Weekly Insights

EVERGREEN INSIGHTS: A WEEKLY SNAPSHOT

SEPTEMBER 21, 2015

Top News Headlines

- 1) Federal Reserve Delays Rate Hike Citing "Global Economic & Financial" Concerns
- 2) Pressure Builds on the Bank of Japan & European Central Bank to Expand QE
- 3) Chinese President Xi Jinping Visits the United States on a Diplomatic Mission

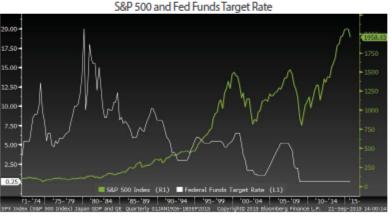
Economic News

- US current account deficit shrunk in Q2 confirming a decline in foreign US dollar liquidity.
- Q3 China Beige Book report suggests China's economy is slowing, but not collapsing as widely feared.
- Germany is still teetering on the edge of deflation as evidenced by weaker than expected August PPI (-1.7%) and CPI (+0.2%).
- Japan posts weaker than expected +3.1% export growth in August amid Asia's broad-based slowdown.
- Brazil's -4.25% year-over-year Economic Activity Index collapse in August suggests Latin America's largest economy is falling deeper into recession.

Thought of the Week

Last week the Federal Reserve left the world with more questions than answers when it, yet again, delayed its first interest rate hike in 9 years. While the FOMC's statement acknowledged the committee has everything it needs (a tight labor market & stable inflation expectations) to justify further tightening – and left the door open for a hike as early as October 2015 – the statement invokes the most concern for "global economic & financial" risks since the Asian Financial Crisis in 1997. In the event the Fed's concern for global stability is real, it may imply that the Fed has missed its window altogether. On the other hand, if the Fed is using global growth concerns as an excuse, a surprise hike could be just around the corner. Regardless, the Fed's opaque forward guidance and surprisingly strong statement on global growth heap more uncertainty onto an already nervous market. At Evergreen GaveKal, we remain defensively positioned with historically large cash balances and the strong conviction that a meaningful correction in asset prices may soon provide better opportunities for durable long-term returns.

