Foresight
Capital Management Advisors, Inc.

Newsletter 1Q 2016 and Market Summary

FCMA's Model Portfolios have weathered the turbulent 1Q 2016 as follows:
Conservative Model -1.69%, Moderate Model -1.62%, and Aggressive Model -2.10%. These were lagging the S&P 500, slightly which ended +.77%. This was caused primarily by a slight overweight in the healthcare sector and the financial sector. Healthcare was behind a bit at the end of the 1Q , but we still believe this sector to have great promise for the next 10 years, and it will be a defensive sector moving forward. The Financial sector did not perform as expected after the Federal Reserve raised rates in December 2015. However, financials should begin to perform once interest rates begin to rise in a more regular pattern.

<u>Foresight is pleased to introduce:</u>

Our Newest Employees!

Austin Kent- UofM Finance Intern

Justin Littleton-EMU Finance Intern

Join us for our upcoming investment training course titled- "Investments 101". We are offering this course through the Community Education at Saline on May 24th, or June 8th, or August 4th beginning at 6:30 pm. Hopefully you can attend one of the sessions as I'm sure you will find it very informative. This one night course will explain the many different types of investments in the market and how they work. We hope you will join us for an enjoyable interactive evening! Call to reserve your spot as seats are limited 1-877-429-4690.

A new Foresight white paper released in 1Q 2016 featuring our research titled "Low Cost Investing: The Costly Approach" We meet people every day that are so focused on only investing in low cost mutual funds that they are missing the real reason they should be investing, and that is to earn a return net of the cost! Our white paper explains that having tunnel vision on only cost can really cost you a lot of return. Please see our website or email us and we will send you this interesting research publication.

FCMA Model Returns
Mar 31, 2016 YTD

Conservative Model	-1.69%
Moderate Model	-1.62%
Aggressive Model	-2.10%
Indexes:	
S&P 500 Index	+0.77%
MSCI EAFE Foreign	-3.74%
10Yr T-Bond Index	-0.49%

Future performance is not guaranteed; above returns are 2pt actual averages

Foresight's Outlook and Portfolio Strategies

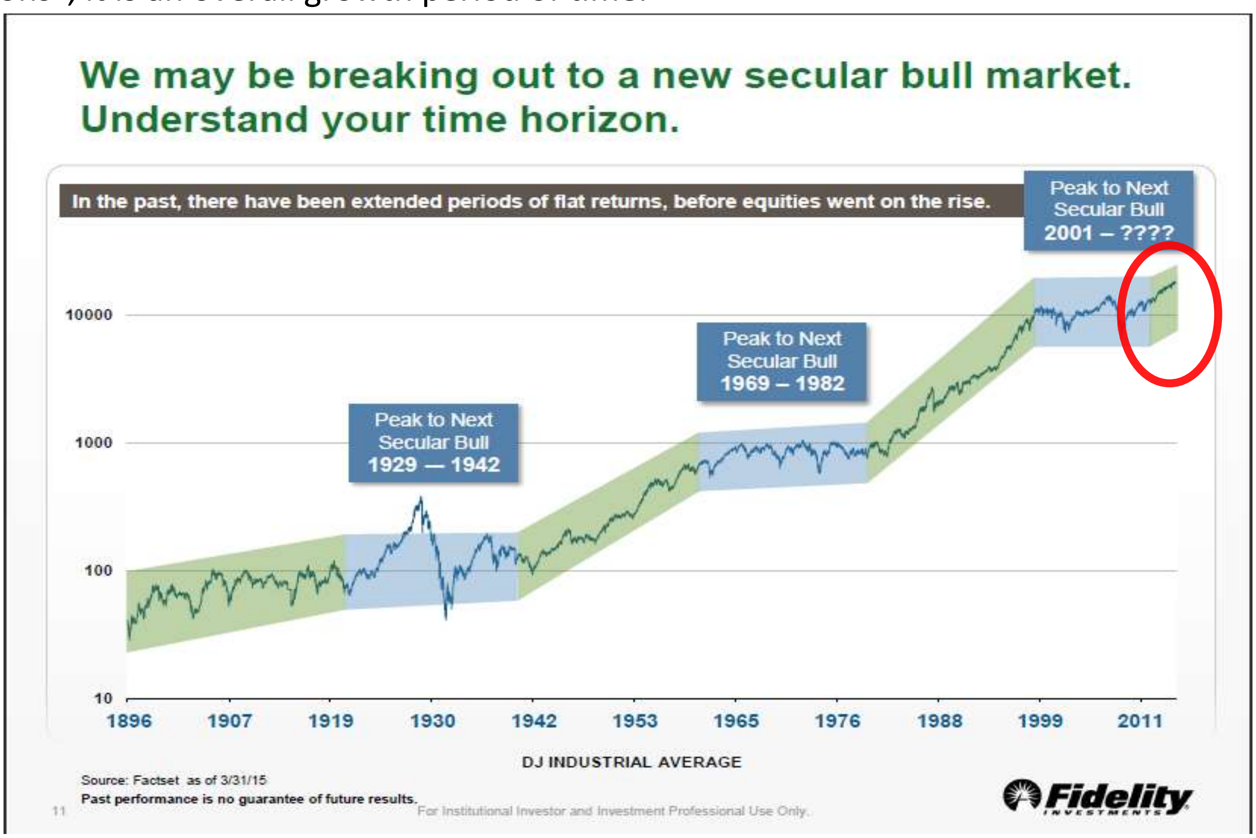
The 1Q 2016 was certainly an epic "V" shaped recovery. The "V" shape is because the market dropped as quick as it recovered. Corrections of this magnitude are normal in an aged bull market. Keep in mind a Correction is not a Recession. The 1Q correction and recovery has been one of the quickest in history and it is estimated there is about $1T still shorting the market. This means if the recovery is real the short postions will need to cover their positions and drive the market even higher.

Adam Shell, USA Today April 1, 2016, Epic collapes and recovery: Stocks' 1at quarter.

Corrections are normal when a bull market continues past the normal 6-8 year length of time. We are now in the 9th year of a bull market and it is expected to carry on at least a couple to three more years. During this time the market will experience yearly at least one correction negatively of -10% and recover. Every 3 years it will correct negatively -20% and recover (the last -20% was 2011). This volatility is normal and not to worry as long as we are not in a recession. The USA is not in a recession at this time. Recessions are prolonged periods of time, lasting an average of 15 months, when the GDP growth is stalmated or negative, unemployment is spiked, and inflation is high. Therefore it is important for you to re-access your risk tolerance level to be sure you can emotionally handle these correctionary periods of time. The negative of these markets are "opportunities" not panic times!

Currently the world has stabilizing commodity prices and material costs are rising. This is a good sign that the industrial growth is continuing. China has quieted and remains in a growth of 6% to 7% GDP. The US $ is weakening against world currencies which means our exports are cheaper, and therefore our global companies will do better and sell more than expected. Lastly, the US companies are reporting 1Q earnings stronger than expected with about 76% meeting or beating their estimates! Unemployment has decreased to 5% and expected to reduce lower near 4% before this bull market is complete. Additionally this year is a Presidential election year and oil has corrected -80% which both of these statistics also support a higher market. All of these factors are pointing to a decent 2016.

Lastly I want to leave you with a longer secular view of the market. Please note the chart below begins at 1896 and goes through to 2016. The green periods of time are segments of 20+ years and the blue segments are also 10-20 year periods of time. These are called "Secular Periods" because they are generational segments of time. The green are Secular Bull markets (market rises)and the blue are Secular Bear markets (market decreases). Note in the green Bull markets the line is not straight up but there are bumps or recessions within the larger Secular Bull market. The key is the green segment, although it has some "mild recessions", it is an overall growth period of time.



The point I want to leave you with is, the right side of the chart is showing, since 2013, it is believed we are moving into the next Secular Bull market period of 20+ years of time where the market will rise! If this plays out to be true then the next couple of recessions will likely be mild and short lived. We need to look at them as opportunities and not panic. It is very unlikely we will see another 2008 during our life times. I hope this leaves you with a bit of comfort and something to really think about. Have a very nice summertime!

Foresight has moved all our portfolios into a cautious lower risk allocation as a precaution for the "Go Away in May". We cut back again in healthcare and banking. We have added to utilities, preferred stock, mortgage backed securities, more telecom, precious metals, and more short bond positions. We believe these moves will bring the stability to the portfolios given the indecisiveness of the market at this time. For clients with stock portfolios we continue to have many stop-losses in place as a defensive measure to hold onto gains that have been earned in the stock holdings. Some of these have triggered during the 1Q of 2016. They did exactly what they were intended to do. We held onto the bulk of the gains and have cash freed up to buy low the next stocks we see value in. We expect the market to level out during the 2Q and could experience another correction, but then begin to climb back the remainder of the year. Please contact us if you have any concerns or questions about your portfolios.

Foresight Planning Ideas

***IRS Contribution Limits for 2016!* $18,000 deferral max and for 50+ $24,000 deferral, and IRA limits $5,500 and if age 50+ $6,500.**

Did you Know? If you have Roth 401(k) it is wise to roll these funds to a Roth IRA before you turn 70 ½ because if the Roth funds are left inside a 401(k) they must take RMD (required minimum distributions) just like the pre-tax funds which defeats the purpose of letting the Roth grow! However if you roll it over into a Roth IRA before 70 ½ then you do not need to take the RMD from the Roth IRA. This is a very important hint to remember!

Exit Planning Newsletter. Foresight recently launched this newsletter which features topics on business succession planning and retirement planning we can assist you with. If you would like to be added to this newsletter list or know someone who would be interested in receiving the information please contact us at consultant@fcmadvisors.net. Did you know about 75% of all businesses do not have a succession plan. Please contact us if you are interested in completing this important planning for your business. Foresight can now assist with transition planning for your business!

Did you Know?: You can take a distribution from your 401(k) or 403(b) prior to age 59 ½ without a 10% penalty; if you have separated from service no earlier than age 55. Funds must be in a 401(k) or 403(b) and cannot be in an IRA. Additionally, if you retire and wish to begin normal distributions prior to 59 ½ then a 72-T calculation can be done to allow funds to be removed from your IRA without a 10% penalty as long as you have separated from service.

