

EVERGREEN INSIGHTS: A WEEKLY SNAPSHOT

MAY 18, 2015

Top News Headlines

- 1) Stocks Finish Week Higher as Dollar Decline Could Boost Profits
- 2) Greece Low on Cash as Bank Withdrawals Accelerate
- 3) Amtrak Train Crashes in Philadelphia, Eight Dead

Economic News

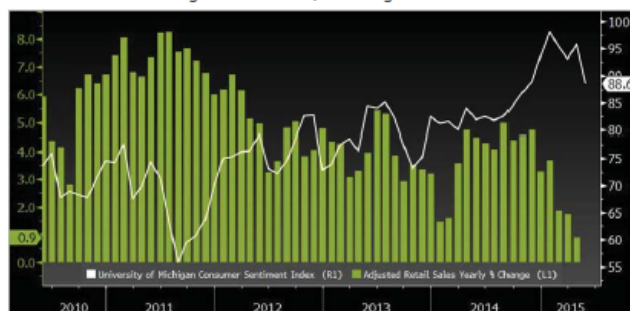
- University of Michigan consumer sentiment index plunges the most since 2012
- US industrial production fell by -0.3% in April as Q2 data yet to show meaningful uptick
- US retail sales show no growth in April, the weakest start to the year since '09
- Eurozone GDP rose 1.0% in Q1, still sluggish, but the largest growth rate in a year
- Chinese loan growth slows for the third straight month, prompts further easing from PBOC

Thought of the Week

Following the abysmal Q1 growth rate of 0.2%, economists continually blamed depressed economic activity on frigid weather and a high number of port strikes. These same experts also vowed that a sharp rebound would occur during Q2. So far, though, that call has been a clear whiff. In Q2, instead of a precipitous jump, we've actually seen more weak data. Last week, reports for April showed that industrial production fell by -0.3%, retail sales slowed to their slowest clip since 2009, and consumer confidence had its biggest drop since December of 2012. And, all this sluggishness occurred amid a temperate April when most West Coast ports came back on line. But it's worth noting that the main culprit for the drop in consumer confidence — and spending — was likely the \$44 billion YoY increase in federal income taxes collected over the last month. Also, healthcare spending has surged over the last year, which is generally paid out in the first quarter of the year. We believe a stronger USD and lower oil prices will continue to drag on economic growth until these two data points reverse course. In fact, we're even starting to see the word "recession" pop up in some circles. While we're not 100% convinced the US economy will enter a recession in the next 12 months, we do think growth could continue to disappoint. Such a fall could mean finishing with the lowest growth this cycle (under 1.6%).

Chart of the Week

Retail Sales YoY Changes and University of Michigan Consumer Sentiment Index



Source: Bloomberg, Evergreen Gavekal

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Note: All returns represent total return including dividends. YTD Market Style Returns are based on the Russell indices. Please see important disclosure on next page.

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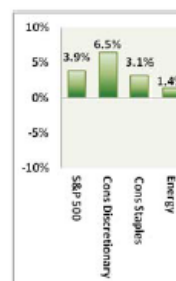
Note: all returns represent total return including dividends; YTD Market Style Returns are based on the Russell indices. Please see important disclosure below:

