QUARTERLY INVESTMENT REVIEW & OUTLOOK

People's United Wealth Management

"Elections have consequences..." - Barack Obama, Jan. 23, 2009

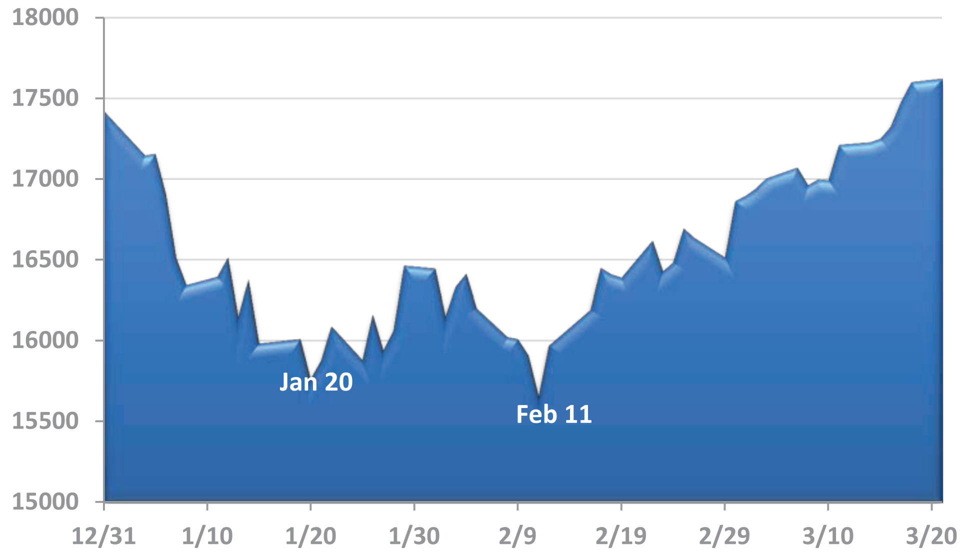
by John S. Traynor, EVP, CIO

The title of this quarterly note, "Elections have consequences", is a quote of President Obama's, made during a meeting with Congressional Democrats and Republicans just three days after his inauguration. Little did he know that a comment on his own election would come to define the election for his successor. The disparity and diversity of opinion between the leading candidates of both parties on the solutions to today's problems are immense.

Any voter, or investor, trying to determine how each candidate's policies will affect them, their families or their portfolios is faced with a virtually impossible task at this stage of the campaign. What we do know is that there will be an election this November, and we will have a new President in ten months.

Chart 1: Dow Jones Industrial Average

December 31, 2015 - March 21, 2016



Source: Bloomberg - INDU Index

The election this fall will have great consequences for the economy.

(Continued on pg. 2)

Economic Dashboard		
Economic Growth	Positive	The U.S. economy will continue to expand in 2016 at a rate comparable to 2015. The length of the current expansion is not a concern to us. The consumer is confident, household debt is low, household formations are increasing, and labor force participation has turned up.
Employment	Positive	Job growth continues at a steady but moderate pace. We are in the virtuous stage of the business cycle where new jobs create a demand for additional jobs. With 85% of households deriving their income from the service sector, we expect modest employment growth to continue.
Profits	Neutral	Low oil prices continue to reduce earnings of companies in both the energy and materials sectors. Pressures on profits are likely to continue especially as employment costs increase with lower unemployment. We expect profits to increase in the mid to high single digits in 2016.
Inflation	Neutral	A tighter labor market and energy prices that are bottoming out will put upward pressure on prices. Balanced against lower import prices, we expect inflation to pick up slowly in 2016.
Interest Rate	Negative	The Fed held off on raising the target Fed Funds rate in March. We expect domestic economic conditions to support the case for additional steps in 2016. The Fed will be cautious, however, and the pace of subsequent rate hikes will depend on both domestic and international conditions. We expect a slow and gradual normalization path.

Positive Neutral Negative

"Elections have consequences…" - Barack Obama, Jan. 23, 2009

As investors we must plot a course that positions portfolios for growth while acknowledging the increase in volatility as the election draws near.

Equity markets in the U.S. followed a "W" pattern during the first quarter, as illustrated in **Chart 1**. Extreme levels of fear gripped the market in January due to falling oil prices and rising recession concerns. As the quarter progressed, economic data, while not robust, continued to point toward growth in the U.S. economy which served to calm nervous investors. At the same time, oil prices appeared to find a bottom near $26 per barrel as a falling rig count in the U.S. and OPEC comments about production limits allowed prices to rise back to the $40 level.

> "Growth in the U.S. economy which served to calm nervous investors…"

Chart 2:

MARKET BALANCE SHEET

Positives	Negatives
1. U.S. employment strong	1. Market fairly valued, not cheap
2. U.S. wages rising	2. Chinese economy slowing
3. Consumer spending solid	3. Europe & Japan are stuck in slow growth malaise
4. Energy prices low	4. Earnings growth slowdown
5. Central Bankers supportive	5. Election uncertainty
6. U.S. economy growing	

Source: People's United Wealth Management

Chart 3:

ASSET ALLOCATION WEIGHTINGS

	Overweight	Neutral	Underweight
Stocks	- U.S. equities - Developed International Equities	- Large/Mid/Small cap - Growth/Value	- Emerging markets
Bonds	- Corporates - Treasuries	- Mortgages	- Emerging Markets - High Yield
Alternatives			- Real Estate - Commodities - Precious Metals

Source: People's United Wealth Management

As of this writing, the S&P 500 and the Dow Jones Industrial averages are close to where they began the year. Investors are now wondering, "Was the volatility seen in the first quarter an anomaly or a precursor to future market actions?" We believe the quarter is a precursor to a more volatile market that intrepid investors can benefit from by focusing on **what we know** about the economy as opposed to **what we fear.**

In **Chart 2** we list the economic and market factors we are watching most closely. We believe the positives outweigh the negatives which will lead to an upward bias in equity markets this year. In **Chart 3** we illustrate how we are investing portfolios for clients. These two charts are helpful at a very high level but the important task of ensuring that the portfolio we build for each individual client truly suits their risk and return targets can only be accomplished through a discussion with your Portfolio Manager and Wealth Planner. There is no single "best" portfolio. The best portfolio is the one that is customized for each client, especially in the higher volatility environment we foresee.

