

EVERGREEN INSIGHTS: A WEEKLY SNAPSHOT

MARCH 9, 2015

Top News Headlines

- 1) Stocks Lower Amid Rate Cut Concerns, Strong Employment Data
- 2) ECB Starts QE Program at €60 Billion Per Month, Unsure on Loss Sharing
- 3) US Unemployment Hit Six-Month Low in February

Economic News

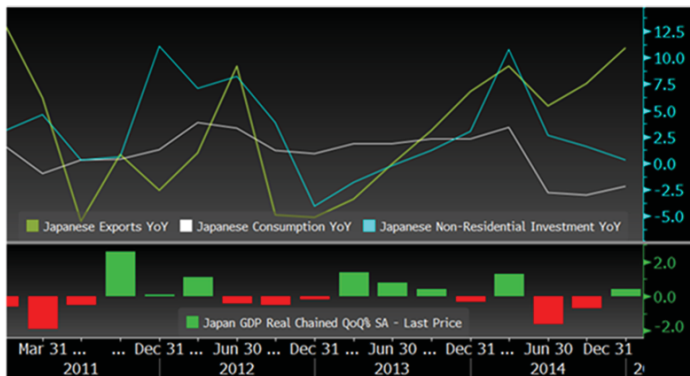
- US economy added 295,000 jobs in February, labor market remains strong
- US factory orders dipped by -0.2% in January, with manufacturing continuing to disappoint
- Domestic vehicle sales slow to a 16.16 million annualized pace, as some banks begin to limit issuance of subprime loans
- German factory orders fell -3.9% MoM in January signaling a weakening recovery in the region
- Japanese GDP was revised down, as capital spending lower for a third consecutive quarter

Thought of the Week

Japan's Q4 GDP was revised down last week from 2.2% to 1.5%. (Quick refresher: Japan officially entered a recession after posting Q2 and Q3 GDP results in the red.) A key reason for this downgrade was slowing investment by Japanese companies, which fell for a third straight quarter. Less corporate spending shows that Japanese corporations — like we've seen in the US — are hesitant to invest in their business. This has hampered overall growth, as the economy must now rely more on consumers who are dealing with higher sales taxes. On a positive note, the report revealed an uptick in exports as Japanese multi-nationals benefited from a weaker yen. We think that continuing to improve their competitiveness versus the rest of the world will be a key catalyst for Japan's economic recovery. But until businesses ratchet up corporate spending, and higher wages are paid to consumers, it will be difficult for the Japanese economy to show meaningful improvement.

Chart of the Week

Japanese Exports, Consumption, Non-Residential Investment and Real GDP Growth



Source: Bloomberg, Evergreen GaveKal

Index Levels	Friday Close 3/6/15	Prior Week 2/27/15	Year End 12/31/14	Year Ago 3/6/14
S&P 500	2071	2105	2059	1877
Dow Jones 30	17857	18133	17823	16422
Nasdaq	4927	4964	4736	4352
Russell 2000	1218	1233	1205	1205

Market Returns	1 week	1 month	YTD	1 Year
S&P 500	-1.5%	1.7%	1.0%	12.6%
Russell 2000	-1.3%	2.3%	1.2%	2.4%
Barclays Agg	-1.2%	-1.8%	-0.1%	4.2%
MSCI World	-1.7%	1.9%	2.3%	6.0%
MSCI Europe	0.7%	6.1%	15.5%	20.9%
MSCI Japan	1.2%	8.9%	9.5%	27.8%
MSCI China	-2.6%	-0.4%	2.8%	17.3%
MSCI Brazil	-9.2%	-9.6%	-12.6%	-19.8%
MSCI Emerging Markets	-1.9%	-0.9%	1.7%	3.0%

Market Valuations	P/E Trailing	P/E Forward	P/Sales	Dividend Yield
S&P 500	18.7	17.6	1.8	2.0
Russell 2000	20.0	16.5	1.3	1.4
FTSE 100 (Europe)	23.7	16.0	1.1	3.7
Hang Seng (Hong Kong)	10.1	11.5	1.8	3.7

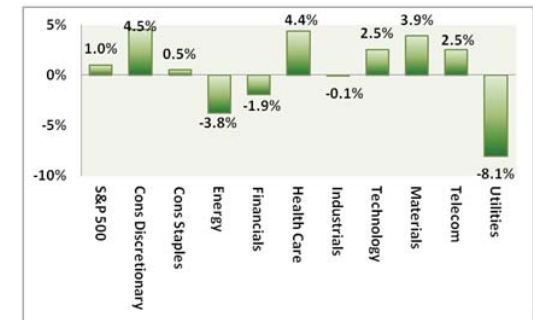
Bond Yields	Friday Close 3/6/15	Prior Week 2/27/15	Year End 12/31/14	Year Ago 3/6/14
Fed Funds Target	0.25	0.25	0.25	0.25
2 Year Treasury	0.73	0.62	0.67	0.34
10 Year Treasury	2.24	1.99	2.17	2.74
Investment Grade	3.59	3.42	3.70	3.65
Muni Yield	2.61	2.61	2.32	3.04
High Yield	6.08	5.91	6.80	5.67

Consumer Rates				
15 Year Mortgage	3.08	3.00	3.09	3.42
30 Year Mortgage	3.94	3.92	3.99	4.39
Consumer Confidence	96.40	103.80	93.10	78.30

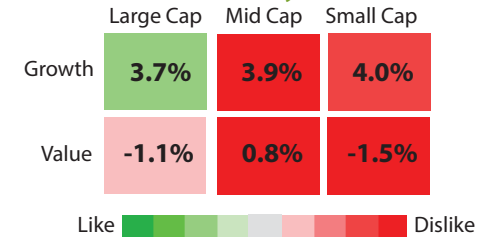
Commodities				
Gold	1165.3	1213.8	1188.0	1349.0
Silver	15.8	16.6	15.7	21.5
WTI Crude Oil	49.6	49.8	53.3	101.6
Natural Gas	2.8	2.7	2.9	4.7

Currency				
Dollar Index	97.62	95.29	90.27	79.66
\$ per Euro	1.086	1.120	1.210	1.386
Yen per \$	120.93	119.74	119.84	102.97
CAD per \$	1.262	1.251	1.162	1.098

S&P 500 YTD Sector Returns

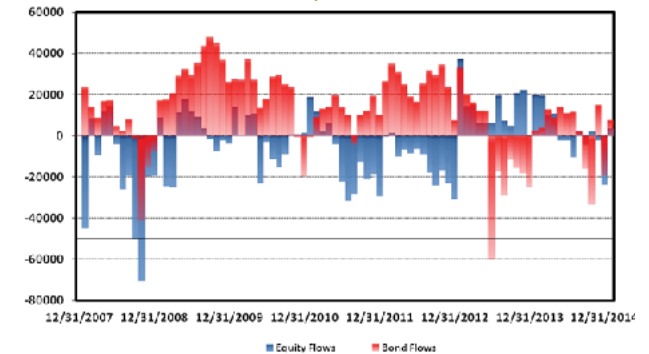


YTD Market Style Returns



(\$ millions)

Monthly Fund Flows



Market question of the week:

The first oil well was drilled in 1859. Where was it drilled?

- a) Iraq b) Jordan c) United States

Trivia question of the week:

Due to the unseasonably warm winter, how many miles north did Alaska's Iditarod race have to move?

- a) 50 b) 150 c) 225

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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. The MSCI Brazil Index covers about 84% of the Brazilian equity universe. The volatility of these indices may be materially different from that of the representative account.