Happy 80th Birthday Social Security Plus Happy 50th Birthday for Medicare! Although these two programs have their issues and privatization may be considered according to AARP, no politician, as FDR predicted is in no position to take them away. If you would like Foresight assistance on determining when it is best to begin taking your Social Security please contact us.

New Health Savings Accounts-HSAs with Foresight at Schwab: . Foresight now offers HSA accounts at Schwab for your Company or Individual HSA savings. An HSA with Foresight will allow you to choose the same 3 Model portfolios of risk either Conservative, Moderate, or Aggressive. If you have a High Deductible Health Plan then you can consider opening a HSA = Health Savings Account with Foresight. The HSA will allow you to save in 2016 up to $3,350 for single and $6,750 for a family; if +55 then $4,350 for single and $7,750 for a family. The HSA savings are not subject to Federal Tax and will grow, much like a Roth IRA, with no tax due if used for all qualifying health expenses, note cannot be used to pay health insurance premiums. If you are interested in more information on this strategic investment idea for your healthcare savings please contact us. 2016 HDHP=minimum deductible for single $1,300 and family $2,600 and out of pocket maximum for single $6,550 and family is $13,100.

Roth IRA Ideas if interested in additional savings ideas consider opening a Non-deductible IRA. This will allow you to save the maximum in your 401(k) and also save an additional $5.5k in a Non-deductible IRA, and $6.5k if age 50+. Then convert the Non-deductible IRA to a Roth IRA! It is a way to obtain a backdoor Roth IRA funding even if you are not able to save directly into a Roth IRA.

Elder Care: Contact us if you are in need of assistance with obtaining Veteran Benefits in the Greater Detroit area or Elder care.

Auto-Enrollment and Auto-Increment Options for Retirement Plans: Please consider adding both or one of these important options to your company's retirement plan. They allow every employee who is eligible to be automatically enrolled at the beginning of the year, and if Auto-increment is added the company can increase the savings of each employee by 1% each year. The employee has the ability to opt out of the "Auto", but history has shown few do. Therefore the company has accomplished something good for the employee by automatically setting up savings for their retirement! Please contact us if you are interested in pursuing these features. They are very inexpensive to amend and add to your current company plan. We recommend adding them when you renew and update your plan document which needs to be done by 2016.

Target Date Funds-The Next Retirement Dilemma: Foresight completed a white paper on Target Date Funds-The Next Retirement Dilemma. This is now published on a national website at fi360.com. It contains research related to TDFs and is quite eye-opening how they are missing the Target! Please email us at consultant@fcmadvisors.net if you would like a copy to read.

Feeonlynetwork.com: Foresight is now a published advisor on-line at www.feeonlynetwork.com. This is a website to locate fee-only advisors in your communities. Check it out and see a video from the AIF® national conference when Laurie was interviewed about our investment processes at Foresight!

Foresight's New WebPortal Reporting: Are you getting your quarterly reporting from us? If not please let us know so we can help you access it online through our web portal or send you a copy in the mail. We want our communication to be timely and beneficial to you. If you have any access issues please call or email us at 1-877-429-4690 or mgallagher@fcmadvisors.net. Soon we will be sending you a survey to get feedback on the use of the WebPortal.

On-line Access each year we encourage everyone to test your on-line access to your account(s) at the custodian or third party administrator for your plan. Please visit **Journeyrps.com** or **Noblepension.com** if a retirement participant. For individual clients at TD Ameritrade access **Advisorclient.com** for Schwab Institutional Clients access **Schwaballiance.com.** If you have any difficulty accessing your account, please email or contact us

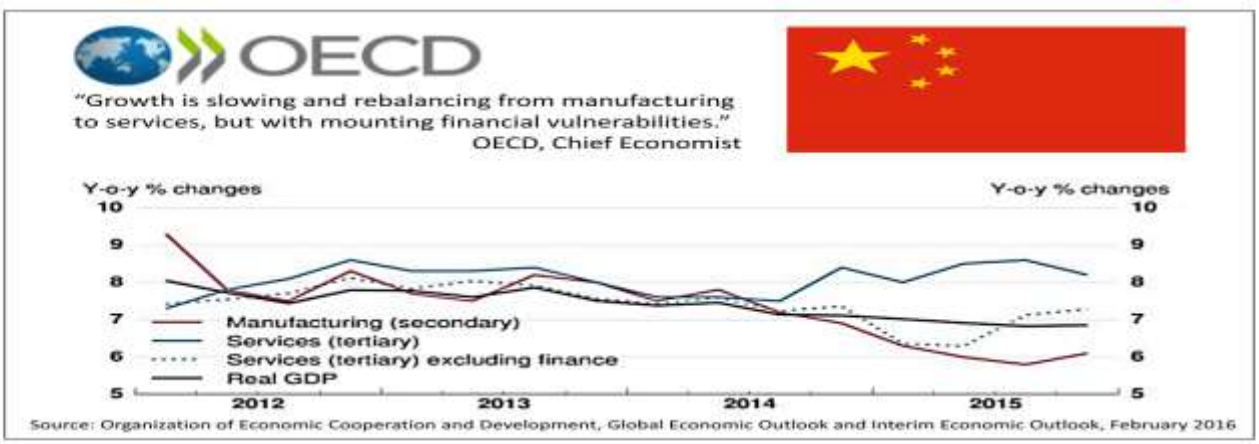
Quarterly Market Summary

1Q 2016

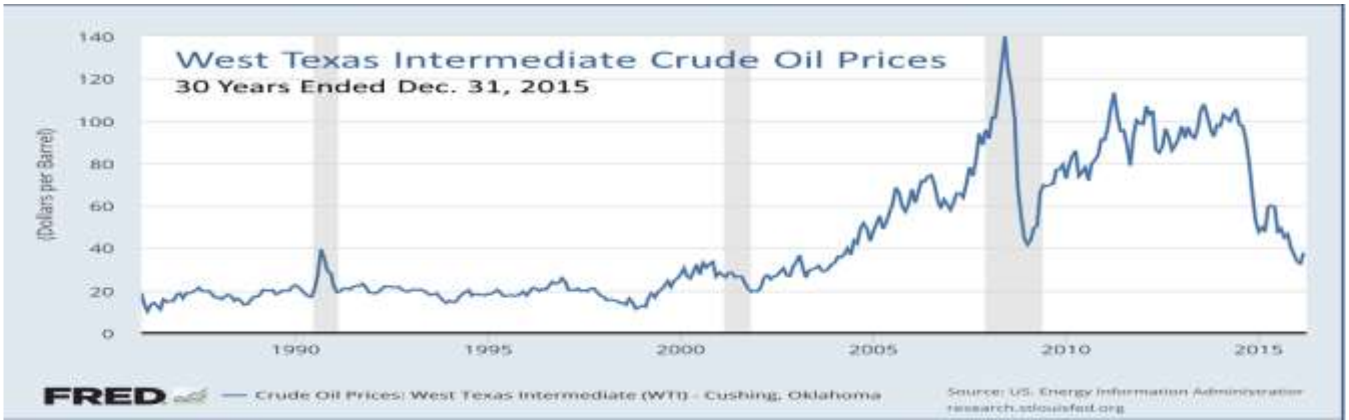
Fears of a global slowdown and new lows in crude oil prices triggered an 11% selloff in stocks during the first six weeks of 2016.

However, a stream of data showing that the six-year U.S. economic expansion was still intact put the bulls back in control during the last six weeks of the quarter.

It was a see-saw ride, but by the end of the three-month period, the Standard & Poor's 500 stock index eked out a total return of 1.4%.



When January began, evidence had been mounting for months of weakening in the Chinese economy.
This set off widespread fears that a slowdown in the world's second-largest economic engine would drag down growth of the global economy.



Meanwhile, in January, oil prices plunged to lows not seen in more than a decade.
Investors became so spooked at the prospect of a global slowdown that they focused on the negative effect that lower oil and commodities prices would have on nations whose wealth is tied to exporting commodities.

The positive effect of lower oil prices on the consumer-driven U.S. economy was totally ignored.

Stock prices were more vulnerable to emotional swings because investors had bid prices up.

In an amazing three-year bull run, the price-to-earnings multiple expanded from deeply *under*valued, at 12, to somewhat *over*valued, at 18.2.

The higher valuation helped fuel the bull market, but it also made share prices more susceptible to emotional price drops.

The turning point in the quarter came in mid-February.

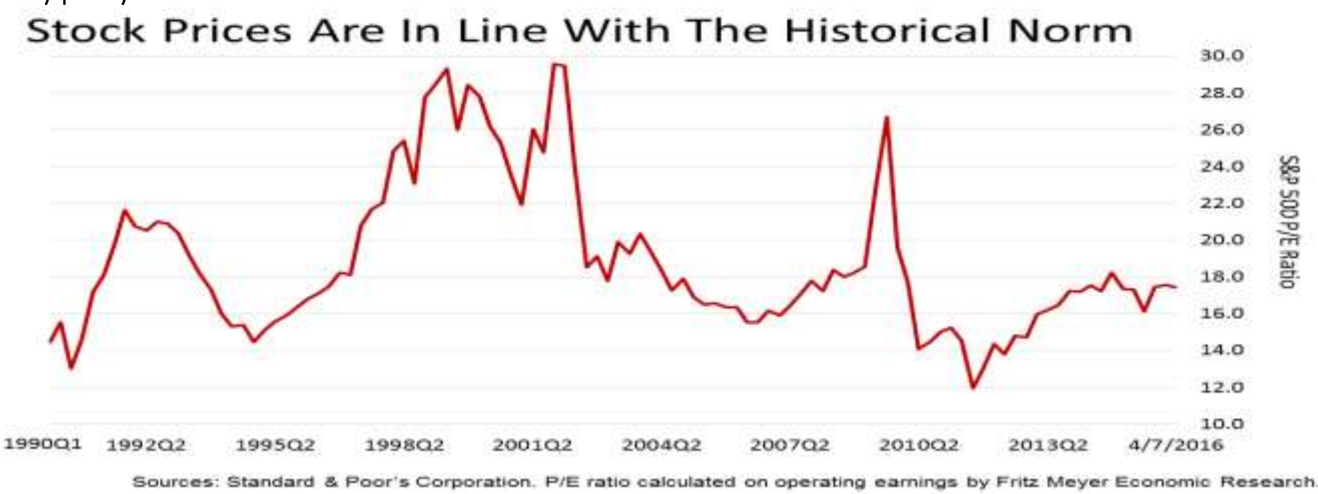
A string of positive economic news and corporate earnings announcements confirmed that the U.S. economic expansion that began in 2009 — one of the longest expansions of the past century — was still very much intact.