John S. Traynor
Executive Vice President
Chief Investment Officer

Bond Investors Who Manage Risk Appropriately Will Benefit Long Term

by Karissa A. McDonough, CFA

Central Banks remain Relevant

For all the talk that continued accommodation on the part of central banks is increasingly irrelevant to capital markets, that narrative is clearly incorrect as investors in fact see significant changes in market volatility based on the moves (or lack of moves) on the part of central banks. Whether it was the initial rate hike by the Fed, which was relatively poorly received, or the mixed reception to the third round of quantitative easing by the European Central Bank, bond investors need to stay vigilant with respect to the power central banks have to move markets – hence the adage "Don't Fight the Fed".

The Fed's more pronounced focus on financial conditions may make raising rates difficult without surprising the market and causing risk assets to sell off again as they did in January. The feedback loops between financial markets and potential economic shocks as well as the impact of tighter financial conditions on U.S. economic activity is now something the Fed watches much more closely, and has said as much in recent speeches. Fed caution regarding future rate hikes, as displayed in their March meeting, is a crucial support for risk as the protection of monetary policy acts to dampen investor fear and by extension market volatility.

Bond Market Signaling Remains a Valuable Source of Information – but Just One Source

The rush back into risk assets such as high yield and emerging markets as oil prices recovered in February and volatility dropped is a validation for investors that thought the selloff was overdone. Credit spreads are often forward indicators for other markets, and as of mid-March spreads seem to have retraced a fair amount of their previous widening. Pricing and availability of credit is a good indicator of potential financial stress given the relative ease of access to capital. To the degree that this market has improved, that is necessarily an improvement for the U.S. economy.

There are still pockets of concern in fixed income however. Treasury yields continue to show a worrisome trend as the yield curve flattens in the face of expected Fed hikes pending this year even as global growth stagnates. We note that the fundamental backdrop has not changed for already-distressed high yield borrowers and we expect continued acceleration in defaults.

Broad-based global economic trends support our dialing back of risk exposures in bonds.

Our increase in our allocation to core exposures away from a previous overweight in high yield and emerging markets is a prudent way to navigate higher expected volatility in the capital markets. It is not yet clear if the central banks will be successful in their collective fight against slowing growth and deflation. The difference in policy between the Fed and the European Central Bank is itself cause for concern going forward to the extent that the resultant uncertainty may derail investor confidence in the banks' willingness and ability to support risk assets.

We continue to keep an eye on the ability of companies to generate cash earnings. Cash flow generation capability drives growth and investment. If interest rates are increasing even as cash flow generation is declining at U.S. companies, that appears to argue for moving up in the capital structure (i.e. from stocks to bonds, from high yield to investment grade bonds) as holding a guaranteed contract such as a bond becomes more attractive due to higher rates than does holding an equity, in the face of declining profitability.

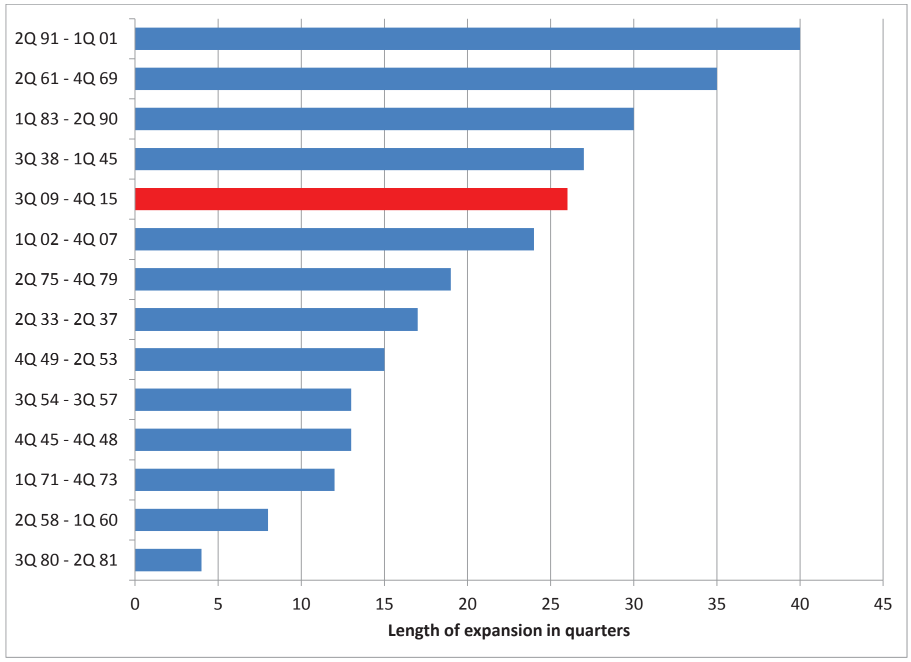
Over the long term, we expect intermediate-term, investment-grade bonds to be significantly less risky than equities or high yield bonds. They will be key to portfolio risk management even after the higher expected returns on other assets are taken into account. Our clients benefited from the artificially low volatility investing environment provided by the "Fed Put" for the past seven years. As we enter into a more uncertain, higher tail risk type of market environment as the Fed looks to exit its role of buyer of last resort, we believe that making investment decisions with an eye to longer term risk adjusted returns is the most prudent course of action to safely grow assets over the long term.

