January 2016

Have you ever noticed how a newborn's favorite game is peek-a-boo? *Now you see it. Now you don't.* What fun! But somehow, by the time we're investors, we've grown disenchanted with the element of surprise – especially when the "*now you don't*" periods last longer than we'd like. In 2015, global markets seemed particularly intent on playing peek-a-boo with us:

- Reformed Broker Josh Brown summed up the U.S. market's performance as follows: "Stocks are ending 2015 pretty much how they began it, limping and tired from a bruising year of headline risk, trendless economic data and an ambivalent investing public."
- As for Asian markets, "The Shanghai Composite Index ended up 9.4% in a rollercoaster year in which the index plunged over 40% in late August." The volatile ride took a toll on many investors' nerves, and as we swing into 2016, it looks like we may be in for more.

It might help to think of the market's unfolding uncertainty as comparable to that big, blue baby blanket. Current conditions can, and often do obscure our view of the decades of solid evidence we've used to construct your personalized, globally diversified portfolio.

In fact, overemphasizing near-term performance is so common that there's a name for it: "recency." In "Beware the Recency Pitfall," financial author, Larry Swedroe describes how investors who succumb to recency in ever-noisy markets tend to fall straight into a "buy high, sell low" trap: "Chasing past performance can cause investors to buy asset classes after periods of strong recent performance, when valuations are relatively higher and expected returns are lower. It can also cause investors to sell asset classes after periods of weak recent performance, when valuations are relatively lower and expected returns are higher."

This is one reason we recommend investing according to decades rather than months or even years of performance data. In a market that seems forever intent on playing hide-and-seek with us, we continue to believe that the best way to capture expected returns is to invest according to our own, evidence-based rules of engagement.

Don't hesitate to be in touch with us whenever we can review your personal goals and risk tolerances – in the new year, or any time you're seeking a clear view of where we stand today.

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FISCHER INVESTMENT STRATEGIES

Market Summary

Index Returns

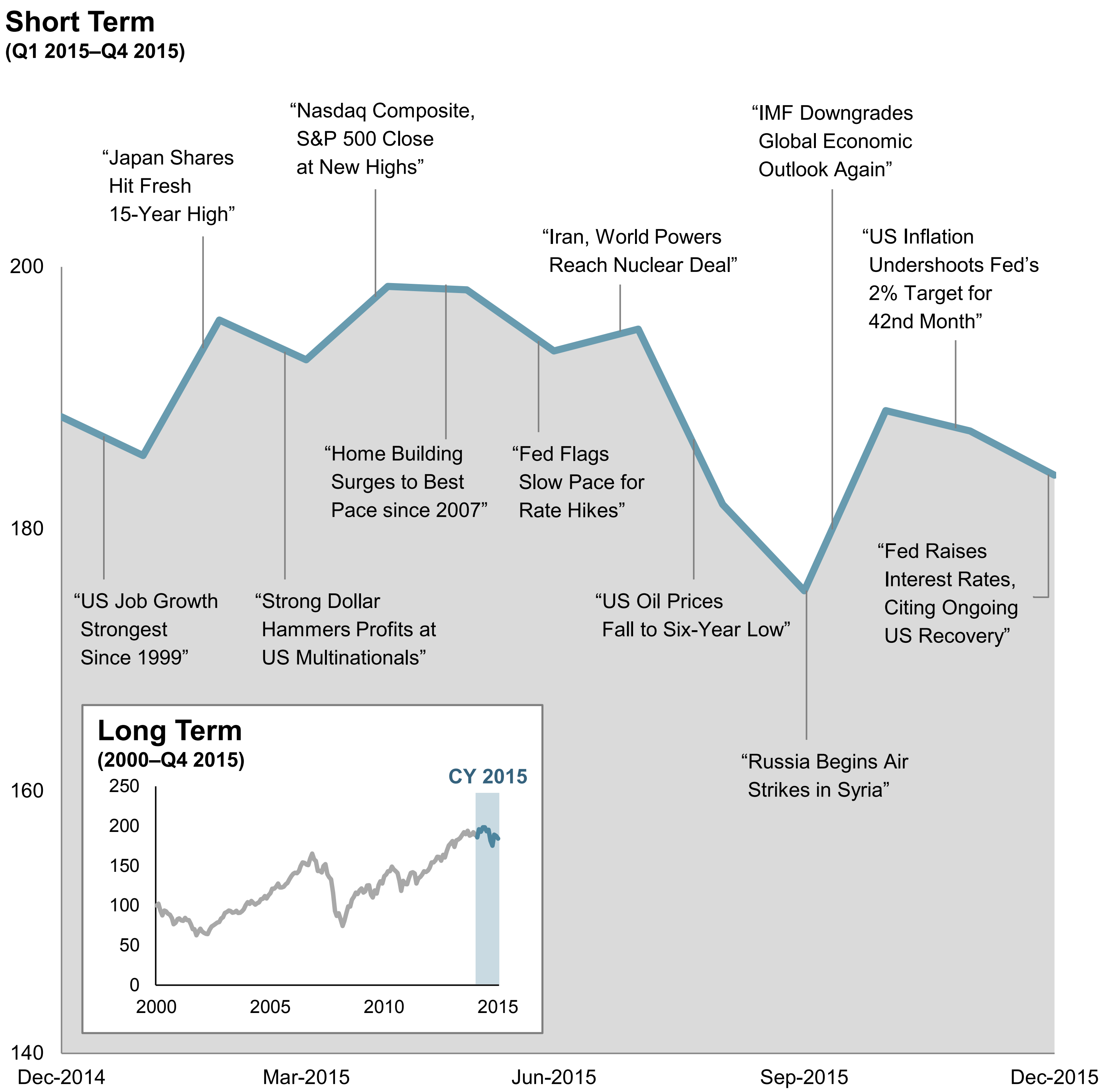
4Q 2015	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
	STOCKS				BONDS	
	6.27%	3.91%	0.66%	4.89%	-0.57%	0.58%