And just like that, stocks recovered from the worst start to a new year in Wall Street history and the S&P 500 returned 1.4%, with dividends included.

Personal income and spending were strong, and so were retail sales.

The index of leading economic indicators (LEIs) haltingly advanced, while jobs openings hovered near an all-time high.

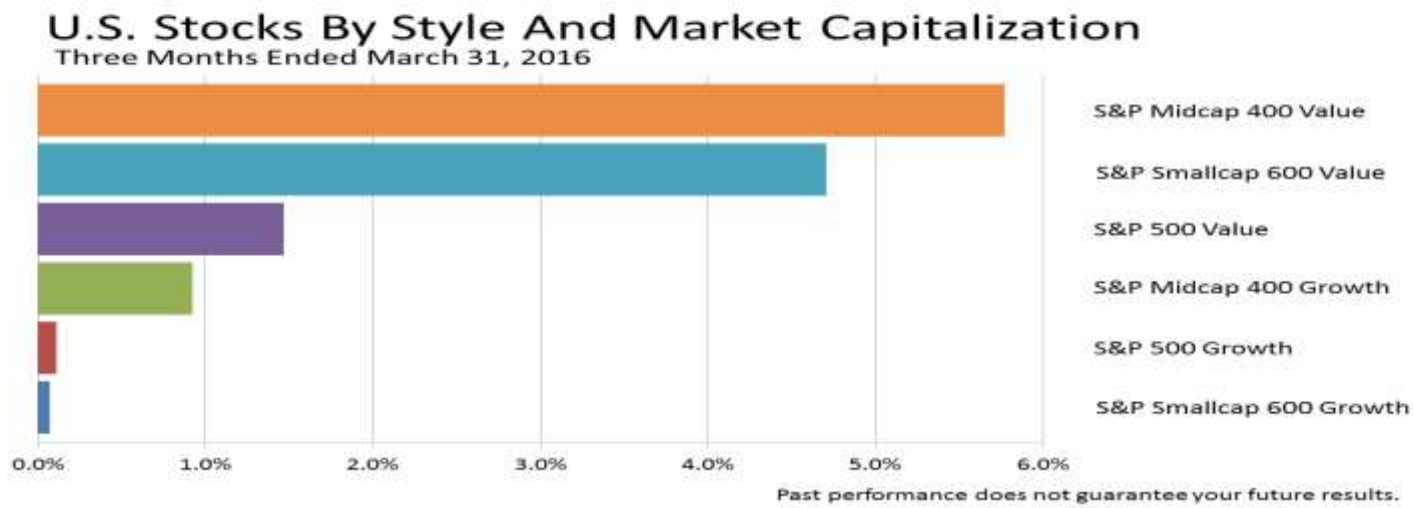
The unemployment rate fell to 5% and the Fed clearly and repeatedly said it intended to maintain an accommodative monetary policy.



As the second quarter got underway in April, the price of stocks in America's blue-chip companies was neither expensive nor cheap.

Trading at a price-to-earnings multiple of 17.4, stocks in the Standard & Poor's 500 index were priced in line with the historical norm.

The index closed the quarter not too far off from all-time highs reached in mid-2015.



Last quarter, we mentioned that growth stocks had dramatically outperformed value-style stocks, not just for the quarter but for all of 2015, and we warned that the pendulum can swing from one extreme to another.

That is precisely what happened in the first quarter of 2016.

Value stocks beat growth within each of the market capitalization bands.

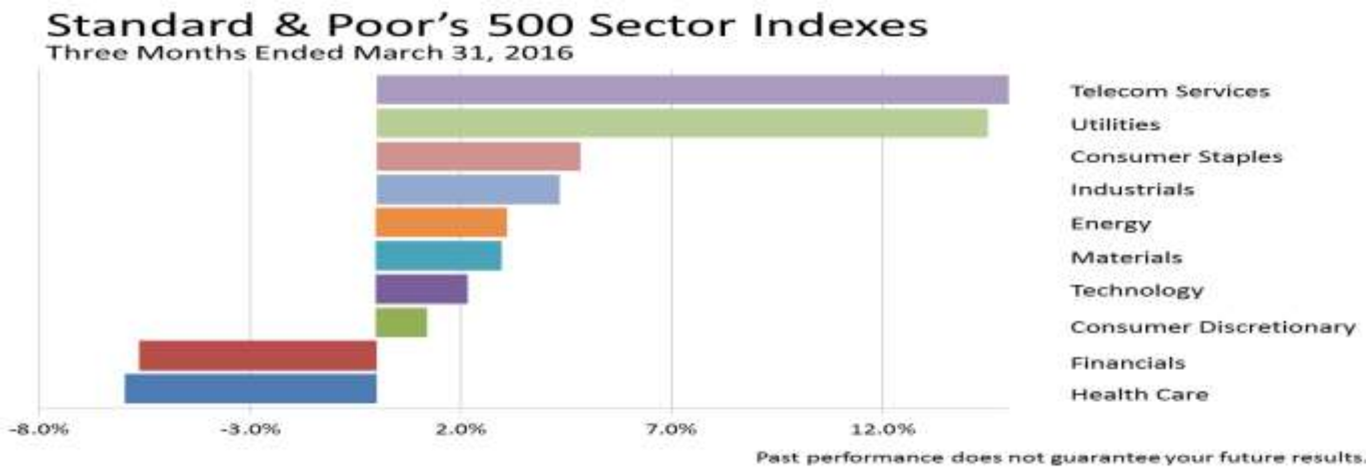
It was a total reversal from investor preferences in 2015.

Small- and mid-cap value stocks trounced the gains on the four other styles and market-cap categories.

While fast-growing companies were preferred by investors just a quarter earlier and throughout 2015, investors moved in the exact opposite direction in the first quarter of 2016.

Investors are fickle and their preferences almost seem whimsical at times.

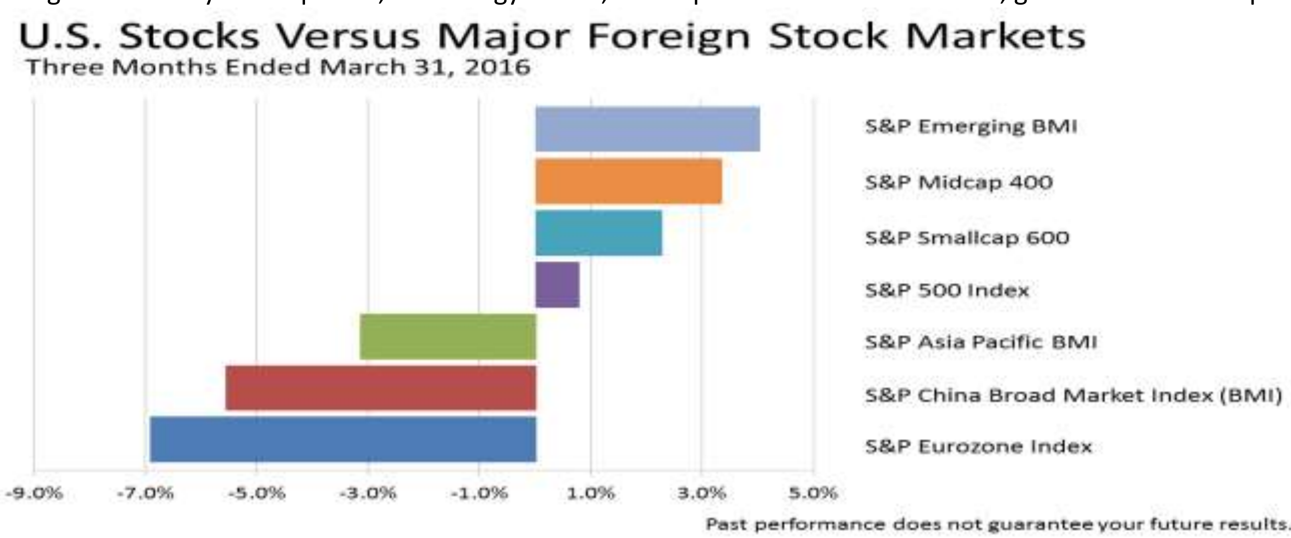
That's why strategic asset allocation makes so much sense, especially to a long-term investor focused on creating an income stream whose goal is to outlive you.



In the first quarter, which ended March 31, 2016, the three sectors in the S&P 500 commonly considered to be the most defensive outperformed.

Telecom services and utilities shares respectively gained 15.1% and 14.5%, while the consumer staples sector gained 4.8%.

Illustrating the volatility of the period, the energy sector, which posted a 24% loss in 2015, gained 3.1% in the quarter.

