MARKET REVIEW

January 2016

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Independence Trust Company

ECONOMY

MARKETS GO NOWHERE IN 2015, REFLECTING MEDIOCRE GROWTH

Global equity markets were mostly negative in the month of December and ended 2015 with little, if any, gains. The tug-of-war between signs of economic strength and economic weakness continued to baffle investors. The Fed raised interest rates in December on the strength in the employment and housing markets. However, manufacturing in the U.S. continued to shrink and estimates for fourth quarter U.S. GDP growth have come down to around +1.5%. U.S. equities posted negative returns across market cap sectors for the month while international equities were also down. Although job growth has remained consistently strong and personal income has seen recent gains, it has yet to translate into steady consumer spending. U.S. manufacturing remains weak due to headwinds from a stronger dollar and general weakness in overseas markets.

In December the Fed announced its much anticipated decision to raise interest rates for the first time in nearly a decade. Members of the Federal Open Market Committee voted unanimously to raise the federal funds rate, setting the target range at 0.25% to 0.50%, up from 0.00% to 0.25%. The Fed set a forecast of 1.375% for the end of 2016, implying four quarter-point increases over the course of the next year. In comments following the announcement, Fed Chairwoman Janet Yellen stressed subsequent moves would be gradual and responsive to

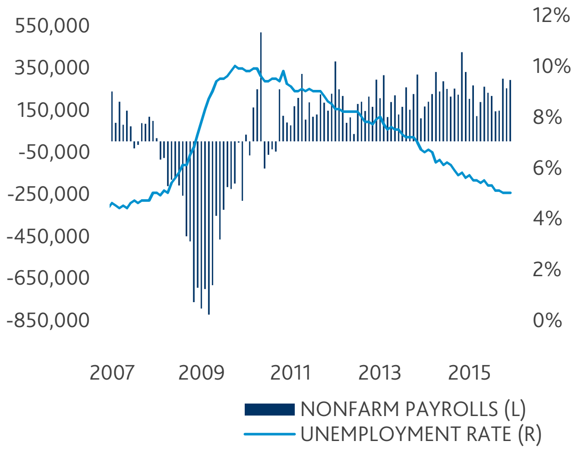
RECENT ECONOMIC INDICATORS

UNIV. OF MICHIGAN CONSUMER SENTIMENT	91.3
CONSUMER CONFIDENCE	90.4
EXISTING HOME SALES	-3.4%
NEW HOME SALES *SAAR	495,000
PERSONAL INCOME, MONTHLY CHG	0.4%
PERSONAL CONSUMPTION EXPENDITURES, MO CHC	0.1%
NON-FARM PAYROLL	271,000
UNEMPLOYMENT RATE	5.0%
ISM NON-MANUFACTURING INDEX	59.1
ISM MANUFACTURING INDEX (PMI)	48.6
NEW DURABLE GOODS ORDERS, MONTHLY CHG	3.0%
INDUSTRIAL PRODUCTION MONTHLY CHG	-0.2%
CAPACITY UTILIZATION	77.5
RETAIL SALES, MONTHLY CHG	0.1%
CPI, MONTHLY CHG	0.2%
CPI CORE, MONTHLY CHG, NSA	0.2%
PPI, MONTHLY CHG, NSA	-0.4%
PPI CORE, MONTHLY CHG, NSA	-0.4%
U.S. TRADE DEFICIT	40.8
Q3 2015 NON-FARM PRODUCTIVITY, QTRLY CHG	2.2%
Q3 2015 REAL GDP, QUARTERLY CHANGE, SAAR*	2.1%

*Seasonally Adjusted Annual Rate. Values reflect most recent data available at the time of publication. Source: Bureau of Economic Analysis of the U.S. Department of Commerce, U.S. Department of Labor, Federal Reserve, Thompson-Reuters University of Michigan, Institute for Supply Management, National Association of Realtors, The Conference Board, U.S. Census Bureau, Bloomberg.

