tactics allow us to manage risk and take advantage of future opportunities.

FINANCIAL MARKETS – FINELY BALANCED FORCES

We believe the answer to successful investing throughout a full multi-year bull and bear market investment cycle is to take an active management approach that balances both protecting and growing portfolios. This approach is especially critical today, given that financial markets are finely balanced between both positive and negative forces. While acknowledging atypical portfolio underperformance over the last ten months, Pring Turner's long-term portfolio results show solid risk-adjusted returns.

Our proactive management approach provided investors smoother performance with a lot less volatility and better downside protection, especially important during the inevitable bear markets. For more than 37 years, job #1 at Pring Turner has been to actively manage and protect portfolios through major stock market declines. Our long-term track record is testament to the fact we have done just that—minimizing downside risk through major bear market periods. We are confident our experience, business cycle work and technical tools will guide you through any future cyclical ups and downs.



To reiterate, we remain positive but please know we do have a disciplined game plan to protect your portfolio should the evidence become less favorable.

WELCOME ABOARD PAMELA ROSS!

Pring Turner Capital is on a continuous path to deliver better results, whether it is portfolio performance or working behind the scenes to improve our client service offerings. We are excited to welcome a new addition to the Pring Turner family and introduce Pamela Ross, who is responsible for integrating new technology and processes to our administration, compliance and client services. She will spearhead efforts to streamline our workflow processes with a fundamental mission to better serve our client family needs.

Originally from British Columbia, Pamela moved to California to complete her undergraduate

studies at UC Davis and has since made the Bay Area her home. She is extremely outgoing, energetic, and an avid outdoor junky. When Pamela is not busy at work, she enjoys rigorous training to compete in long distance trail races (half marathon to 50K) and triathlons. We look forward to working and growing with Pamela as we move further along the path to build a better organization and reach higher levels of service to you.

Thank you for your confidence and placing with us the important responsibility of protecting and growing your wealth. Please let us know if you should have any questions regarding your portfolio or if your personal circumstances should change.

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