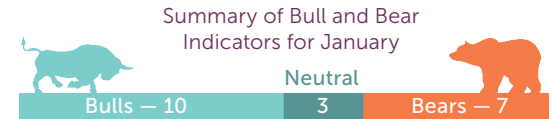


Foresters Asset Management, Inc. is a team of ten investment professionals covering multiple asset classes and markets. The team meets every month to review economic, political, and market indicators and compare these with their fundamental security analysis. Post these discussions biases to portfolios' asset mix may arise to reflect the prevailing market environment.



Economic Indicators	Period Reported	Current	Previous	Outlook Bullish / Bearish	Comments
GDP					
Canada (Year over Year)	December	0.5%	0.2%	Neutral/Bearish	Year-over-year GDP results were slightly ahead of expectations in December due to a significant contribution from net exports. However, cuts to business investment (especially in the resource sector) and a decline in inventory continue to weigh on growth. Expectations for 2016 remain muted at 1.2%.
U.S. actual (Year over Year)	Q4	1.9%	1.8%	Bullish	
U.S. (QoQ) annualized	Q4	1.0%	0.7%	Bullish	U.S. GDP outperformed expectations, as the second estimate of Q4 growth was greater than the first estimate, countering market consensus for a downgrade to 0.4%. Revisions to the inventory number explain the bulk of the upgrade, with the drag from this component revised downwards. The net trade deficit was also reduced. Negative impacts on the estimate were a reduction in consumption activity, government spending and final domestic sales.
ISM Manufacturing	February	49.5	48.2	Bearish/Neutral	Manufacturing ISM has now improved over two consecutive months, rising more strongly than expected, though it remains in contractionary territory. The improvement over last month was due to increases in production, employment, and inventories with supplier delivery delays detracting.
ISM Non- Manufacturing	February	53.4	53.5	Bullish	Non-manufacturing ISM remains in expansionary territory, and despite declining for a fourth consecutive month, now shows signs of stabilizing. The business activity index (indicator of current production), and key areas of orders and production increased over the month. However, the employment component has now dropped below 50, and new orders and supplier deliveries both fell. In all, 14 of 18 industries reported growth.
Durable Goods Orders (YoY)	January	1.8%	-0.1%	Bearish	Current print exceeded expectations and follows three months of negative results. Additionally, the December number was revised upwards and is now less negative. Aircraft was the largest contributor and excluding the transportation sector, the results showed a 1.8% increase. All major sectors showed positive results after broad declines in the December report. As a perspective, this is only the second monthly gain since July 2015.
Capital Goods New Orders Non defense (YoY)	January	-3.2%	-6.6%	Bearish	The current print exceeded expectations and follows two months of negative results. Order activity was strong across the board with contributions coming from machinery, fabricated metals and electrical equipment. There was some weakness in shipments, which may impact orders going forward.
Unemployment					
Canada	February	7.3%	7.2%	Bearish	February employment results were down 2,300 jobs, pushing the unemployment rate up to 7.3%. Full-time losses contributed significantly.
U.S.	February	4.9%	4.9%	Bullish	The unemployment rate remained unchanged, despite the very strong payrolls gain, due to an increase in the participation rate from 62.7% to 62.9%. Broader levels of underemployment, as represented by the U-6, moved down over the month, improving the quality of the headline number.
Participation Rate					
U.S.	February	62.9%	62.7%	Neutral/Bullish	The participation rate rose slightly more than consensus expectations and is the highest level since January 2015.
U.S. Wage Inflation (Average hourly earnings Y/Y)					
	February	2.2%	2.5%	Neutral/Bullish	The result came in under market expectations of 2.5%. As the unemployment rate declined, wage growth is expected to trend higher, this does not appear to be happening.
Non-Farm Payrolls					
U.S.	February	242,000	172,000	Bullish	A very strong headline number, coming in well above expectations which called for a 190K gain. There were positive revisions to the prior two months. Gains were reported across all industries, except for manufacturing and mining. However, there were declines in both average hourly earnings and hours worked, and the duration of unemployment increased slightly.
Consumer Confidence (Conference Board)	February	92.2	98.1	Bearish	The level of this indicator is the lowest since July 2015. The weakening in household confidence was broadly-based with attitudes towards both current and future conditions declining. Respondents found jobs harder to come by than in prior months, which seems to have been contradicted by February's payrolls report. Big-ticket spending was down and inflation expectations declined for the third consecutive month. This could be the consumer's reaction to the plethora of negative growth and market news which has been coming out since the beginning of 2016. Uncertainty may also be exacerbated by the upcoming election.
Consumer Confidence (University of Michigan)	February	91.7	92.0	Neutral	A small monthly decline was recorded due to a small decrease in consumer expectations, while current economic conditions remained firm. The number is 6.5% below the cyclical peak which was set in January 2015 and given the very small drop, does not seem to indicate a decline in consumer spending, rather a slower expansion.
Existing Home Sales (U.S.)	January	5.47 million	5.45 million	Bullish	Existing home sales were far better than expectations which called for 5.33 million, with the first time homebuyer's share remaining steady at 32%. However there was a sharp increase in the month's supply of unsold homes, as well as in the days on the market, which seems to signal some weakness. December's number was revised slightly downward, but does still remain strong.
Case Shiller (20) YOY Price Increase (percentage basis)	December	5.74%	5.74%	Bullish	Despite a slight downward revision to November's number from 5.83% to 5.74%, and a December print which came in under expectations of 5.80%, the increase in house prices has remained consistent and strong over time.
Core CPI					
Canada (Year over Year)	January	2.0%	1.9%	Neutral	Inflation in Canada was slightly above expectations for January. Increases were noted in alcohol and tobacco and recreation, normally down in January, remained flat. Headline prices were also higher due to the weak Canadian dollar and its impact on surging food prices.
U.S. CPI ex Food and Energy (Year over Year)	January	2.2%	2.1%	Bullish	January marked the largest monthly increase in core CPI since March 2006. The increase was broad based including, housing, apparel, motor vehicles, medical costs (likely due to surging medical insurance premiums), airline fares, and core commodity costs (mostly vehicle and apparel costs) all higher on the month.
U.S. PCE Core Deflator	January	1.7%	1.5%	Neutral/Bullish	The PCE Deflator is showing a firming trend with a slight upward revision to the December number, and January results, which were above expectations of 1.5%.
BOC Rate Decision	March	0.50%	0.50%	Bearish	As expected, the BoC left rates unchanged. In its statement the BoC noted that the global economy is progressing largely as anticipated in January, with the price of oil, inflation, and the CAD/USD exchange rate averaging levels close to the BoC's assumptions. Further, the BoC feels that the volatility in financial markets is abating. Again, the statement reiterated that the impact of the Federal budget will be incorporated into the Bank's April projection.
FOMC Rate Decision	January	0.25%	0.25%	Neutral	There has been no FOMC meeting since the last asset allocation discussion. The next one is scheduled for March 15-16.
ECB Rate Decision	March	-0.40%	-0.30%	Bearish	The ECB exceeded market expectations for easing at their March meeting. The ECB took several actions including reducing the deposit rate further (which was expected by the market), decreasing the main refinancing rate by 5 bps to 0.00%, lowering the marginal lending facility rate, and expanding the pace of asset purchases to 80 billion euros per month. Corporate bonds are now also part of the available debt for asset purchases. The addition of corporate bonds will allow corporate issuers to issue debt cheaply and this will also reduce domestic supply.