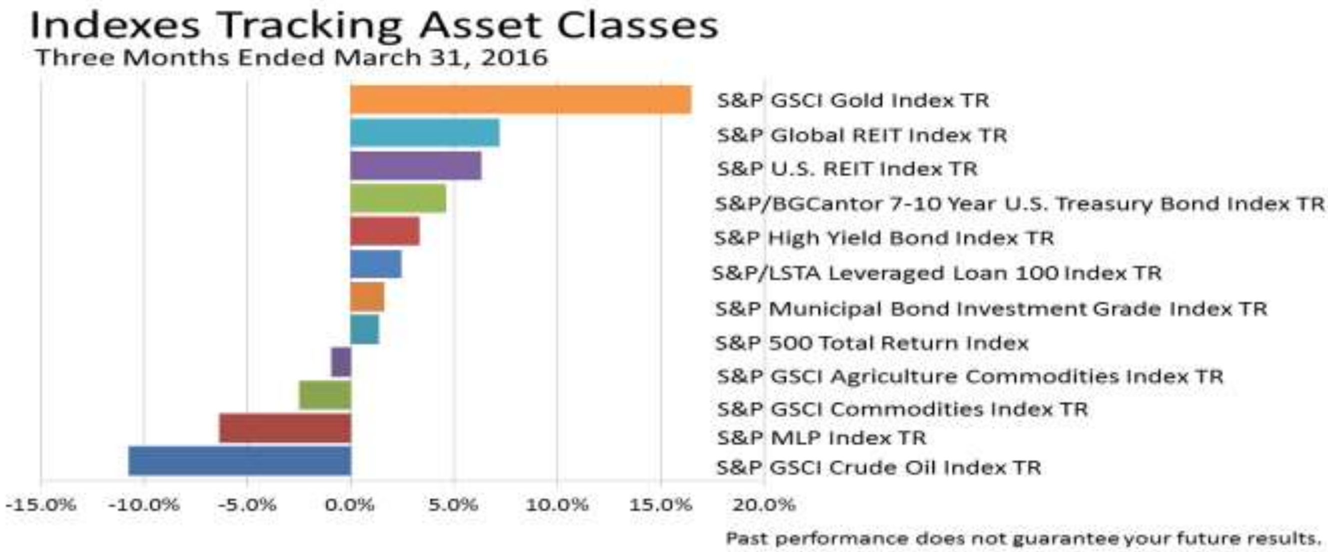


Comparing the U.S. stock market to major foreign indexes, emerging markets came out on top with a 4% gain for the first quarter of 2016.

It marked a total turnaround from the fourth quarter of 2015, when emerging market stocks were last among this group.

Conversely, the Eurozone stock index went from first place during 2015 to last place in the first quarter of this year.

U.S. indexes, small-, mid-, and large-cap, generally outperformed rest-of-world in the first quarter.

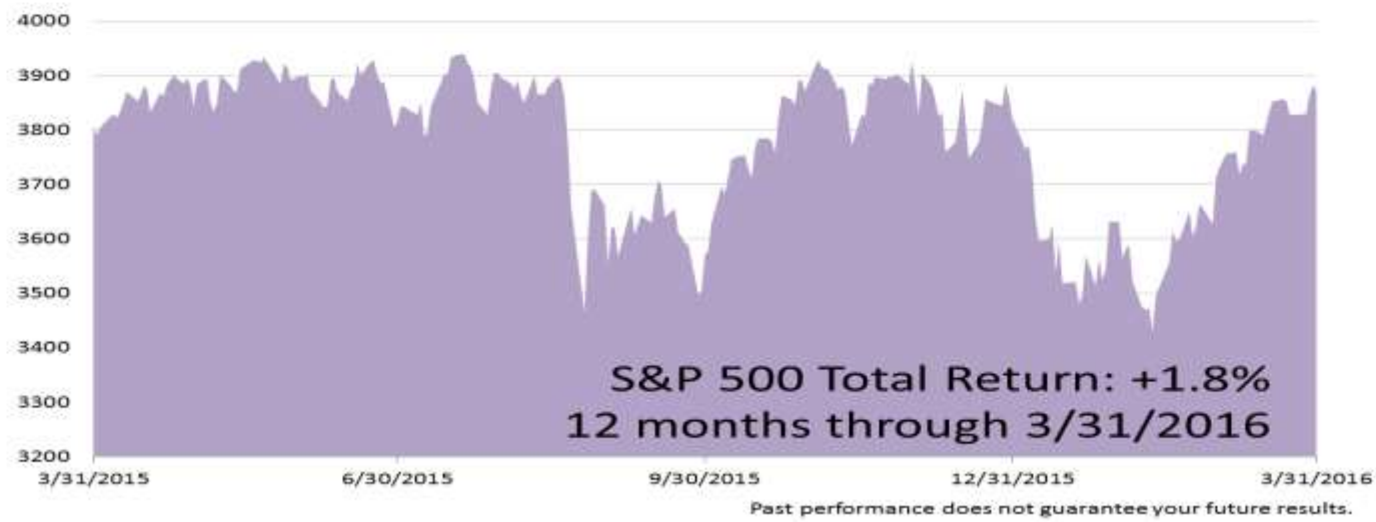


Looking across a wide range of 12 asset classes, the laggards were crude oil, master limited partnerships, and commodities.

This was a continuation of the losses they experienced in 2015.

Gold, on the other hand, surged 17%, which represented a significant reversal of its multi-year decline.

Real estate investment trusts, having been one of the few asset classes to have posted positive returns in 2015, posted gains once again in the first quarter.



Stocks have gone approximately sideways for the past 12 months.
Including dividends, the S&P 500 returned 1.8%.
Despite U.S. economic data remaining positive for the entire period two stunning double-digit plunges rattled investors.
It was an abrupt change from the five previous five years of rising stock prices amid low volatility.

The first big dip came after China devalued its currency slightly on August 11, 2015.

This signal of weakness from the world's second-largest economy combined with heightened worries over weakening commodities.

Fears of a global slowdown triggered a "flash crash" on the morning of August 24, 2015, when the Dow Jones Industrial Average plunged 1,000 points in the first six minutes of trading.

Stocks rallied into the Federal Reserve's September 17 meeting, when it was widely believed the Federal Reserve would raise its target rate for the first time in seven years.

The Fed's postponement of that long-anticipated rate hike set off another stock market selloff that ran through the end of the third quarter of 2015.

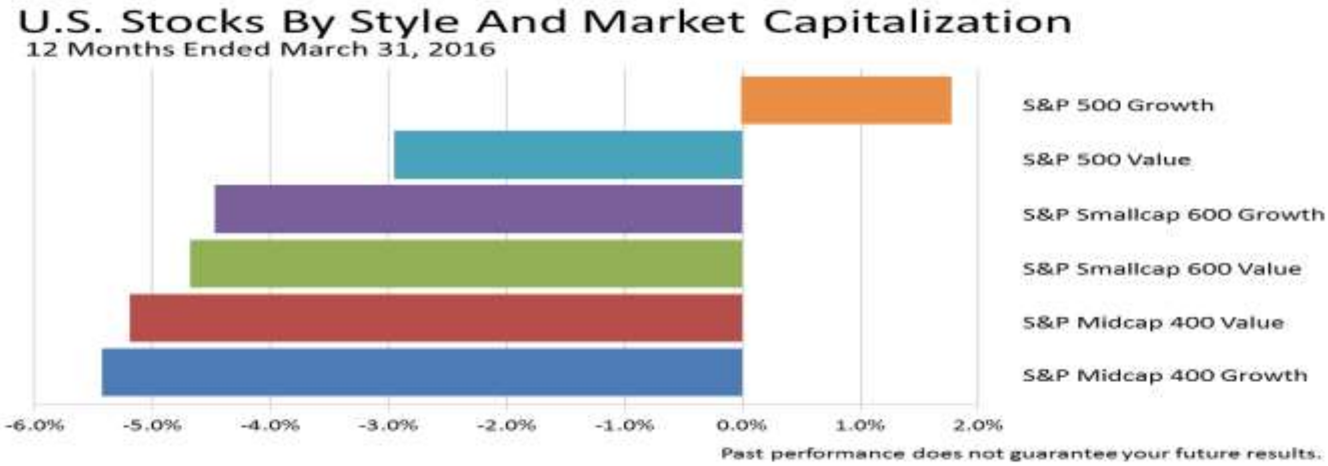
The fourth quarter brought a steady stream of positive economic data.

Data showing new job formation in October and November had helped the stock market right itself from the late-summer correction.

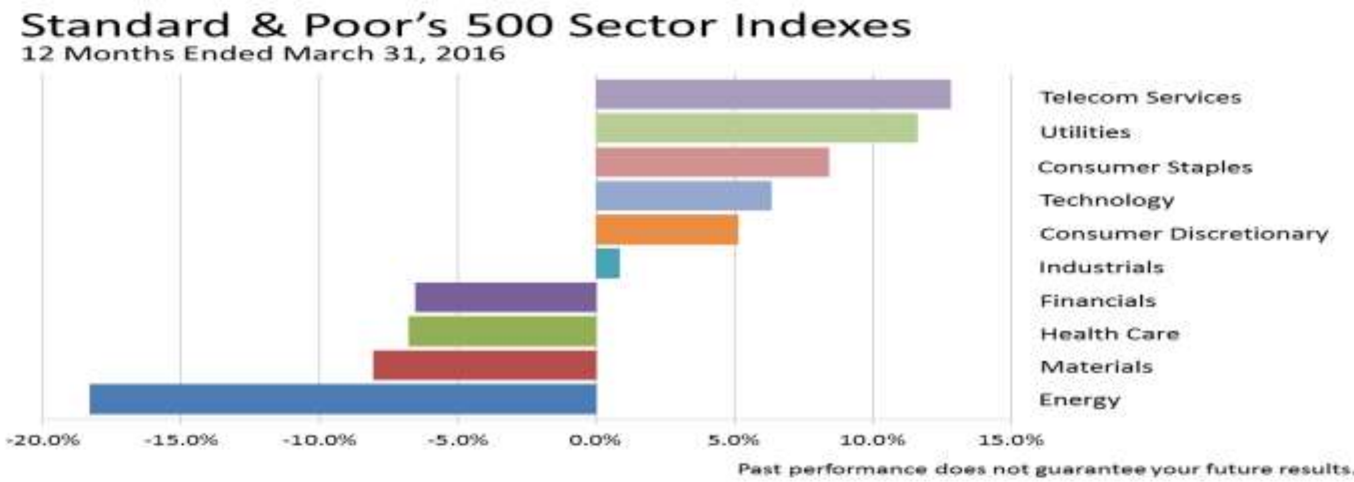
Then came another stock price plunge, again on news about China's weakening economy and new lows in crude oil prices.

Those fears abated by the end of the first quarter of 2016, however.