NONFARM PAYROLLS & UNEMPLOYMENT RATE

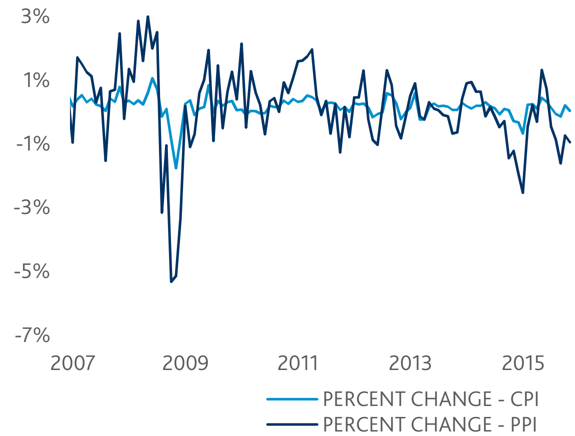
MONTHLY, JANUARY 2007 THROUGH DECEMBER 2015



Source: Federal Reserve Bank of St. Louis

CHANGE IN PPI AND CPI

MONTHLY, JANUARY 2007 THROUGH NOVEMBER 2015



Source: Federal Reserve Bank of St. Louis

the economic outlook, and expressed confidence inflation would rise to the 2% Fed target over time. Yellen stated that while the economic recovery had come a long way, it was not yet complete, and the Fed expects that "with gradual adjustments in the stance of monetary policy, economic activity will continue to expand at a moderate pace and labor market indicators will continue to strengthen."

Global equity markets produced negative returns in the month of December with U.S. equities declining across market cap sectors and international stocks also declining for the month. The S&P 500 Index returned -1.6% in December and small cap stocks lost ground as the Russell 2000 Index returned -5.0% for the month. International developed markets fell for the month of December as the MSCI EAFE Index lost 1.3%. Emerging markets also declined with a loss of 2.2% for the MSCI Emerging Markets Index in December.

EMPLOYMENT

The number of Americans filing for unemployment benefits fell from a more than five-month high, suggesting the labor market remains on firm footing even as economic growth appears to have slowed sharply in Q4. Initial claims for state unemployment benefits dropped 10,000 to a seasonally adjusted 277,000 for the week ended January 2, according to a report from the Labor Department. This decline partially unwound the prior week's jump, which had lifted claims to their highest level since early July.

The four-week moving average of claims, considered a better measure of labor market trends as it strips out week-to-week volatility, slipped 1,250 to 275,750 in the report as well. On the other hand, continuing claims, which are a reading on the number of people receiving ongoing unemployment assistance, climbed by 25,000 to 2.230 million in the week ended December 26th. Claims tend to be volatile in December, reflecting difficulties adjusting the data around holidays. It marked the 44th straight week claims held below the 300,000 threshold, which is associated with a healthy labor market, the longest run since the early 1970s.

CONSUMER

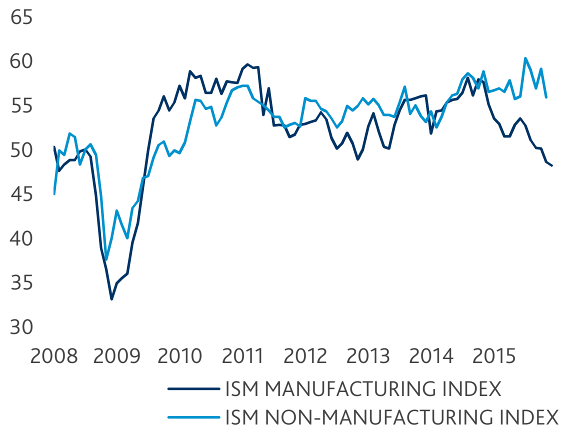
The latest Consumer Confidence Index was well above analyst expectations to finish the year at a solid 96.5. Expectations had been anywhere from 91-95, with a consensus of 93.5. The present situation portion of the index increased to 115.3 after a November reading of 110.9, and the expectations portion increased to 83.9 from 80.4. Those who said jobs were "plentiful" increased to 24.1% from 21% in November, and those claiming jobs were "hard to get," decreased from 25.8% to 24.7%. In addition, November's confidence level was revised up to 92.6 after an initial reading of 90.4, the lowest level in over a year.

DURABLE GOODS ORDERS

The Commerce Department reported that orders for durable goods were flat in November as the impact of a strong dollar and slow growing global economy continues to weigh on U.S. manufacturers. Core capital goods orders, a proxy for