Karissa A. McDonough, CFA
Director of Fixed Income Strategy

U.S. On Track for Continued Growth

by Albert J. Brenner, CFA

Chart 1: **U.S. Economic Expansions since 1930**



Source: National Bureau of Economic Research

Investors were rattled by the drop in the stock market in the first several weeks of 2016 as they feared that the stock market was signaling an imminent recession. The S&P 500 index closed at 1,829.08 on February 11 of this year, a decline of 10.5% from the start of the year. Worries were plentiful. The current expansion was getting long in the tooth. A slow-down in China and anemic growth in Europe and Japan would depress global growth and bring down the U.S. economy. A strong U.S. dollar would reduce exports and profits. Low oil prices would stress the energy sector so severely that other sectors of the economy would suffer as well, including banking. And more Fed rate increases would compound these problems and make things worse. So the story went, ignoring the U.S. consumer and its own inconsistencies.

The U.S. is not headed for a near-term recession. As the famous Nobel laureate economist Paul Samuelson once wrote, “Wall Street indexes predicted nine of the last five recessions! And its mistakes were beauties.” In our estimation, the current business cycle has several more years to run. Barring any extreme outside shock, the U.S. is at least three or four years away from its next economic downturn.

The current period of economic expansion is the fifth longest since 1930 as shown in **Chart 1**. It will be seven years old in June, which will still be shorter than the expansions from ’61 to ’69, ’83 to ’90, and ’91 to ’01.

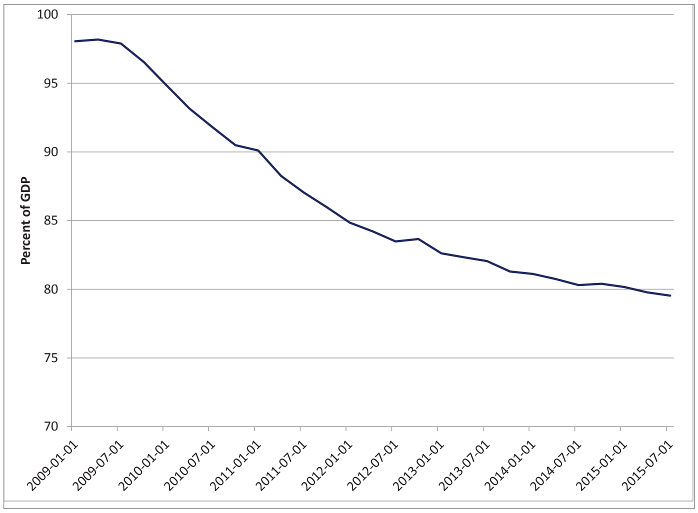
The length of the current expansion is not an issue. Economic expansions don’t die of old age. Economic downturns are caused by adverse shocks such as the Arab oil embargo in 1973, policy mistakes such as the turn to fiscal austerity in 1937, or – more classically – by the Fed raising interest rates to rein in the growth of credit when economic growth accelerates to an unsustainable rate, inflation increases, and companies have a hard time hiring because labor is in short supply. On rare occasions – twice in the past hundred years – recessions have resulted from a collapse in inflated asset prices brought on by excessive borrowing and imprudent investment – stocks in 1929 and houses in 2008. Recessions of this sort are the most severe as reflected in the names we have given them, the Great Depression and the Great Recession.

Economic conditions in the United States bear little or no resemblance to conditions that preceded past recessions. The economy is nowhere near overheating. Economic growth has been tepid throughout the current expansion, averaging only 2.1% compared to 4.4% for all other post World War II expansions. Inflation is low, measured by the Fed’s preferred metric. The personal consumption price index, it was just 1.25% by the latest measure in January or 1.67% if food and energy are excluded. Labor market conditions are tighter than they have been since before 2009, but recent increases in the labor force participation rate with more than 3.8 million people entering the labor force since January 2014 indicate that slack in the labor market remains despite the low rate of headline unemployment. Household debt has steadily declined from near 100% of GDP in 2009 to less than 80% most recently as shown in **Chart 2**.

U.S. On Track for Continued Growth

Chart 2:

Household Debt to GDP



Source: International Monetary Fund

Households are spending less of their disposable income to service their debt than at any time in the past 35 years. The U.S. consumer is in good economic health.

We get a similar picture of an economy with substantial forward momentum but far from overheating if we look at it from the perspective of its four major sectors: consumer consumption, private investment, government spending, and net exports/imports.

Consumer consumption accounts for nearly 70% of GDP as shown in **Chart 3**. Consumer consumption includes durable goods like cars and appliances, nondurable goods like food and clothing, and services like health care and restaurants. The services component, which includes housing, is the single largest component of GDP accounting for 45% of total GDP. Not surprisingly, 85% of U.S. households derive their income from the service sector of the economy. Although headline news about manufacturing tends to grab the most attention, the service sector of the economy is the principal engine sustaining economic growth.