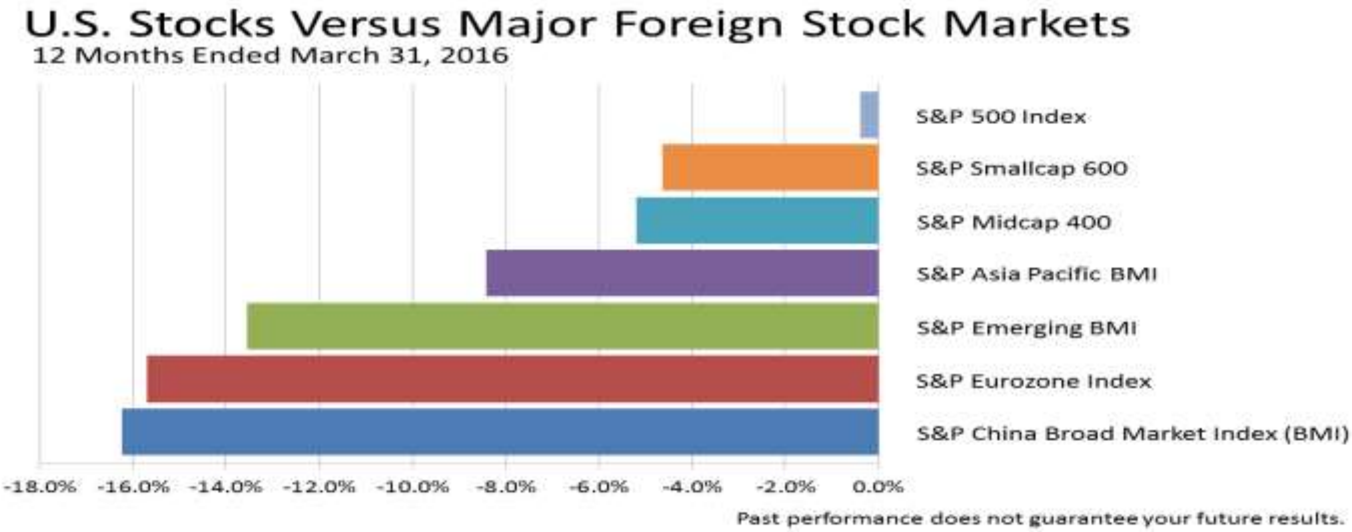
Global economic data firmed up, and U.S. economic data continued to come in strong, led by a string of healthy monthly new-jobs reports and a rising index of leading economic indicators.



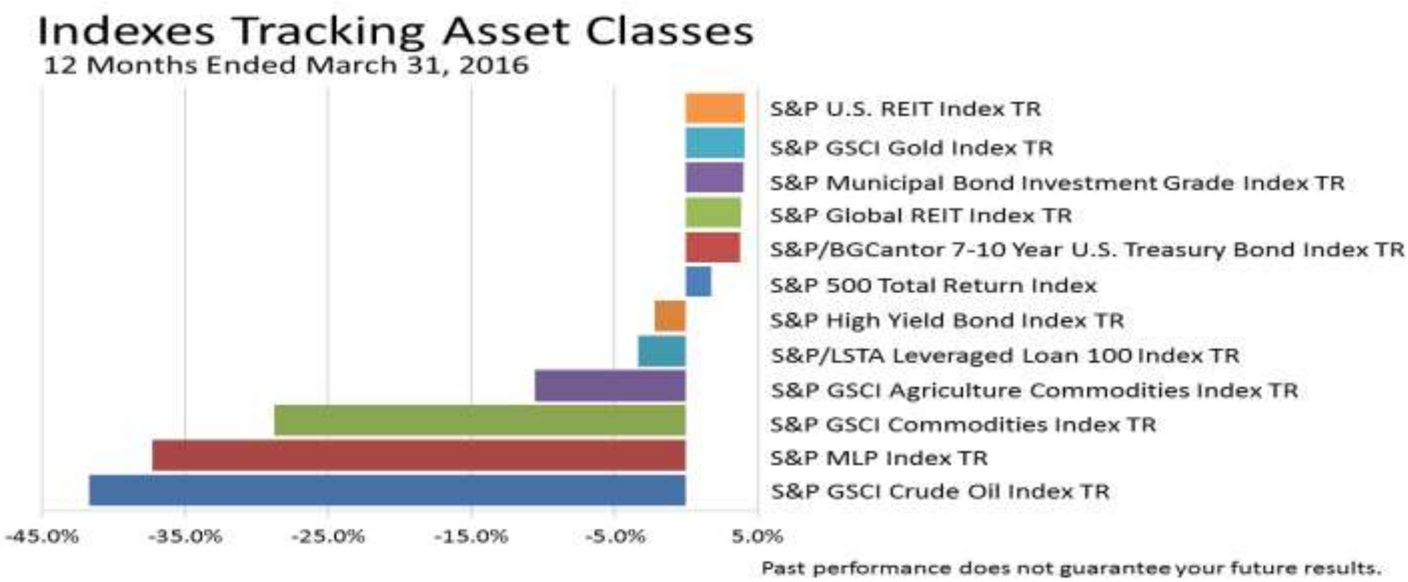
The 12 months ended March 31, 2016, show just how weak U.S. stocks were during the period.
If you break the U.S. stock universe into six categories by style, only one of the six styles did not sustain a loss.
Large growth companies managed a 1.8% total return.



For the 12 months ended March 31, 2016, the three S&P 500 sectors usually considered to be the most defensive – telecom, utilities, and consumer staples – were the leaders as the broad market went sideways.
This came as a big surprise to most Wall Street strategists.
According to research from independent economist Fritz Meyer, these three sectors have been among the most "panned" in both 2015 and 2016.
Wall Street so-called experts are often totally wrong in their tactical asset allocation advice.



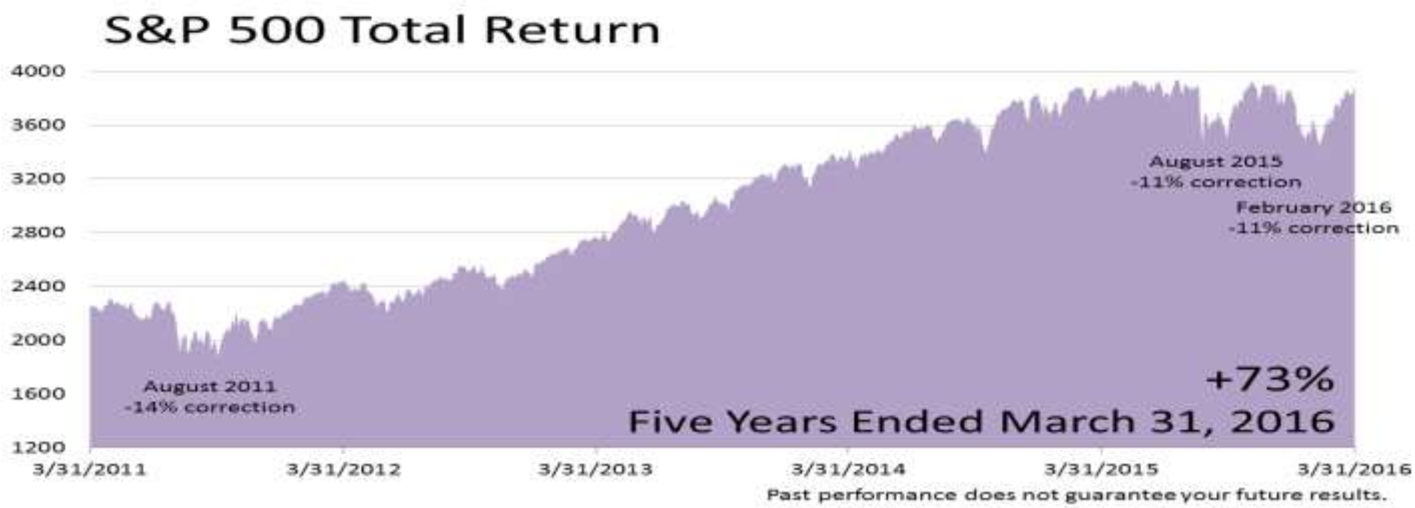
For the 12 months ended March 31, 2016, U.S. stocks outperformed the four major regional equity markets across the globe.
Foreign stocks have been much more susceptible to news of slower growth in the Chinese economy than has the U.S. stock market.
China's tiny stock market lost 16.2% of its value, and much larger Eurozone stock markets fell almost as much.
Stocks in emerging economies and Asia lost 13.5% and 8.4%, respectively.



This chart shows why broad diversification is important.
Can you imagine how an investor in stocks tied to oil and commodities was feeling seeing the heavy losses deepen in this 12-month period?

The crude oil index shown lost 41%. Master limited partnerships, which are tied to the fortunes of energy companies, lost 37.2%% and the commodities index we track quarterly lost 28.7%.

While the 1.8% total return in this 12-month period may seem paltry, and the returns of about 4% on indexes tracking real estate investment trusts, gold, and bonds may not look very spectacular, a prudently managed portfolio, diversified broadly among these 12 asset classes, would not have been crushed.



In 2015 and the first quarter of 2016, the stock market leveled out following the extraordinary recovery run and tripling in value from the March 2009 bear-market bottom seven years ago.

In 2015 and 2016-to-date the stock market experienced two long-anticipated “10% corrections” following four years of unusually low downside market volatility.

Over the last five years, including reinvestment of dividends, the Standard & Poor’s 500 total return index has returned 73%.