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Index Levels	Friday Close 5/15/15	Prior Week 5/8/15	Year End 12/31/14	Year Ago 5/15/14
S&P 500	2123	2116	2059	1871
Dow Jones 30	18273	18191	17823	16447
Nasdaq	5048	5004	4736	4069
Russell 2000	1244	1235	1205	1096
Market Returns	1 week	1 month	YTD	1 Year
S&P 500	0.4%	1.0%	3.9%	15.8%
Russell 2000	0.8%	-2.4%	3.7%	15.0%
Barclays Agg	-0.1%	-1.1%	0.8%	3.2%
MSCI World	0.8%	1.7%	6.9%	10.1%
MSCI Europe	-0.8%	-3.7%	17.4%	20.0%
MSCI Japan	1.1%	1.2%	15.0%	38.8%
MSCI China	0.6%	-0.9%	23.3%	41.4%
MSCI Brazil	0.6%	7.5%	2.5%	-20.8%
MSCI Emerging Markets	0.8%	0.8%	9.7%	4.1%
Market Valuations	P/E Trailing	P/E Forward	P/Sales	Dividend Yield
S&P 500	18.7	18.0	1.9	2.0
Russell 2000	20.5	16.8	0.0	1.4
FTSE 100 (Europe)	23.7	16.8	1.1	3.8
Hang Seng (Hong Kong)	11.7	13.3	2.0	3.0
Bond Yields	Friday Close 5/15/15	Prior Week 5/8/15	Year End 12/31/14	Year Ago 5/15/14
Fed Funds Target	0.25	0.25	0.25	0.25
2 Year Treasury	0.57	0.60	0.67	0.39
10 Year Treasury	2.15	2.11	2.17	2.62
Investment Grade	3.55	3.52	3.70	3.49
Muni Yield	2.59	2.58	2.32	2.88
High Yield	5.99	5.97	6.80	5.56
Consumer Rates				
15 Year Mortgage	3.00	3.00	3.09	3.22
30 Year Mortgage	3.85	3.83	3.99	4.16
Consumer Confidence	95.20	95.20	93.10	81.71
Commodities				
Gold	1224.1	1188.4	1184.9	1296.2
Silver	17.5	16.5	15.7	19.5
WTI Crude Oil	59.7	59.4	53.3	101.5
Natural Gas	3.0	2.9	2.9	4.5
Currency				
Dollar Index	93.14	94.79	90.27	80.00
\$ per Euro	1.145	1.120	1.210	1.371
Yen per \$	119.23	119.74	119.68	101.58
CAD per \$	1.201	1.207	1.162	1.089

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S&P 500 YTD



YTD Market Style Returns

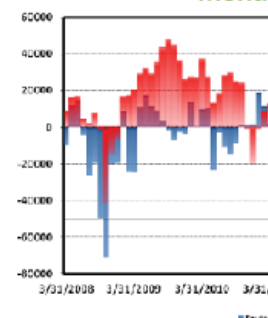
Growth 6.6%

Value 1.9%

Like

(\$ millions)

Monthly



Market question of the week:

Student loan debt, according to the latest data, has increased since 2008 by:

a) \$220 billion b) \$550 billion

Trivia question of the week:

American Pharoah will race for the Kentucky Derby. How many horses have claimed this prestigious title?

a) 7 b) 11 c) 15

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Benchmark indices are provided in this material for comparison with well-known and widely recognized indices from various market capitalizations, asset classes, markets around the world, and economic data. You cannot invest directly in an index. Index results assume the re-investment of all dividends and capital gains.

The S&P 500 is a market-capitalization weighted index that includes the 500 most widely held companies chosen with respect to market size, liquidity, and industry. The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The National Association of Securities Dealers Automated Quotation (NASDAQ) System is a nationwide computerized quotation system for over 5,500 over-the-counter stocks. The index is compiled of more than 4,800 stocks that are traded via this system. The FTSE 100 Index is an index of the 100 largest companies (by market capitalization) in the United Kingdom. A market capitalization-weighted index of 40 of the largest companies that trade on the Hong Kong Exchange. The Hang Seng Index is maintained by a subsidiary of Hang Seng Bank, and has been published since 1969. The index aims to capture the leadership of the Hong Kong exchange, and covers approximately 65% of its total market capitalization. The Hang Seng members are also classified into one of four sub-indexes based on the main lines of business including commerce and industry, finance, utilities and properties.

The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market. The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 Value Index contains those Russell 1000 companies that have higher book-to-price ratios, and thus a less-than-average growth orientation, than the remaining companies in the Russell 1000 Index that encompass the Russell 1000 Growth Index. The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index. The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth rates. The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Index is an unmanaged index that measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Value Index is constructed to provide a comprehensive and unbiased barometer of the small-cap value market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine value probability approximates the aggregate small-cap value manager's opportunity set. The Russell 3000 Index is a market capitalization weighted index that measures the performance of the 3,000 largest U.S. companies representing approximately 98% of the investable U.S. equity market.

The Morgan Stanley Capital International (MSCI) World Index is a market capitalization weighted index composed of companies representative of the market structure of 23 Developed Market countries in North America, Europe and the Asia/Pacific Region. The MSCI Europe Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. The MSCI Europe Index consists of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. The MSCI China Index covers the large and mid cap segments in the China and is constructed according to the MSCI Global Investable Market Indices Methodology. The MSCI China Index is part of the MSCI Emerging Markets Index. The MSCI Brazil Index is designed to measure the performance of the large and mid cap segments of the Brazilian market with 81 constituents.