Economic Indicators	Yield	Return YTD	Return 1 Year	Comments
FTSE TMX Canada Universe Bond Index	1.98%	0.93%	2.10%	
FTSE TMX Canada All Corporate Bond Index	2.80%	0.36%	0.98%	
FTSE TMX Canada ST Overall Bond Index	1.22%	0.27%	1.46%	
Barclays U.S. Aggregate Investment Grade (USD)	2.32%	2.04%	2.45%	
Barclays U.S. Corporate Investment Grade (USD)	3.52%	1.74%	0.47%	
Barclays U.S. Corporate HY Bond Index (USD)	8.55%	1.73%	-5.29%	

Stock Market Indicators	Level	Return YTD	Return 1 Year	Comments
S&P/TSX Composite Index (CAD)	13,354.17	2.85%	-8.16%	
S&P500 Index (USD)	1,979.26	-2.72%	-2.36%	
S&P500 Index (CAD)	2,649.24	-5.84%	3.60%	
Eurostoxx Index (EURO)	3,002.01	-9.53%	-7.54%	
Nikkei Index (YEN)	16,783.15	-11.72%	-9.92%	
CSI 300 Index (USD)	478.02	-16.86%	-12.63%	

Commodities	Level	Return YTD	Return 1 Year	Comments
CBOE SPX Volatility Index (USD)	18.67	2.53%	22.83%	
Gold (USD)	1,261.44	18.88%	8.07%	
CRB (USD)	169.47	-3.79%	-23.02%	
Copper (USD)	221.85	3.91%	-17.44%	
Oil - WTI NYMEX (USD)	36.50	-1.46%	-27.00%	Low: \$26.21 on February 11, 2016.

Currency/Rate Indicators	Level (yields)	Change YTD	Change 1 Year	Currency/Rate Indicators	Level (yields)	Change YTD	Change 1 Year
USD/CAD	1.3409	3.21%	-6.00%	USD/Yuan	6.50	0.17%	3.83%
Gov't of Canada Yield Rates				U.S. Treasury Yield Rates			
90 day	0.46%	-0.04%	-0.13%	90 day	0.30%	0.01%	0.30%
2 year	0.49%	0.01%	-0.13%	2 year	0.87%	-0.18%	0.14%
5 year	0.64%	-0.06%	-0.36%	5 year	1.35%	-0.42%	-0.36%
10 year	1.18%	-0.21%	-0.43%	10 year	1.84%	-0.45%	-0.42%
30 year	2.00%	-0.16%	-0.24%	30 year	2.65%	-0.39%	-0.21%

China Economic Indicators	Period Reported	Current	Previous	Outlook Bullish / Bearish	Comments
CPI YOY	January	1.8%	1.6%	Bearish	
PPI YOY	January	-5.3%	-5.9%	Bearish	
Official Manufacturing PMI	February	49.0	49.4	Neutral	Some contraction over the month, remaining just below expansionary levels.
Official Services PMI	February	52.7	53.5	Neutral	The number continues to be comfortably above 50, though there have been some declines in the last couple of months. Still expansionary, but at a lower rate.

Source: Bloomberg. Economic Indicators data as of March 10, 2016. Currency, Market & China Indicators data as of March 8, 2016.

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