The U.S. consumer is in a good position to support continued growth. Employment levels are well above the pre-recession peak. As previously noted, overall debt burdens are the lowest in a generation. Although wage growth has been slow, lower energy prices have saved the average two car household nearly $900 a year for gasoline alone in the past year. Consumer confidence has finally rebounded after declining to its lowest level in decades during the Great Recession. The decline caused many consumers to defer major decisions, from starting a family to buying a new car. Auto sales recovered in 2015 to pre-recession levels. Household formations have increased substantially, and the birth rate increased in 2014 for the first time since 2007. Despite dislocations in some sectors of the economy – mining due to low oil prices and manufacturing due to the strong dollar – consumers have proved resilient.

Private investment, represented by the blue segment in **Chart 3**, will also add to growth. Business investment, which accounts for most (80%) of private investment, has increased at a rate of only 5.2% per year since 2009 compared to 9.6% in past expansions. In the face of slow and uncertain growth, business has been careful not to expand capacity more than needed. Recent investment has been even slower as energy companies have cut back on drilling in shale oil fields. Future prospects are brighter. The contraction in the energy sector is likely to have run its course. Commercial real estate is likely to expand as construction levels so far in the expansion have been less than what is necessary just to replace obsolete structures.

Residential investment, which accounts for the other 20% of private investment, is increasing as home prices have nearly fully recovered, household formations are increasing, and home builders are seeing rising demand. Housing starts continue to increase after falling to levels from 2009 through 2012, which were the lowest in more than fifty years. Even with recent increases, housing starts are still at levels below what is necessary to meet population growth and household formations.

Government consumption and investment, represented by the orange segment in **Chart 3**, will also add to growth after being a drag on economic growth for

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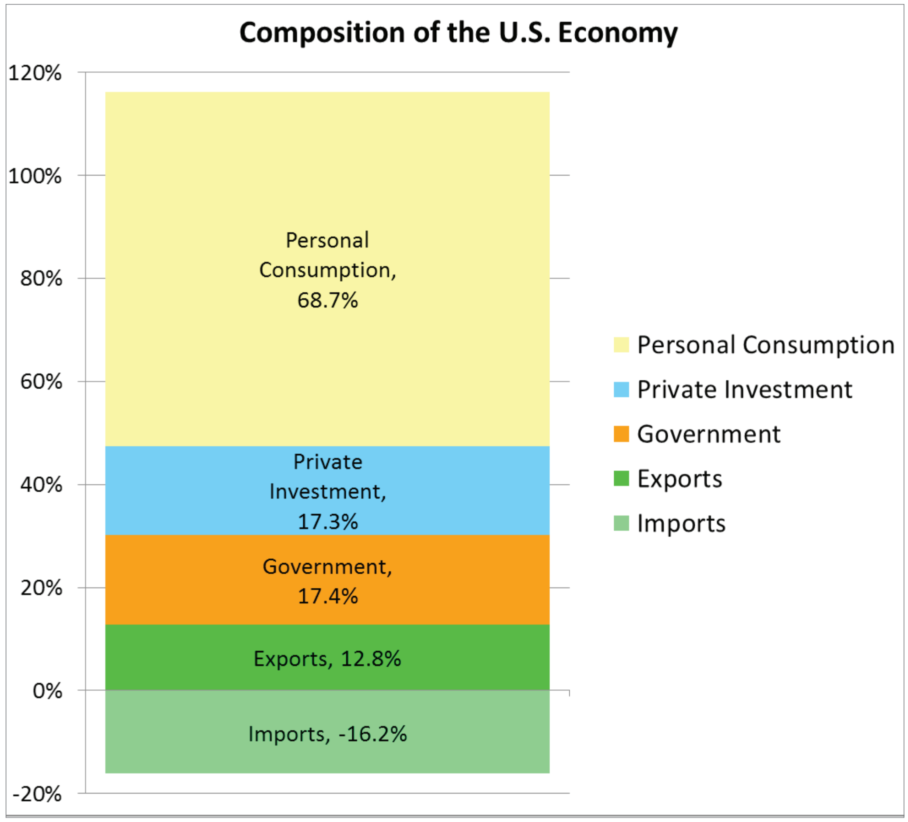
U.S. On Track for Continued Growth

most of the expansion. From 2010 through 2013, state and local governments reduced spending on account of revenue shortfalls, and federal spending was restricted by budget sequestration. With the improvement in state and local budgets in most parts of the country and the passage of a federal budget (the Consolidated Appropriations Act, 2016) in December 2015, government spending will boost economic output in the near term. Analysts have estimated the federal budget accord alone will increase 2016 GDP by about 0.5%.

Chart 3:



Source: Bureau of Economic Analysis

Foreign trade is the fourth sector, represented by the two green segments in **Chart 3**, one for exports and one for imports. Since the U.S. imports more than it exports, net foreign trade reduces the domestic economy by about 3% - the difference between export volume at roughly 13% of GDP and import volume at roughly 16%. A strong U.S. dollar will make U.S. products more expensive and adversely impact exports, which has been one of the primary concerns about the economy. The impact of foreign trade, however, is not just a function of the strength or weakness of the dollar. The U.S. is a major exporter of agricultural commodities, which are priced on a dollar basis worldwide. The U.S. exports refined petroleum products and chemicals derived from petroleum, the cost of which has benefited from lower crude oil prices. And the U.S. exports highly advanced or specialized equipment for which there is limited global competition. On balance, we expect foreign trade to be a head-wind for U.S. economic growth but nowhere near to the extent to offset growth from other sectors.