ISM REPORT ON BUSINESS ACTIVITY

INDEX LEVELS FROM JANUARY 2008 THROUGH DECEMBER 2015

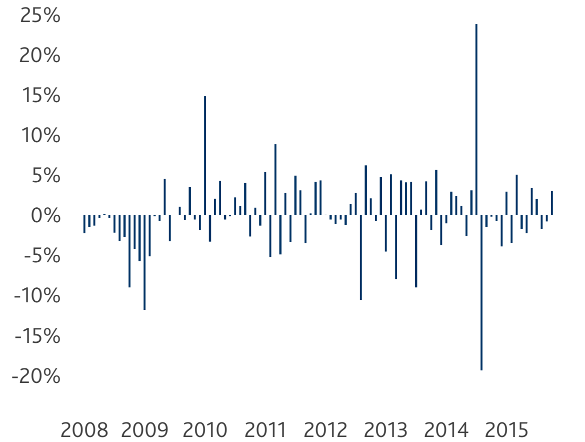


Source: Federal Reserve Bank of St. Louis

Level above 50 indicates expansion

NEW DURABLE GOODS ORDERS

MONTHLY % CHANGE, JANUARY 2008 THROUGH OCTOBER 2015



Source: Federal Reserve Bank of St. Louis

business investment, fell 0.4%. Orders for defense capital goods surged 44.4% last month including a 46.9% increase in orders for defense aircraft and parts. Excluding defense, orders for durable goods fell 1.5% in November after increasing 3.0% in October.

HOUSING

Sales of newly built U.S. homes rose less than expected in November and the prior month's increase was revised down, suggesting some loss of momentum in the housing market. New home sales jumped 4.3% to a seasonally adjusted annual rate of 490,000 units in November, according to the Commerce Department. October's sales pace was also revised down to 470,000 units from the previously reported 495,000 units. Economists polled by Reuters had forecast new home sales, which account for about 9.3% of the housing market, rising to a rate of 505,000 units in November. Even though the number missed expectations, sales were up 9.1% compared to November of last year. Despite the signs of some loss of momentum, last month's increase in new home sales should help calm concerns of an abrupt slowdown in activity after a report from the NAR showed a surprising plunge in homes resales. Sales of previously owned homes tumbled 10.5% in November, according to the National Association of Realtors. Realtors and economists blamed the large drop on new regulations that were delaying contract closings.

INTERNATIONAL

Economic numbers from China showed a continued contraction of manufacturing activity as the Caixin/Markit manufacturing PMI came in at 48.2 for December, the tenth month in a row that it has remained below 50.0 and the lowest reading since September. China's National Bureau of Statistics released the official non-manufacturing PMI, which tracks the services sector, and that rose to 54.4 in December, from 53.6 in November. In Japan, the Markit/Nikkei final manufacturing PMI was 52.6 in December, unchanged from November and the highest reading since March 2014. Manufacturing in the euro area accelerated at the fastest pace in 20 months in December as rising new orders drove output. For the first time since April 2014, manufacturing expanded in all nations covered including Greece, according to the report. The economic recovery in the 19-nation euro area seems to be picking up as unprecedented stimulus by the European Central Bank continues to benefit companies and households. Bank lending accelerated in November in a sign of increased spending and investment, and economic confidence is at the highest level in more than four years.

EQUITIES

EQUITY MARKETS DECLINE TO CLOSE OUT VOLATILE YEAR

Following two consecutive months of positive returns, domestic stocks declined in December. Another strong jobs report early in the month (along with upward revisions to September and October) solidified the possibility of a Fed rate hike at the Fed meeting in mid-December. Then markets sold off sharply in the second week of the month as oil prices posted their largest decline since March and junk bonds slumped in record volume. Performance in the two shortened trading weeks of Christmas and New Year's Day was not strong enough to offset mid-month losses. All three major indexes posted monthly declines to close out the year.

The Dow Jones Industrial Average closed at 17,425.03 for a -1.5% total return in December. For the fourth quarter, the index returned 7.7%, leading to a 0.2% total return for 2015, its worst annual performance since 2008. The S&P 500 Index finished the month at 2,043.94, falling 1.6%, but was up 7.0% for the fourth quarter and 1.4% for the year. The NASDAQ Composite Index ended December at 5,007.41, posting the weakest monthly performance of all three indexes, down 1.9%. The NASDAQ jumped 8.7% for the quarter, and returned 7.0% for the full year.