Chart of the Week



Source: Bloomberg, Evergreen GaveKal

Index Levels	Friday Close 9/18/15	Prior Week 9/11/15	Year End 12/31/14
S&P 500	1958	1961	2059
Dow Jones 30	16385	16433	17823
Nasdaq	4827	4822	4736
Russell 2000	1163	1158	1205
Market Returns	1 week	1 month	YTD
S&P 500	-0.1%	-5.7%	-3.5%
Russell 2000	0.5%	-3.2%	-2.6%
Barclays Agg	0.2%	0.1%	0.7%
MSCI World	0.3%	-5.3%	-2.8%
MSCI Europe	-0.3%	-7.1%	5.4%
MSCI Japan	-1.2%	-11.4%	3.6%
MSCI China	3.0%	-4.9%	-6.9%
MSCI Brazil	1.8%	-9.4%	-35.1%
MSCI Emerging Markets	3.5%	-1.0%	-11.3%
Market Valuations	P/E Trailing	P/E Forward	P/Sales
S&P 500	17.4	16.7	1.7
Russell 2000	19.2	16.0	1.2
FTSE 100 (Europe)	22.3	15.3	1.1
Hang Seng (Hong Kong)	9.3	10.8	1.6
	Friday Close	Delega Mica	Year End
Bond Yields		Prior Week	
Bond Yields Fed Funds Target	9/18/15 0.25	9/11/15 0.25	12/31/14
Fed Funds Target	9/18/15	9/11/15	12/31/14
Fed Funds Target 2 Year Treasury	9/18/15 0.25	9/11/15 0.25	12/31/14 0.25
Fed Funds Target	9/18/15 0.25 0.68	9/11/15 0.25 0.71	0.25 0.67
Fed Funds Target 2 Year Treasury 10 Year Treasury	9/18/15 0.25 0.68 2.13	9/11/15 0.25 0.71 2.19	0.25 0.67 2.17
Fed Funds Target 2 Year Treasury 10 Year Treasury Investment Grade Muni Yield	9/18/15 0.25 0.68 2.13 3.91 2.52	9/11/15 0.25 0.71 2.19 3.95 2.52	12/31/14 0.25 0.67 2.17 3.70 2.32
Fed Funds Target 2 Year Treasury 10 Year Treasury Investment Grade Muni Yield High Yield	9/18/15 0.25 0.68 2.13 3.91	9/11/15 0.25 0.71 2.19 3.95	0.25 0.67 2.17 3.70
Fed Funds Target 2 Year Treasury 10 Year Treasury Investment Grade Muni Yield High Yield Consumer Rates	9/18/15 0.25 0.68 2.13 3.91 2.52 7.30	9/11/15 0.25 0.71 2.19 3.95 2.52 7.09	12/31/14 0.25 0.67 2.17 3.70 2.32 6.80
Fed Funds Target 2 Year Treasury 10 Year Treasury Investment Grade Muni Yield High Yield Consumer Rates 15 Year Mortgage	9/18/15 0.25 0.68 2.13 3.91 2.52	9/11/15 0.25 0.71 2.19 3.95 2.52	12/31/14 0.25 0.67 2.17 3.70 2.32 6.80
Fed Funds Target 2 Year Treasury 10 Year Treasury Investment Grade Muni Yield High Yield Consumer Rates 15 Year Mortgage 30 Year Mortgage	9/18/15 0.25 0.68 2.13 3.91 2.52 7.30 2.92 3.83	9/11/15 0.25 0.71 2.19 3.95 2.52 7.09 2.98 3.84	12/31/14 0.25 0.67 2.17 3.70 2.32 6.80 3.09 3.99
Fed Funds Target 2 Year Treasury 10 Year Treasury Investment Grade Muni Yield High Yield Consumer Rates 15 Year Mortgage 30 Year Mortgage Consumer Confidence	9/18/15 0.25 0.68 2.13 3.91 2.52 7.30	9/11/15 0.25 0.71 2.19 3.95 2.52 7.09	12/31/14 0.25 0.67 2.17 3.70 2.32 6.80
Fed Funds Target 2 Year Treasury 10 Year Treasury Investment Grade Muni Yield High Yield Consumer Rates 15 Year Mortgage 30 Year Mortgage Consumer Confidence Commodities	9/18/15 0.25 0.68 2.13 3.91 2.52 7.30 2.92 3.83 101.54	9/11/15 0.25 0.71 2.19 3.95 2.52 7.09 2.98 3.84 101.54	12/31/14 0.25 0.67 2.17 3.70 2.32 6.80 3.09 3.99 93.06
Fed Funds Target 2 Year Treasury 10 Year Treasury Investment Grade Muni Yield High Yield Consumer Rates 15 Year Mortgage 30 Year Mortgage Consumer Confidence Commodities Gold	9/18/15 0.25 0.68 2.13 3.91 2.52 7.30 2.92 3.83 101.54	9/11/15 0.25 0.71 2.19 3.95 2.52 7.09 2.98 3.84 101.54	12/31/14 0.25 0.67 2.17 3.70 2.32 6.80 3.09 3.99 93.06
Fed Funds Target 2 Year Treasury 10 Year Treasury Investment Grade Muni Yield High Yield Consumer Rates 15 Year Mortgage 30 Year Mortgage Consumer Confidence Commodities Gold Silver	9/18/15 0.25 0.68 2.13 3.91 2.52 7.30 2.92 3.83 101.54	9/11/15 0.25 0.71 2.19 3.95 2.52 7.09 2.98 3.84 101.54 1107.8 14.6	12/31/14 0.25 0.67 2.17 3.70 2.32 6.80 3.09 3.99 93.06
Fed Funds Target 2 Year Treasury 10 Year Treasury Investment Grade Muni Yield High Yield Consumer Rates 15 Year Mortgage 30 Year Mortgage Consumer Confidence Commodities Gold	9/18/15 0.25 0.68 2.13 3.91 2.52 7.30 2.92 3.83 101.54 1139.0 15.2 44.7	9/11/15 0.25 0.71 2.19 3.95 2.52 7.09 2.98 3.84 101.54 1107.8 14.6 44.6	12/31/14 0.25 0.67 2.17 3.70 2.32 6.80 3.09 3.99 93.06 1184.9 15.7 53.3
Fed Funds Target 2 Year Treasury 10 Year Treasury Investment Grade Muni Yield High Yield Consumer Rates 15 Year Mortgage 30 Year Mortgage Consumer Confidence Commodities Gold Silver WTI Crude Oil Natural Gas	9/18/15 0.25 0.68 2.13 3.91 2.52 7.30 2.92 3.83 101.54	9/11/15 0.25 0.71 2.19 3.95 2.52 7.09 2.98 3.84 101.54 1107.8 14.6	12/31/14 0.25 0.67 2.17 3.70 2.32 6.80 3.09 3.99 93.06
Fed Funds Target 2 Year Treasury 10 Year Treasury Investment Grade Muni Yield High Yield Consumer Rates 15 Year Mortgage 30 Year Mortgage Consumer Confidence Commodities Gold Silver WTI Crude Oil	9/18/15 0.25 0.68 2.13 3.91 2.52 7.30 2.92 3.83 101.54 1139.0 15.2 44.7	9/11/15 0.25 0.71 2.19 3.95 2.52 7.09 2.98 3.84 101.54 1107.8 14.6 44.6	12/31/14 0.25 0.67 2.17 3.70 2.32 6.80 3.09 3.99 93.06 1184.9 15.7 53.3
Fed Funds Target 2 Year Treasury 10 Year Treasury Investment Grade Muni Yield High Yield Consumer Rates 15 Year Mortgage 30 Year Mortgage Consumer Confidence Commodities Gold Silver WTI Crude Oil Natural Gas Currency	9/18/15 0.25 0.68 2.13 3.91 2.52 7.30 2.92 3.83 101.54 1139.0 15.2 44.7 2.6	9/11/15 0.25 0.71 2.19 3.95 2.52 7.09 2.98 3.84 101.54 1107.8 14.6 44.6 2.7	12/31/14 0.25 0.67 2.17 3.70 2.32 6.80 3.09 3.99 93.06 1184.9 15.7 53.3 2.9
Fed Funds Target 2 Year Treasury 10 Year Treasury Investment Grade Muni Yield High Yield Consumer Rates 15 Year Mortgage 30 Year Mortgage Consumer Confidence Commodities Gold Silver WTI Crude Oil Natural Gas Currency Dollar Index \$ per Euro	9/18/15 0.25 0.68 2.13 3.91 2.52 7.30 2.92 3.83 101.54 1139.0 15.2 44.7 2.6	9/11/15 0.25 0.71 2.19 3.95 2.52 7.09 2.98 3.84 101.54 1107.8 14.6 44.6 2.7	12/31/14 0.25 0.67 2.17 3.70 2.32 6.80 3.09 3.99 93.06 1184.9 15.7 53.3 2.9
Fed Funds Target 2 Year Treasury 10 Year Treasury Investment Grade Muni Yield High Yield Consumer Rates 15 Year Mortgage 30 Year Mortgage Consumer Confidence Commodities Gold Silver WTI Crude Oil Natural Gas Currency Dollar Index	9/18/15 0.25 0.68 2.13 3.91 2.52 7.30 2.92 3.83 101.54 1139.0 15.2 44.7 2.6 94.86 1.130	9/11/15 0.25 0.71 2.19 3.95 2.52 7.09 2.98 3.84 101.54 1107.8 14.6 44.6 2.7 95.19 1.134	12/31/14 0.25 0.67 2.17 3.70 2.32 6.80 3.09 3.99 93.06 1184.9 15.7 53.3 2.9 90.27 1.210