We project the U.S. economy will grow between 2.0% and 2.5% in 2016, propelled by consumer spending, residential investment, and government spending. Although growth will be modest – and low by historical standards, the momentum for continued growth and the absence of excesses in any part of the economy give us confidence that the expansion will continue.

This projection is not without risks, however. Policy errors by the Federal Reserve or by the next Administration could erode business and consumer confidence and lead to a slow-down in spending and hiring sufficient to cause a recession. A contraction in the global economy outside of the United States could have a large impact on the export sector and on the earnings of U.S. companies with foreign operations resulting in a similar outcome. We judge these risks to be small and assign a probability of less than 20% to an economic downturn in 2016.

Albert J. Brenner, CFA
Director of Asset
Allocation Strategy

April 2016 Quarterly Investment Review & Outlook

ASSET ALLOCATION DASHBOARD			
▲	**STOCKS**		We remain overweight in view of relative return prospects but have reduced the overweight as the economy enters the later stages of the current cycle.
	▲	**UNITED STATES**	Overweight. Economic growth supports fundamental case for U.S. equities. Valuations to forward earnings have moved above long-term averages. Overweight was reduced in early March.
	▲	**INTERNATIONAL DEVELOPED**	Overweight. Extraordinary measures by the European Central Bank and the Bank of Japan should continue to support asset values if not modest economic growth.
	▼	**INTERNATIONAL EMERGING**	Underweight. Slower growth in China, lower commodity prices, need for structural reform, and exposure to U.S. interest rates make EM equities vulnerable despite favorable valuations.
▼	**BONDS**		Underweight. We remain underweight in view of low yields and the expectation of rising interest rates but have reduced the underweight in tandem with the adjustment to equities.
	▲	**TREASURIES/ AGENCIES**	Overweight. For higher systemic risk protection in view of location in business and credit cycles.
	▲	**CORPORATE BONDS**	Overweight. Spreads over Treasury yields provide some return protection as rates increase.
	▶	**MORTGAGE BONDS**	Neutral.
	▼	**HIGH-YIELD, EMERGING MARKET, CONVERTIBLE**	Underweight. Riskier sectors offer some yield protection but rotation out of some higher risk categories warrants underweight.
▼	**REAL ASSETS**		Underweight. Real estate valuations remain elevated. Strong dollar and low inflation reduce diversification benefit of commodities and gold.
▶	**CASH**		Neutral. Despite near-zero returns, low expected returns on other assets reduce opportunity cost of holding cash.

This table provides a condensed view of our current tactical asset allocations and outlooks by asset class.

▲ Positive ▶ Neutral ▼ Negative

Why Investors Shouldn't Rely Solely on Morningstar Ratings

by Celia Cazayoux, CFA

Many investors question the need to pay for someone to monitor and select mutual funds. Many investors are familiar, at least to some degree, with Morningstar's mutual fund Star rating system and feel comfortable in relying on it to direct their fund choices. But how helpful are ratings in guiding fund selection? Are there other aspects that an investor should consider when evaluating a fund for inclusion in an investment portfolio?

Before answering these questions, it's important to understand what the star rating actually measures.

While Morningstar's process has evolved since its debut in 1985, the core of the star rating system remains the same. It is a quantitative assessment of a fund's past performance, incorporating elements of both risk and return. Funds are measured against other funds within their respective peer group to provide an "apples-to-apples" comparison, although there can still be a degree of variability within peer groups. For example, large cap funds may hold meaningful exposure to midcaps or international developed fund to emerging market equities.

> "THE TOP 10% OF FUNDS ARE RANKED 5 STARS WHILE THE BOTTOM 10% ARE RANKED 1 STAR..."

Funds are rated on a scale of 1-5 stars, with 5 Stars being the highest rating. Within the respective peer groups, the top 10% of funds are ranked 5 Stars while the bottom 10% are ranked 1 Star. Many investors narrow their fund choices to only 5 Star funds as they consider the rating effectively to be the equivalent of a "buy" on the fund.

Of course there are many aspects to consider in evaluating a mutual fund beyond the historical track record of performance. Even Morningstar specifically states that the Morningstar Rating is intended for use as the first step in the fund evaluation process and that a high rating alone is not a sufficient basis for investment decisions. If that is the case, then which factors, outside of performance, should be considered?

To begin, it's important to consider the investor's appetite for risk tolerance.

As numerous studies have shown, investors underperform benchmark averages because of poor investment decision making, essentially selling low and buying high. Our approach to fund selection is rooted in the belief that our clients are generally risk averse in the sense that the pain of a loss is felt more strongly than the positive outcome from gains. As a result, we are willing to sacrifice some of the gain on the upside for protection from losses on the downside. A manager that can track the performance of the benchmark during strong up markets and loses less than the benchmark during difficult markets by avoiding big pot holes and blow ups receives strong marks in our fund ranking process. Additionally, a history of consistent execution and performance over full market cycles is highly valued.

Depending on the recent market environment, a fund that meets these parameters may not carry a 5 star rating. For example, the performance of a more conservatively managed

> "A FUND THAT MEETS THESE PARAMETERS MAY NOT CARRY A 5 STAR RATING..."

fund would likely lag during a strong bull market and its Morningstar rating would likely drop below 5 Stars. Since the depths of the financial crisis, many investors have grown more comfortable with market risk as most major asset classes have delivered strong investment returns. As asset prices have risen regardless of quality, investors placed less importance on what they own as well as on the value of diversification and downside protection. Of course, once volatility returns, as it has since last summer, investors are reminded that it really does matter what you own.