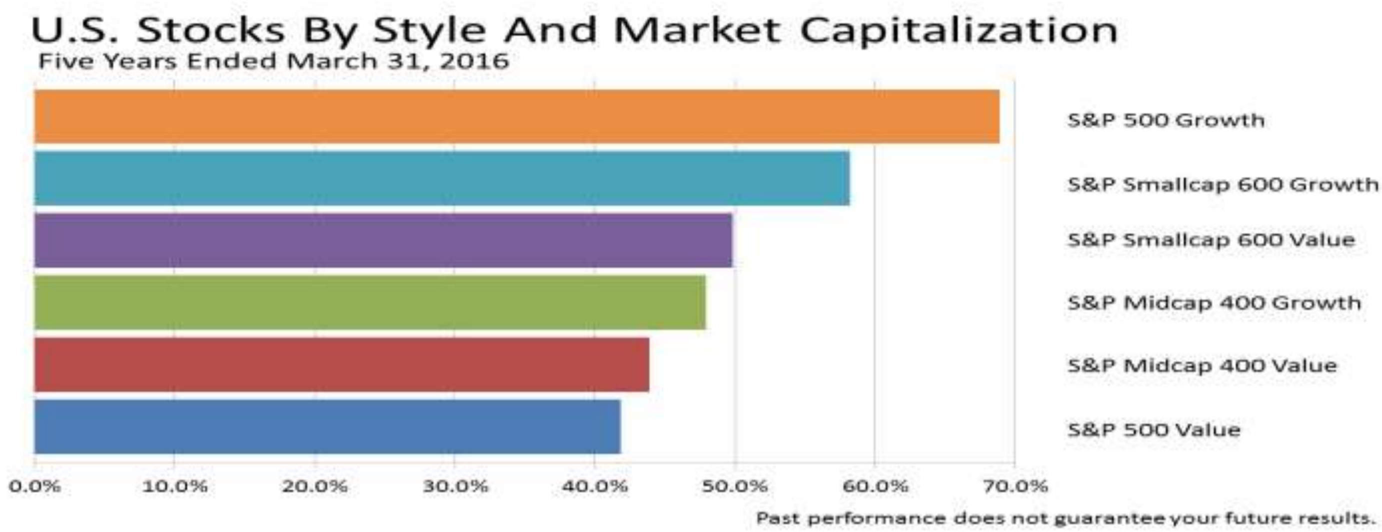
Without dividends, in the same period, the S&P 500 gained 55% — 18 percentage points less.

Since 1900, only three of 23 bull markets have lasted six years or longer.

The likelihood of a bear market — a pullback of at least 20% — increases as the bull market grows older.

But fundamental economic conditions that have accompanied bear markets in the past were not present as of the end of 2015.

Restrictive Fed policy, the likelihood of slowing economic growth, stock market overvaluation, and irrational exuberance — traditional important precursors of a serious market downturn — were not yet evident as the second quarter got under way in April 2016.

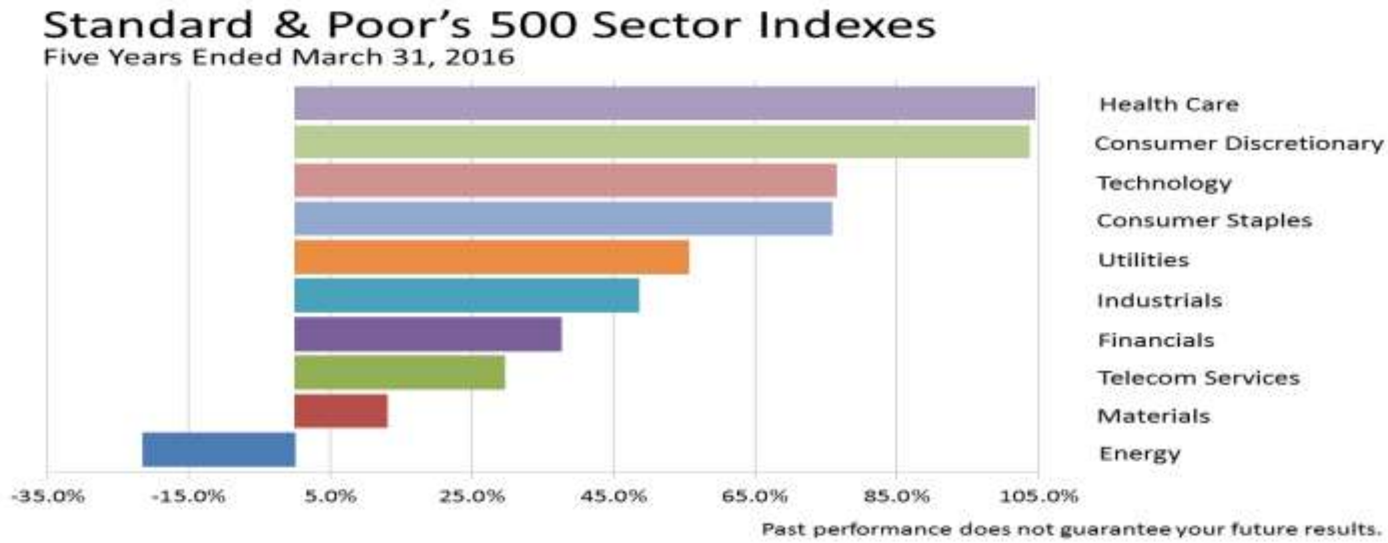


For the five years ended March 31, 2016, what particularly stands out is how large-cap growth stocks in the S&P 500 growth index returned 69%, compared to a 42% gain in large-cap value stocks.

From time to time, investors prefer large-caps over small companies or growth over value.

Rebalancing a portfolio periodically prevents a portfolio from becoming too heavily skewed toward a hot asset class or style growing faster than others.

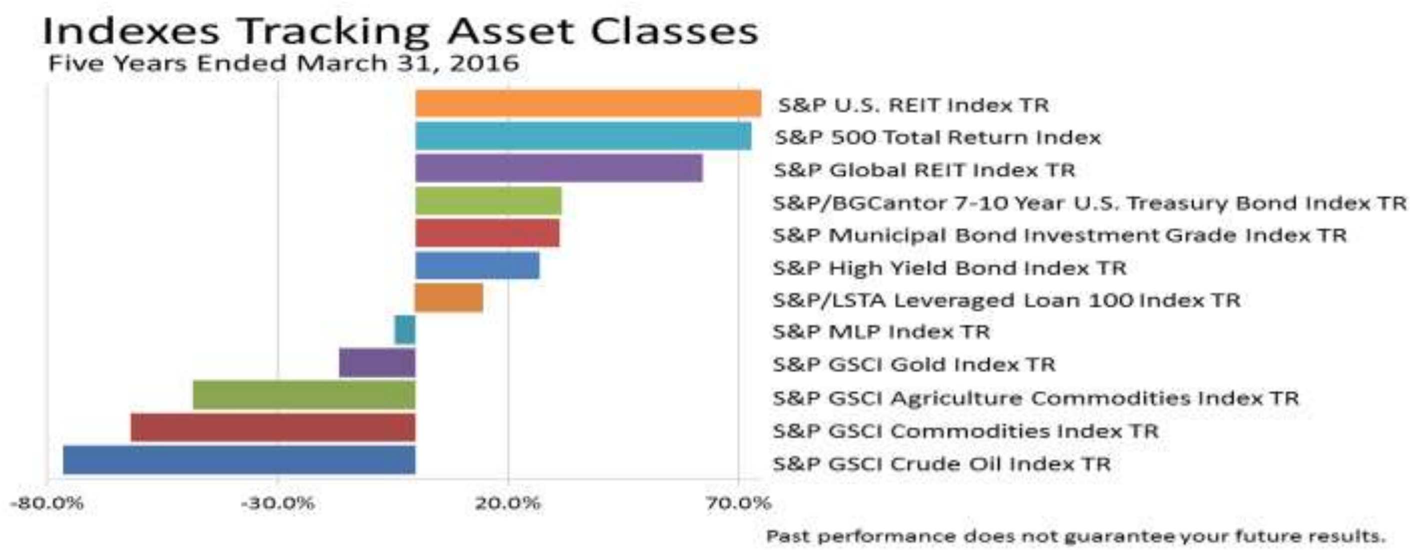
That’s because investors are fickle and their preferences for certain styles often abruptly change.



For the five years ended March 31, 2016, the three best performing sectors – health care, consumer discretionary, and technology – consist predominately of growth stocks.

Conversely, the lagging sectors – energy, materials, and telecom services – consist mainly of value stocks.

The energy and material sectors were slammed by the collapse in the price of crude oil and other commodities.



Look at the wide disparity in returns between the best and worst asset classes.

U.S. real estate investment trusts and large U.S companies gained more than 70% in the five years ended March 31, 2016.

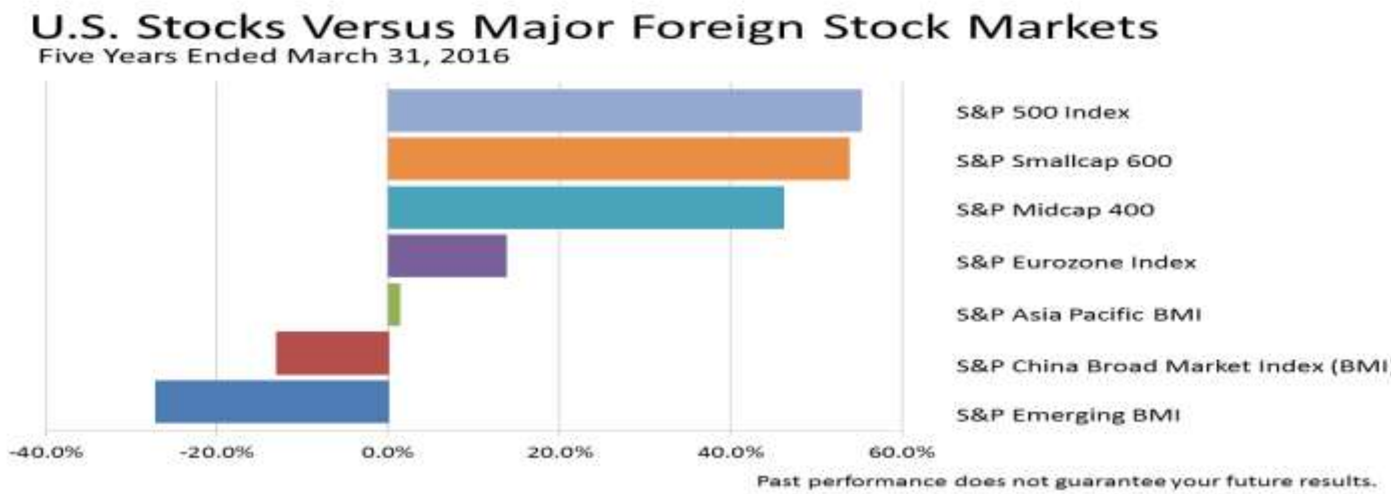
Meanwhile, during this same period, the Goldman Sachs index tracking West Texas Intermediate crude oil prices, plunged 76%.

