



## Collins Wealth Management Quarterly Update Quarter 1 2016

2015 was the first down year in the market since 2008. This was a difficult year to invest with stocks, oil, and gold all showing declines on the year for the first time since 1984 (*Dow Jones Media* <http://www.dogsofthedow.com/dogytd.htm>). We traded in a tight range until August 24th with the Dow Jones Industrial Average opening with a 1,000 point decline. A large portion of that we believe was attributed to a selloff in China. The Chinese market fell 30% in August and this could be part of the reason for the selloff in commodities.

2015 also saw a bifurcated market. Value investing was far outpaced by growth investing. If you didn't own Facebook, Netflix, Google, or Amazon it was a tough year. Industrials like Minnesota's own 3M saw an approx 9% price decline. There is a large number of companies at 52 week lows. Another company that was very weak was Walmart dropping approx 30% on the year. We think may potentially change in 2016.

(<http://blogs.wsj.com/moneybeat/2015/12/31/year-in-review-global-markets-in-nine-charts>)

Bond investing was hampered with the fear of rising interest rates. One of the best performing asset classes was municipal bond. Municipal bonds are helped by their tax free dividends and better looking municipality balance sheets. High yield corporate bonds fell 10% on the year, mainly on the fear of oil companies defaulting on their debt. We feel this is overdone and look for these bonds to recover in the first

quarter. (<http://blogs.wsj.com/moneybeat/2015/12/31/year-in-review-global-markets-in-nine-charts>)

In 2016 we think oil may potentially rebound. The dollar to not strengthen at such a quick pace. This may help domestic companies like 3M with their exports. Interest rates to rise, but not as fast as some may expect. We also plan to continue to invest in airlines and gas stations chains as a way to play low oil prices.

We also believe that Value investing may play catch-up this year. The financial sector may perform well when interest rates are rising, and we think this may be a good area for profitability. Another beaten down sector is consumer staples, the Procter and Gamble of the world may perform if the dollar doesn't strengthen as quick this year.

Please take this time to review your beneficiaries on all accounts and alert us to any changes that you need to make. We wish you a happy and healthy 2016 please don't hesitate to contact us with any questions. Greg and Adam Collins

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