Case in point – the high yield bond market.

We have held an allocation to high yield bonds since 2009. While this allocation has increased or decreased throughout this period depending on the views of our fixed income committee, the mutual fund used for this allocation has remained the same.

During this period of ownership, the fund has generally carried a Morningstar rating of 4 Stars, but at times it has been a 3 Star fund. In addition, the fund ranked below median by another rating service, particularly during 2012 and 2013 as its performance failed to keep pace with the low quality rally in the broader high yield bond market. Consider an investor searching for a high yield bond fund at this time. It is likely they would not have chosen this fund given that is was not a 5 Star fund and that it had a very average record of performance at that time.

We specifically chose this particular high yield fund based on how it was structured and managed. Its recent performance history was secondary. We were interested in gaining exposure to the high yield market, but wanted to maintain a higher credit quality profile because we viewed the fixed income portion of the portfolio primarily as a source of income and as a risk mitigator to the equity position.

> "A HISTORY OF CONSISTENT EXECUTION AND PERFORMANCE OVER FULL MARKET CYCLES IS HIGHLY VALUED."

Secondly, we were interested in selecting a fund that relied on strong credit analysis and fundamental bottoms up research as the foundation to portfolio construction.

During the strong risk-on rally beginning in 2009, the high yield market produced equity-like double digit returns. Our fund selection lagged in that environment, but we were comfortable with this performance as we had specifically selected a higher quality fund that would likely lag in a strong bull market. As of year-end 2013, this fund's performance was below median for the trailing 1, 3 and 5 year measurement periods. Despite generating annualized returns of over 15% for the 5 year period, the fund was considered a laggard.

Fast forward two years, and the fund is a winner by these same standards, generating top quartile performance in YTD, 1, 3, 5 and 10 year measurement periods.

Why? Because the high yield bond market entered a very turbulent period beginning in 2014. Specifically, low credit quality companies in the energy industry came under considerable pressure as a result of falling oil prices and concerns about increased defaults and bankruptcies. Once again, it mattered what you owned. Our high yield fund selection with its deep analytical team steered clear of these trouble spots thereby avoiding the pot holes and blow ups that can result in steep losses during market corrections.

Ultimately, while Morningstar ratings can serve as a guide in choosing mutual funds, it is important to develop a greater appreciation for how a fund is managed, how it can be expected to perform in varying market environments and whether it is a good match for the investor given his or her risk tolerance. A star rating alone does not provide this level of review and analysis.

Celia Cazayoux, CFA
Director of Manager Strategy

While Market Uncertainty Still Exists, Equities Should Move Higher During the Year

by John Conlon, CFA

"Déjà vu All Over Again" - Yogi Berra

The first quarter of 2016 has definitely been an interesting time for equity markets. The year started with a perfect storm of dramatically negative headlines regarding everything from the global economy to geo-political tensions. These stories totally obscured positive economic news and started the market on a downward spiral that finally stopped in mid-February. The subsequent bounce in the market has been just as dramatic. The experience has left investors with the feeling that they've already been through this before. As shown in **Chart 1**, they have, beginning with the correction that started the last week in August, followed by the rise in October, and then the lumpy ride through the end of the year.

At this point investors are probably wondering if they are caught in an endless loop and a rollercoaster ride to nowhere. The answer is no. **Chart 2** shows that we've also been through this in 2011 when the rating agencies reduced the investment rating on U.S. debt and the equity markets corrected. Once investors had a chance to adjust to these downgrades and re-establish confidence in our economic growth, the market resumed its uptrend. Our expectation is that once investors realize that their fears regarding a recession are unjustified, the market will resume an uptrend.