An investor who bet on oil stocks and rising commodities prices sustained heavy losses that will take years to recover from.

For an investor who is trying to build a secure retirement income, making big bets risks too much.

No one can reliably predict the next move in asset class prices, which is why diversifying across a broad spectrum of asset classes, along with periodic rebalancing, is so important.

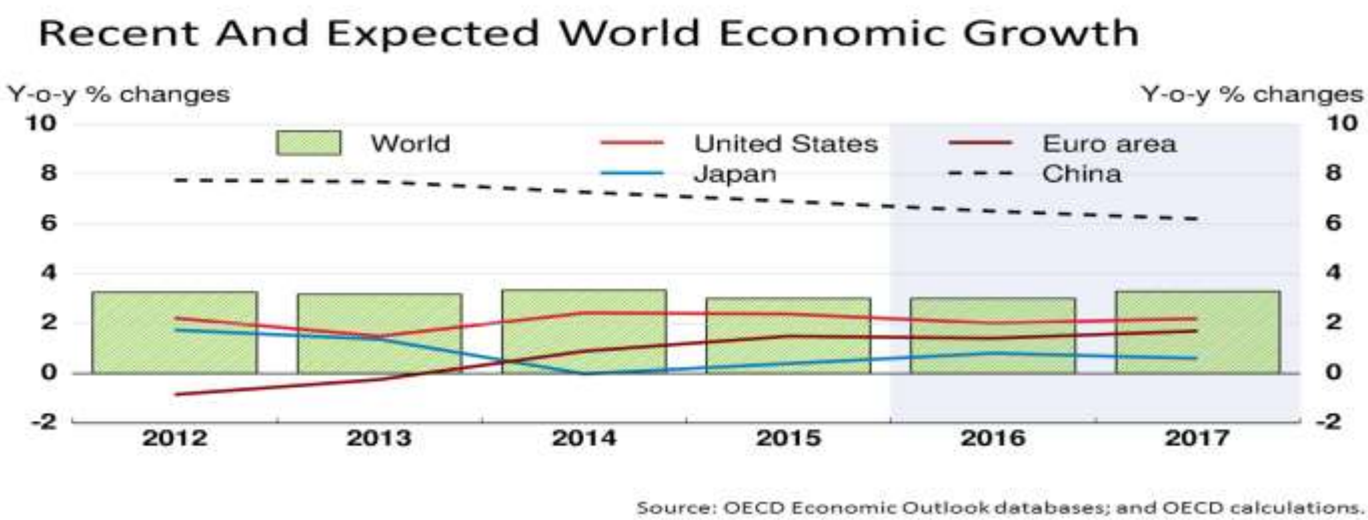
There is nothing magical or complicated about it. It's investment math.



For the five years ended March 31, 2016, U.S. stock indexes – small-, mid-, and large-cap – outperformed indexes for these four major regional bourses across the globe.

While the largest publicly held U.S. companies represented by the S&P 500 gained 55.4% in price, S&P's European stock index lagged with 13.7% price appreciation over the same five-year period.

Of course, this does not mean the same thing will happen over the next five years.



European society, culture, institutions, and economies are adjusting to the European Union.
Growth is slowly returning to the Eurozone.

OECD's Grim Message, February 2016

Stronger global growth remains elusive

- Weak trade, investment, and commodity prices
- Disappointing incoming data on demand conditions
- Low inflation and poor wage growth

Financial instability risks are substantial

- Steep declines in global equity markets
- Volatile capital flows and high debt exposures in EMEs

Collective policy action is urgent

- Maintain accommodative monetary policy
- Focus supportive fiscal policies on investment-led spending
- Revive pace of productivity- and growth-enhancing structural reforms

Source: OECD Interim Economic Outlook, February 2016

In February, the Organization of Economic Cooperation and Development's chief economist, Catherine Mann, urged European leaders to act urgently to adopt growth-enhancing reforms.

Mann projected global GDP growth in 2016 would be no higher than in 2015 and revised her global growth forecast downward.

She expected the Euro area will grow at a rate of just 1.4% rate in 2016 and 1.7% in 2017.

While growth in Europe is anemic, it is nonetheless growth.

Europe's recovery from the credit bubble of 2008 has lagged the U.S but it is slowly recovering.

Growth prospects on the U.S. remain quite good.

For months, U.S. economic data releases have all been positive, and this chart from the Institute of Supply Management's Manufacturing Purchasing Managers Index in March was another good sign.

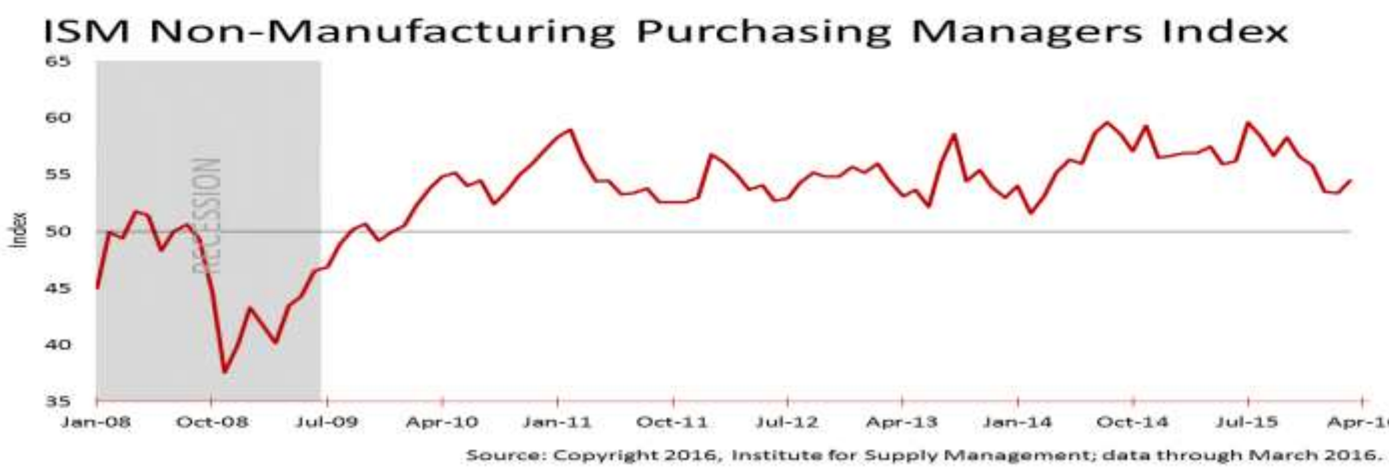
This index historically has slumped to under 50% as the economy slides into recession, the areas shaded in gray.

A reading above 50% indicates that the manufacturing economy is generally expanding, A reading below 50% indicates that the economy is contracting.

ISI reported on April 1 that the index in March was at 51.8%.

New orders, which is a sub-component of the index, took a big jump from 51.5% in February to 58.3% in March.

New orders is a forward-looking component of ISM Manufacturing's PMI index, and it is a good sign of growing manufacturing activity to be done in the weeks immediately ahead.



While the ISM's manufacturing index gets more coverage in the press, the ISM's index of <u>non</u>-manufacturing purchasing managers is actually much more important in judging the strength of the U.S. economy.

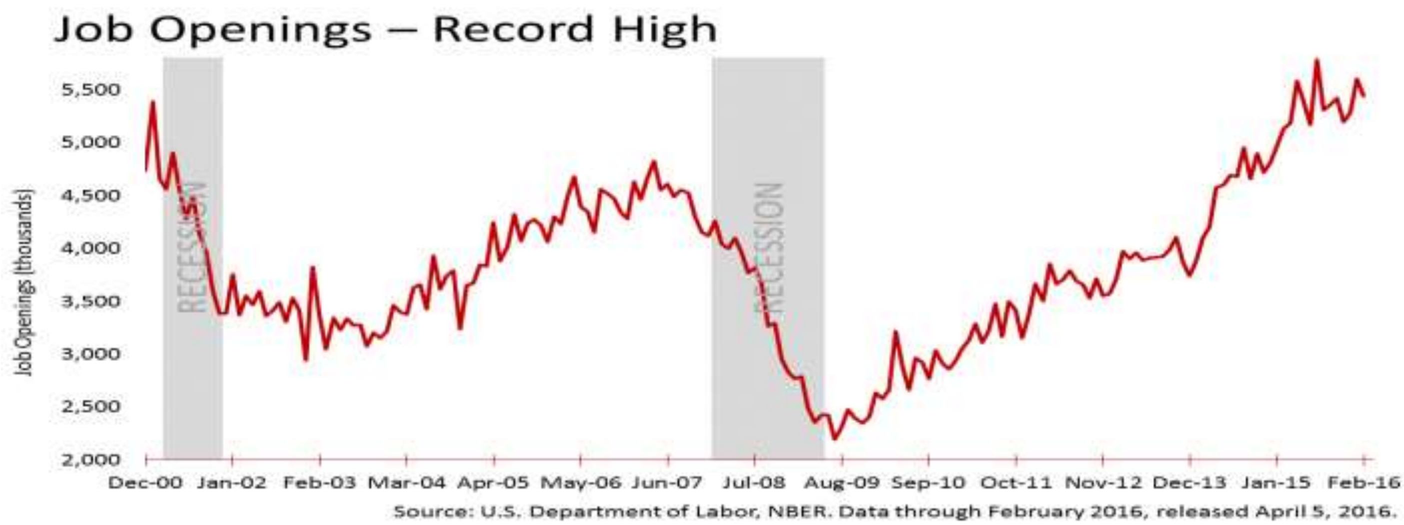
Manufacturing accounts for only about 10% of jobs in the U.S. economy, according to U.S. government statistics, while non-manufacturing jobs account for the other 90%.

