Weekly Market Commentary
November 28, 2016

HORTER Investment Management, LLC

The Dow Jones Industrial Average rose 284 points, ending the week up 1.5% at an all-time high of 19,152. The S&P 500 Index gained 31 points, up 1.4%, to also end the week at an all-time high of 2,213. The Nasdaq Composite was up 1.1% to end the week at 5,381. The S&P MidCap 400 Index closed the week up 2.2% at 1,641. The Russell 2000 gained 2.4%, ending the week at 1,347. The ETF "EFA", the proxy for developed international equity markets, gained 1.1%. Emerging markets, as represented by the ETF "EEM", were up 1.9%. Domestic high yield corporate bonds gained 0.6% during the week, as measured by the Bank of America Merrill Lynch US High Yield Master II Index.

US equity markets edged higher during the holiday-shortened week, with all three major indices hitting new all-time highs on Friday despite a quiet day of trading. The Russell 2000 Small Cap Index also hit a new all-time high. The last time all four indices ended in record territory was December 31st of 1999. Interest rates rose slightly, pushing the benchmark 10-Year US Treasury Note yield up to 2.37%. Oil prices hovered above $45 a barrel, with US West Texas Intermediate trading around $46.50 and international Brent Crude around $47.50. Chances of an OPEC production cut took a hit after Saudi Arabia stated it would not attend talks on Monday with non-OPEC producers to limit output. OPEC members will meet on November 30th. Domestic crude inventories declined 1.3 million barrels in the week ended November 18th.

Domestic high yield bonds posted modest gains during weekly trading but still remain below the pre-election highs. The Effective Yield on the Bank of America Merrill Lynch US High Yield Master II Index fell 11 basis points to 6.55%. Issuance of HY bonds decreased to $67.8 billion in the third quarter, -19.7% below the second quarter but 54.6% higher than Q3 of 2015. The Financial sector comprised 28.2% of the total quarterly issuance, with $19.1 billion in new high yield bonds issued.

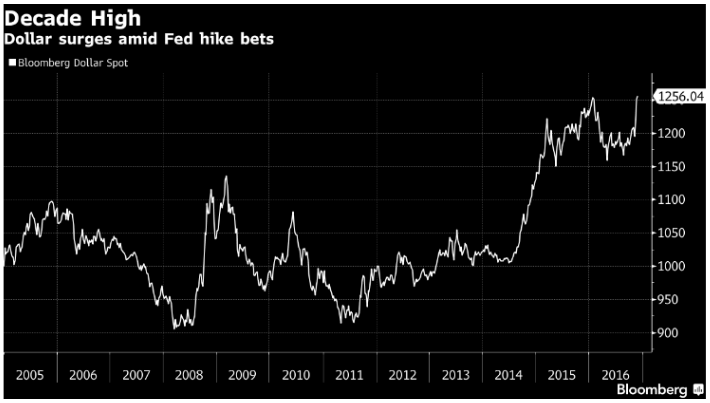
In US economic news, data was largely positive, further cementing the likelihood of a December interest rate hike. Durable goods orders increased 4.8% in October, existing home sales surged to a 9 ½ year high, and the November flash Purchasing Managers' Index reading ticked up from 53.2 to 53.9 as output and new business growth improved.

The November Federal Open Market Committee (FOMC) meeting minutes, released Wednesday, showed that the Fed is anxious to get on with raising rates. FOMC members argued a December rate increase necessary for the Fed to "preserve credibility" after weeks of public statements from Fed governors indicated conditions for a rate hike have been met.

In international economic news, UK GDP rose 0.5% in the third quarter, bolstered by business and consumer spending, along with a narrowing trade deficit. Turkey's central bank hiked rates for the first time in nearly three years in an effort to halt the plunge of the lira. In Asian markets, Japanese core consumer prices fell for an eighth consecutive month in October, falling -0.4% year over year, despite extremely aggressive attempts from the Bank of Japan to pull the country out of deflation.