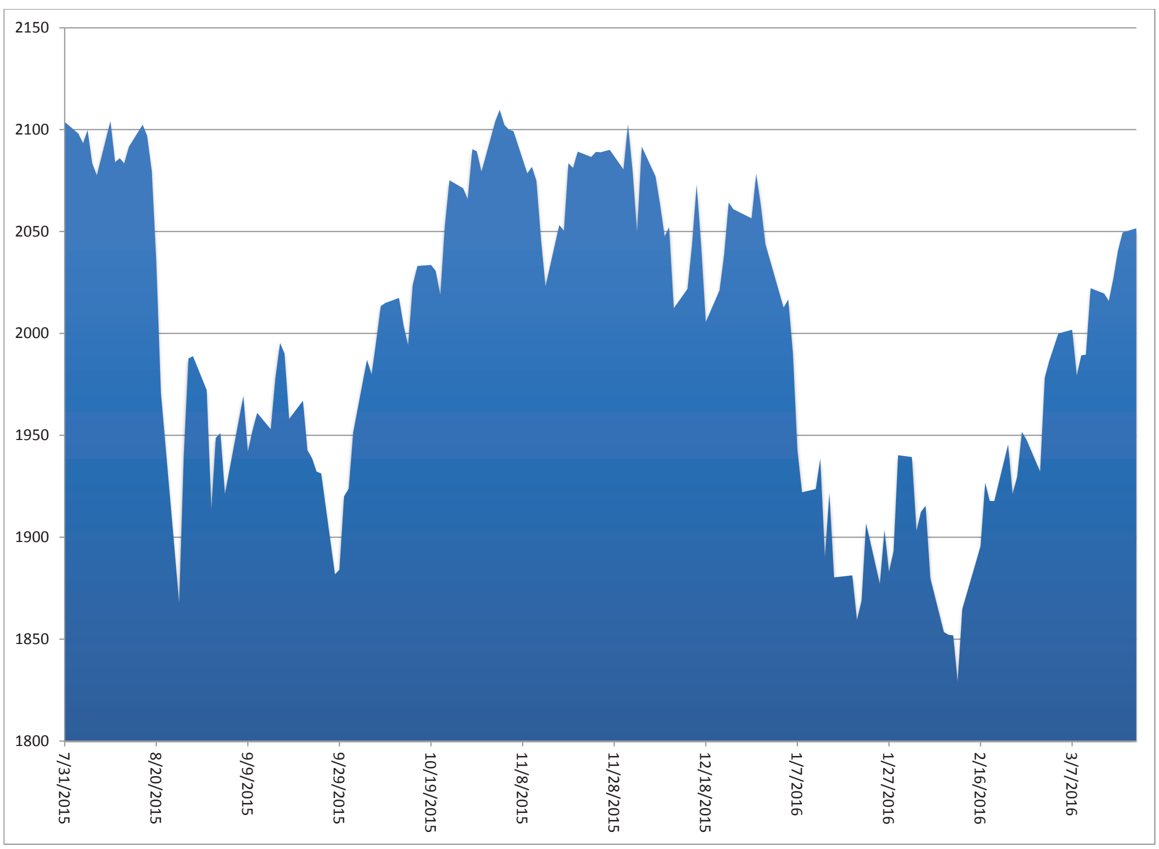
Take Me Higher and Higher

This time around it may take us a little longer to re-establish that uptrend but our belief remains that the market will be modestly higher by year-end compared to December 31, 2015 (5%, including dividends). The market is currently dealing with multiple events that have raised questions regarding the sustainability of our economic growth and created fears of a recession. Will slower global growth, and China's in particular, derail our economy? What is going to be the negative impact of the low price of oil and will it spread to other sectors? Will the Fed raise interest rates again, and, if so, what does that mean for economic growth? Are we faced with a looming recession? To say that this has created uncertainty among investors would be an understatement.

Our answer to the overriding question of are we headed to a recession is no. Although the economy remains mired in slow growth, it continues to be

Chart 1:

SPX Index 7/31/15 - 3/21/16

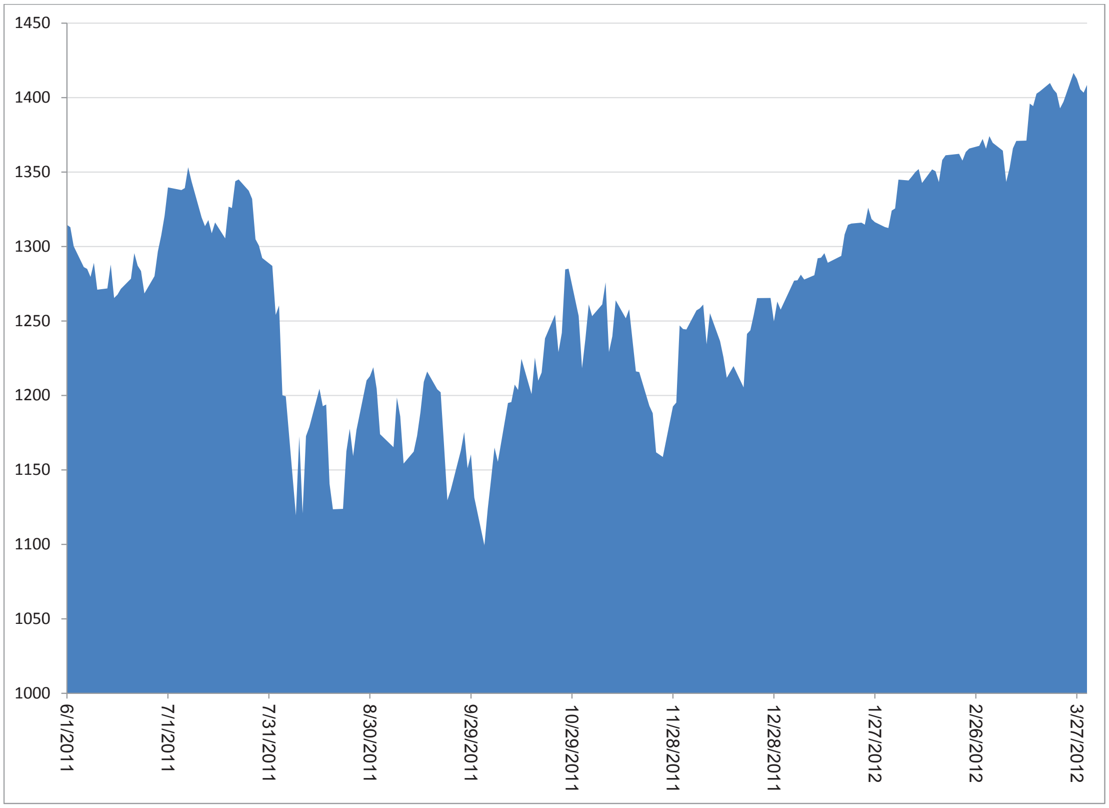


Source: Bloomberg

While Market Uncertainty Still Exists, Equities Should Move Higher During the Year

Chart 2:

SPX Index
6/01/11 – 3/31/12



Source: Bloomberg

healthy and growing strong enough to continue to create jobs and bring down unemployment. The three largest segments of the economy continue to do well. Consumers who represent over 70% of the economy, continue to feel confident and continue to spend. The auto industry closed out a record year in 2015 and is on track to have a comparable year in 2016. Housing continues to do well with demand healthy and the market limited only by a lengthening permit process, developable lots, and skilled labor.