Since Jan. 2001	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
Avg. Quarterly Return	1.7%	1.4%	2.9%	2.8%	1.2%	1.1%
Best Quarter	16.8% **Q2 2009**	25.9% **Q2 2009**	34.7% **Q2 2009**	32.3% **Q3 2009**	4.6% **Q3 2001**	5.5% **Q4 2008**
Worst Quarter	-22.8% **Q4 2008**	-21.2% **Q4 2008**	-27.6% **Q4 2008**	-36.1% **Q4 2008**	-2.4% **Q2 2004**	-3.2% **Q2 2015**

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net div.]), Emerging Markets (MSCI Emerging Markets Index [net div.]), Global Real Estate (S&P Global REIT Index), US Bond Market (Barclays US Aggregate Bond Index), and Global Bond ex US Market (Citigroup WGBI ex USA 1−30 Years [Hedged to USD]). The S&P data are provided by Standard & Poor's Index Services Group.

World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index.

It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.

The Rise of Short-Term Rates

Fourth Quarter 2015

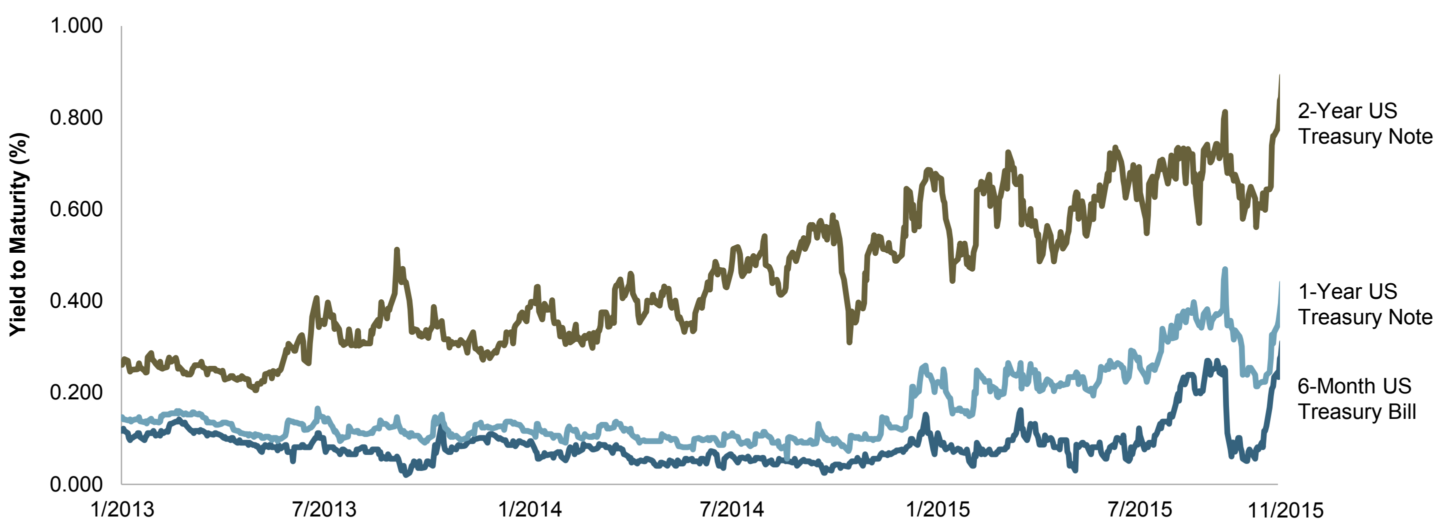
While many market participants were waiting for the “inevitable” rise in short-term interest rates expected when the Fed tightened its monetary policy, some investors may have missed the increase in short-term rates already underway as a result of market forces.

Looking at the zero- to two-year segment of the yield curve—the segment that many believe will be most affected whenever the Fed “normalizes interest rates”—it may be surprising to see how much rates have increased since 2013.

In fact, the yield on the 2-Year US Treasury note has nearly doubled since the beginning of 2015, rising from 0.45% in January to almost 0.90% in late November.[1] The yield on the 1-Year US Treasury note more than tripled, from 0.15% to more than 0.50% over the same period. The 6-Month US Treasury bill’s yield rose from a low of 0.03% in May to over 0.30% in late November. Yet, despite the higher rates, we have not experienced the conjectured financial storm in the fixed income market.

The question of how far the Fed will go in raising its overnight target rate is still open. Similarly, we can ask ourselves a more complex question: Will the market lead the Fed or is the Fed leading the market through setting expectations?

US Treasury Yields, January 2013 to November 2015



Past performance is no guarantee of future results. Source: Barclays Bank PLC.

1. As of November 18, 2015. Source: Barclays Bank PLC.

Adapted from “The Rise of Short-Term Rates,” Issue Brief, November 2015. Dimensional Fund Advisors LP is an investment advisor registered with the Securities and Exchange Commission.

Fixed income securities are subject to increased loss of principal during periods of rising interest rates and may be subject to various other risks, including changes in credit quality, liquidity, prepayments, and other factors. Sector-specific investments can increase these risks.

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