Dollar Rises to Decade High on Fed Bets as Bonds Slip With Gold

[Click here to read more and expand chart]



Horter Investment Management

11726 Seven Gables Road
Symmes Township
Cincinnati, Ohio 45249

Office: (513) 984-9933
Fax: (513) 984-5219
support@him-ria.com

Current Model Allocations

Low Risk		*Moderate Risk*	
HIM Model #7	40% short and intermediate-term bonds/60% small cap	HIM Model #12	100% mid-cap stock
HIM Model #2	25% municipal bonds/75% ATMSX	HIM Model #9	20% long S&P /80% ATESX
HIM Model #1	15% high yield/85% ATCSX	HIM Model #8	2% cash/98% long NASDAQ
HIM Model #6	45% cash/20% high yield/30% short term/5% intermediate	HIM Model #22	100% S&P 500
		HIM Model #14	60% cash/40% short treasuries
HIM Model #3	15% alternative bond strategies/13% high yield 29% dividend equities/15% convertibles 14% long treasury/14% income fund	HIM Model #10	100% invested
		HIM Model #15	100% invested
		HIM Model #11	75% invested (15 stocks)/25% cash
HIM Model #20	95% high yield/5% cash	HIM Model #21	15% long RE/75% ARESX/10% cash

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Taking a comprehensive look at the overall current stock market, you can see the chart below representing eight major indices and their returns through the week ending November 25, 2016. In a truly diversified portfolio, the portfolio's total return is determined by the performance of all of the individual positions in combination – not individually.

So, understanding the combined overall performance of the indices below, simply average the 8 indices (excluding the BofA Merrill Lynch US High Yield Master II Index) to get a better overall picture of the market. The combined average of all 8 indices is 8.99% year to date.

Market Perspectives (through 11/25/2016)

60/40 Allocation: 5.91% YTD
(60% S&P 500/40% Barclays US Aggregate Bond Index)

S&P 500: 8.29% YTD **Barclays Agg:** 2.33% YTD

Weekly Update for the Week Ending November 25, 2016

Index	Last Week			One Month		Year-to-Date	
	Close	Net Change	% Change	Net Change	% Change	Net Change	% Change
Dow Jones Global Index	320.77	4.24	1.34%	0.93	0.29%	12.80	4.16%
Dow Jones Industrial Average	19152.14	284.21	1.51%	982.87	5.41%	1727.11	9.91%
S&P 500 Index	2213.35	31.45	1.44%	70.19	3.28%	169.41	8.29%
Nasdaq Composite Index	5380.68	59.17	1.11%	97.28	1.84%	373.27	7.45%
S&P MidCap 400 Index	1640.81	34.88	2.17%	118.15	7.76%	242.23	17.32%
Russell 2000 Index	1347.20	31.56	2.40%	131.10	10.78%	211.31	18.60%
MSCI EAFE Index (EFA)	56.79	0.59	1.05%	-1.35	-2.32%	-1.93	-3.29%
MSCI Emerging Markets Index (EEM)	35.25	0.66	1.91%	-2.55	-6.75%	3.06	9.51%
BAML US High Yield Master II Index	1148.91	6.66	0.58%	-18.21	-1.56%	149.39	14.95%

Above returns exclude dividends.
Data Source: Investors FastTrack

For a complete report on all the indices, we recommend that you go to www.HanlonInvest.com and click on the Financial Professionals tab, then click on Index Performance Report on the left-hand side under the Resources section.

QUOTE OF THE WEEK

Education's purpose is to replace an empty mind with an open one.

-Malcolm Forbes

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HIM Model #20	95% high yield/5% cash

Moderate Risk

HIM Model #12	100% mid-cap stock
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Summary

In utilizing an approach that seeks to limit volatility, it is important to keep perspective of the activity in multiple asset classes. At Horter Investment Management we seek to achieve lower risk with higher returns. More specifically, we seek to achieve superior risk-adjusted returns over a full market cycle to a traditional 60% equities / 40% bonds asset allocation. We do this by implementing global mandates of several tactical managers within different risk buckets.