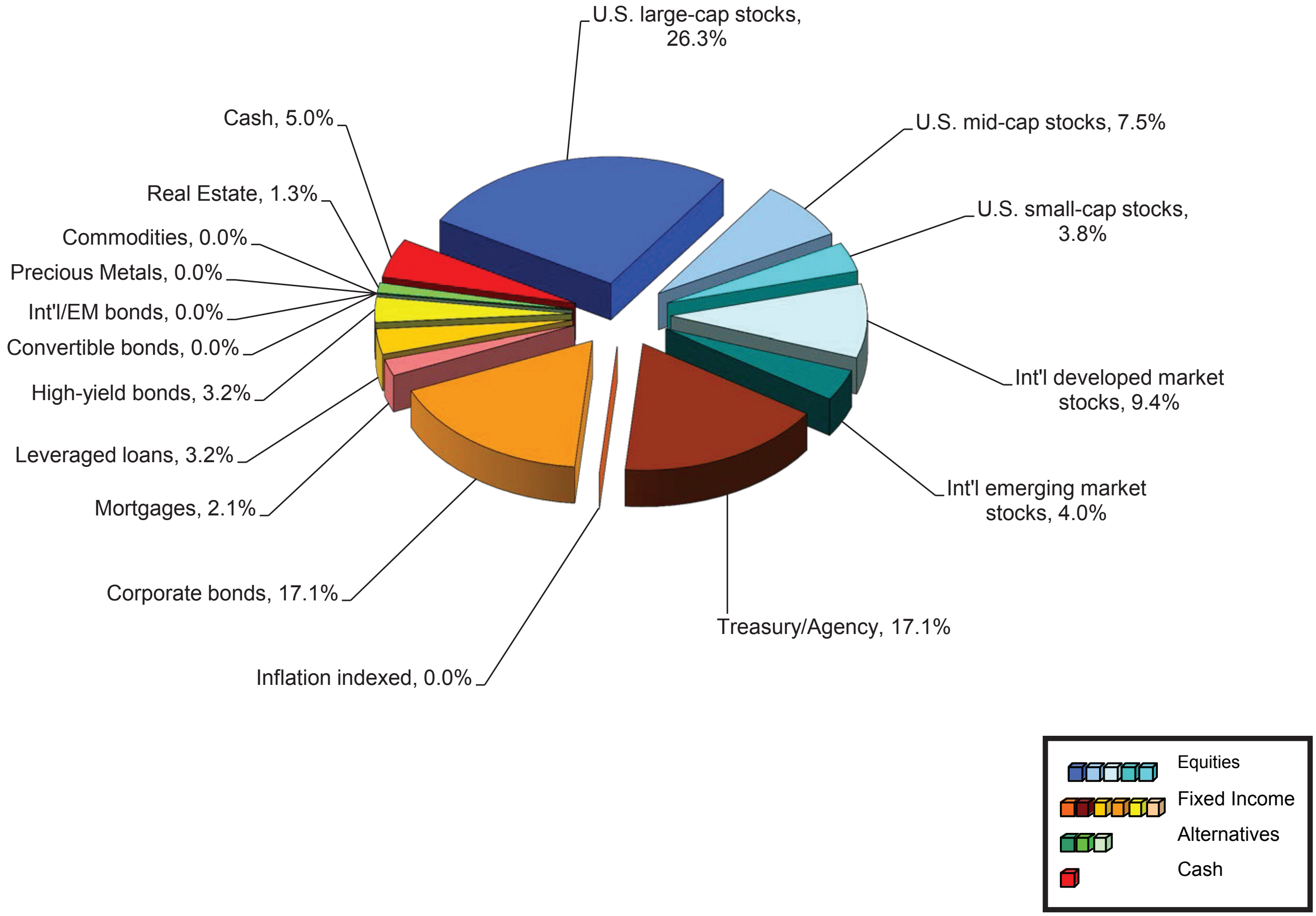
What is My Reward for Taking on Risk?

Also affecting the market is the fact that investors are going through a change in their risk/reward profile where they are no longer willing to pay up for risk because it is not offering the same returns as in the past. The more recent portion of the bull market had been driven by a limited number of high growth names that developed cute acronyms such as the FANG stocks (Facebook, Amazon, Netflix, Google). The FANG stocks, however, are now getting a little long in the tooth. (Sorry, I couldn't resist the pun.) It is not that these companies will not continue to enjoy good, strong growth, but investors are now questioning what they are going to do for their next act and are not willing to pay the multiples they have in the past for these types of stocks. So far this year, three of the four are down after being market leaders in 2015. Attention is being turned to the more steady growers with lower valuations relative to their growth, strong, healthy balance sheets, and strong cash flow. And, if investors can get a dividend as well for their investment all the better.

The bottom line, we believe, is that this is not the end of the uptrend in the stock market, but just a transition in regard to investors risk/reward profile and a pause that refreshes and gives us a chance to catch our collective breath.

John Conlon, CFA, CFP
Chief Equity Strategist

People's United Balanced Portfolio



We recommend that investors review the investment topics discussed in this strategy note in light of their own unique circumstances. The People's United Balanced Portfolio illustrated above should serve as a starting point for a conversation with your advisory team about building a portfolio customized to meet your goals and aspirations. Source: People's United Wealth Management

To see our experts in the news, visit peoples.com/wmnews