While this index has only limited history, it's calculated the same way as the manufacturing index from ISM.

The non-manufacturing PMI is expected to substantially slump to less than 50% before the onset of a recession.

The March non-manufacturing PMI, at 54.5%, was a point higher than a month earlier, and that reading is quite strong.

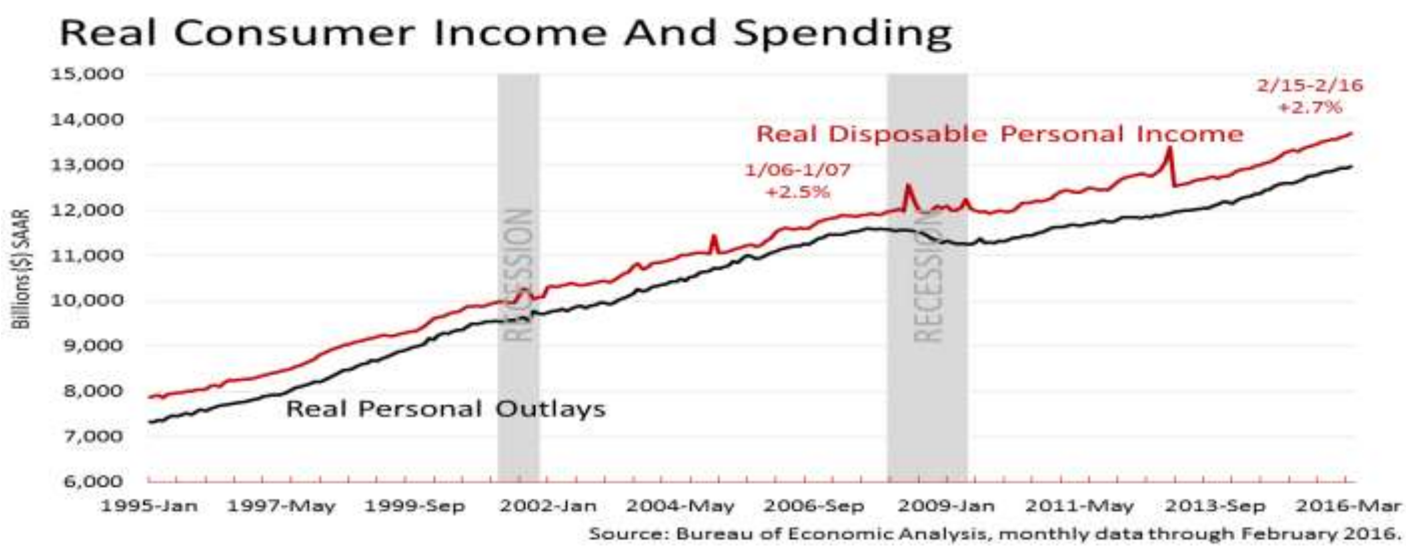
As with the manufacturing PMI index, new orders reported for the non-manufacturing sector of the economy in March were up, and that is a good sign for the weeks immediately ahead.



The number of positions waiting to be filled fell to 5.45 million in March from 5.6 million February, according to the Labor Department in early April 2016.

U.S. employers were taking on more workers, further evidence of a firming U.S. labor market.

With job openings in February remaining near a record-high, it's hard to argue that the economy is in trouble.



Meanwhile, real disposable personal income and spending have been growing at a healthy clip.

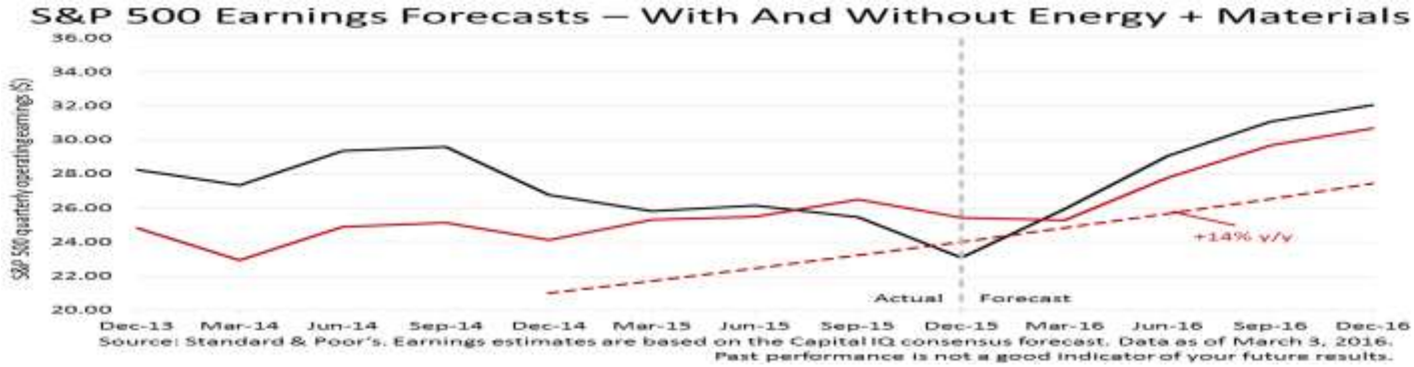
In fact, real DPI is growing faster than during the boom before to the last recession in began in January 2008.

How many times have you heard pundits and politicians tell us that Americans' income has been stagnant for many years, and that average American is going backwards?

The data belie these claims.

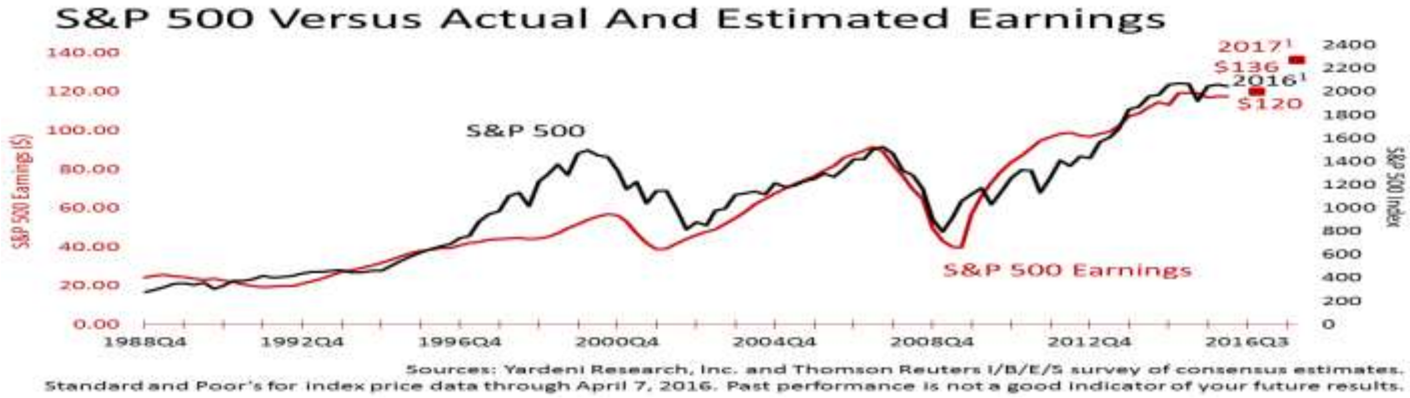
Real purchasing power has been growing steadily.

In fact, the average American's disposable income after inflation is growing faster than in the credit-financed boom before the 2008 recession.



According to Standard & Poor's forecasts, earnings at the nation's largest publicly-held companies will grow 14% through the end of 2016.

Even if this is overly optimistic, a growth rate half of that would be good news for investors in stocks.



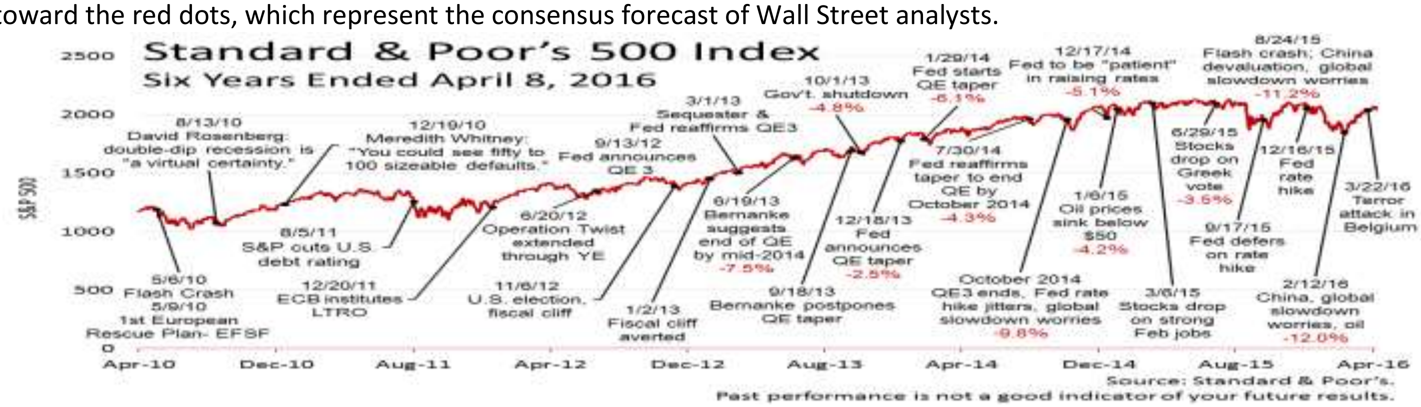
What matters most, however, to a long-term investor is corporate profits.

Earnings ultimately is what drives stock prices.

In this chart, stock prices, the black line, are determined by the red line, corporate earnings.

Plotted in the upper right corner in the two red dots are the latest consensus 2016 and 2017 earnings forecasts by Wall Street analysts.

Barring some unexpected bad news – and bad news is bound to happen now and then – the black line will be pulled toward the red dots, which represent the consensus forecast of Wall Street analysts.



Despite the stream of positive economic news, continued volatility should be expected.