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Benchmark indices are provided in this material for comparison with well-known and widely recognized indices from world, and economic data. You cannot invest directly in an index. Index results assume the re-investment of all divides.

The S&P 500 is a market-capitalization weighted index that includes the 500 most widely held companies chosen wi Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and Quotation (NASDAQ) System is a nationwide computerized quotation system for over 5,500 over-the-counter stocks this system. The FTSE 100 Index is an index of the 100 largest companies (by market capitalization) in the United Kir companies that trade on the Hong Kong Exchange. The Hang Seng Index is maintained by a subsidiary of Hang Seng the leadership of the Hong Kong exchange, and covers approximately 65% of its total market capitalization. The Hang 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 subse largest securities based on a combination of their market cap and current index membership. The Russell 1000 representation of those Russell 1000 companies with higher price-to-book ratios and higher forect Russell 1000 companies that have higher book-to-price ratios, and thus a less-than-average growth orientation, that the Russell 1000 Growth Index. The Russell Midcap Index measures the performance of the 800 smallest companies performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth rates. Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Index. The Russell 2000 Growth Index measures the performance of the forecasted growth values. The Russell 2000 Value Index measures the performance of those Russell 2000 companies. The Russell 2000 Value Index is constructed to provide a comprehensive and unbiased barometer of the small-cap value manager behavior, the methodology used to determine value probability approximates the aggregate small-cap value capitalization weighted index that measures the performance of the 3,000 largest U.S. companies representing app

The Morgan Stanley Capital International (MSCI) World Index is a market capitalization weighted index composed of Market countries in North America, Europe and the Asia/Pacific Region. The MSCI Europe Index is a free float-adjust the equity market performance of the developed markets in Europe. The MSCI Europe Index consists of the following Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and cap segments in the China and is constructed according to the MSCI Global Investable Market Indices Methodology. MSCI Brazil Index is designed to measure the performance of the large and mid cap segments of the Brazilian market Brazilian equity universe. The volatility of these indices may be materially different from that of the representative of