For those investors who are unwilling to stomach anything more than minimal downside risk, our goal is to provide a satisfying return over a full market cycle compared to the Barclays Aggregate Bond Index.

At Horter Investment Management we realize how confusing the financial markets can be. It is important to keep our clients up-to-date on what it all means, especially with how it relates to our private wealth managers and their models.

We are now in year eight of the most recent bull market, one of the longest bull markets in U.S. history. At this late stage of the market cycle, it is extremely common for hedged managers to underperform, as they are seeking to limit risk. While none of us know when a market correction will come, even though the movement and volatility sure are starting to act like a correction, our managers have been hired based on our belief that they can accomplish a satisfying return over a full market cycle, -- while limiting risk in comparison to a traditional asset allocation approach.

At Horter we continue to monitor all of the markets and how our managers are actively managing their portfolios. We remind you there are opportunities to consider with all of our managers. Hopefully this recent market commentary is helpful and thanks for your continued trust and loyalty.

Chart of the Week:

Copper and Steel stocks have been leading the Materials Sector higher. The Chart of the Week below shows the Materials Sector SPDR ETF (XLB) on the verge of a new highs. XLB's relative strength ratio versus the S&P 500 (top of chart) has been rising for the past month (orange circle). Talk of fiscal spending and infrastructure projects by the President-Elect and his transition team have helped to lift this sector.

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Now that's interesting…

Fed minutes show some policymakers expect a rate hike in December

Federal Reserve officials saw a strengthening case to raise interest rates as the labor market tightened, with some saying a hike should happen in December, according to minutes of their November gathering released Wednesday in Washington.

"Some participants noted that recent committee communications were consistent with an increase in the target range for the federal funds rate in the near term or argued that to preserve credibility, such an increase should occur at the next meeting," the record of the Federal Open Market Committee meeting showed. Many officials said a rate rise could be appropriate "relatively soon," data permitting, it said.

Click here to read more

Dow industrials on track to drop, halting four-session advance

U.S. stock futures signaled a lower open on Monday, putting the Dow on track to retreat after a four-session advance.

Dow Jones Industrial Average futures YMZ6, -0.30% fell by 59 points, or 0.3%, to 19,085, while S&P 500 futures ESZ6, -0.26% dropped by 7.05 points, or 0.3%, to 2,204.25. Nasdaq-100 futures NQZ6, -0.16% shed 10.50 points, or 0.3%, to 4,858.

On Friday, the Dow DJIA, +0.36% and S&P 500 SPX, +0.39% both closed higher for a fourth trading session in a row. Each index, along with the Nasdaq Composite COMP, +0.34% , also scored a record close as the holiday-shortened week wrapped up, and all three gauges nabbed their third straight weekly gain.

Click here to read more

Wall Street predictions for 2017

The outlook for stocks is positive, but which sectors of the market do better or worse partially depends how what policies the President-elect Donald Trump implements.

First, the economy looks set to speed up next year, to 2.3 percent growth versus 1.5 percent this year, according to estimates from PNC Financial Services Group. Faster growth is very important, because it should lead to better company earnings.

If PNC's forecast comes true, then it's likely to help lift stock prices.

Click here to read more

Why the rally by U.S. stocks is 'just getting started' — in one chart

Many analysts have voiced fears that the U.S. stock market's march higher is overdone. One chart watcher, on the other hand, is suggesting the opposite. "The breakout could be just getting started," wrote Jonathan Krinsky, chief market technician at MKM Partners, in a note dated Sunday.

This view comes after Krinsky looked not at the S&P 500 SPX, -0.20% or the Dow's DJIA, -0.25% 30 blue chips, but rather at the Value Line Geometric Index VALUG, +0.35% , which consists of about 1,675 U.S. stocks.

Click here to read more and expand chart

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