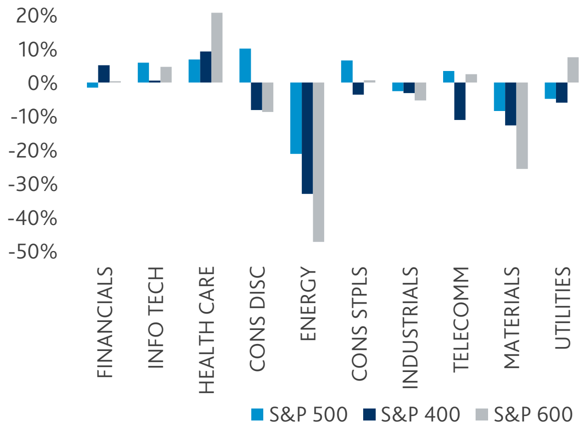
What was most notable in the year 2015 was the lack of market breadth. Without the superior returns posted by several large cap stocks including Facebook, Amazon, Netflix, and Alphabet (Google), the S&P 500 Index return

TOTAL RETURNS	1 MONTH	YTD
DOW JONES INDUSTRIAL AVERAGE	-1.52%	0.21%
S&P 500	-1.58%	1.38%
S&P 400 MIDCAP	-4.17%	-2.18%
S&P 600 SMALL CAP	-4.79%	-1.97%
S&P 100	-1.48%	2.64%
NASDAQ COMPOSITE	-1.91%	6.96%
RUSSELL 2000	-5.02%	-4.41%
MSCI EAFE	-1.33%	-0.39%
MSCI EAFE SMALL CAP	0.75%	9.94%
MSCI EMERGING MARKETS	-2.17%	-14.60%

1 MONTH AND YTD AS OF: 12/31/2015

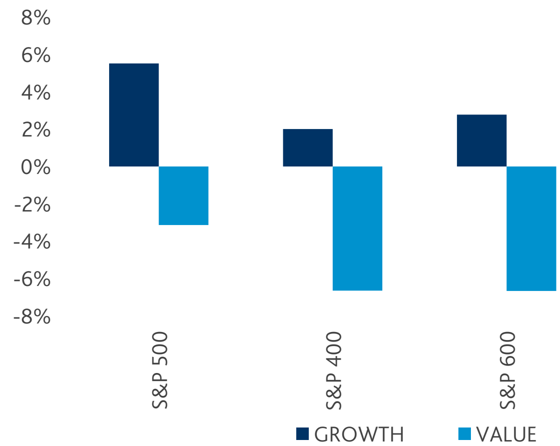
Values reflect most recent data available at the time of publication.
Past performance does not guarantee future results.
Source: Morningstar, Inc.

EQUITY INDEX SECTOR PERFORMANCE
YEAR TO DATE RETURN AS OF DECEMBER 31, 2015



Source: Morningstar
Past performance does not guarantee future results.

EQUITY INDEX PERFORMANCE GROWTH VS. VALUE
YEAR TO DATE RETURN AS OF DECEMBER 31, 2015



Source: Morningstar
Past performance does not guarantee future results.

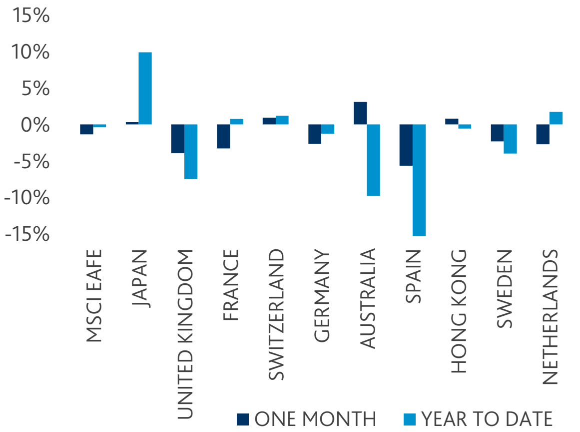
would have been significantly less. The S&P 500 equal-weighted index underperformed the market-cap-weighted version by more than three percentage points.

Defensive sectors outperformed in December with Consumer Staples (+2.9%), Utilities (+2.2%), and HealthCare (+1.8%) leading the way. Consumer staples retailers including Whole Foods (+14.9%), Kroger (+11.1%), and Dollar General (+10.2%) were all strong in December. Utility companies Duke Energy and Southern Company both increased over 5%. In the Healthcare sector, biotech, managed care, and specialty pharma stocks did well. Energy (-9.9%), Materials (-4.2%), and Consumer Discretionary (-2.8%) posted the weakest sector performance in December. Oil price declines in the mid-teens in the month weighed on Energy and Materials stocks. The best performing sector in the fourth quarter was Materials (+9.7%), while HealthCare and Information Technology both posted returns of about 9.2%. Trailing the benchmark in the fourth quarter were Energy (0.2%), Utilities (1.1%), and Consumer Discretionary (5.8%). Only four of the ten S&P 500 sectors posted positive returns in 2015, including Consumer Discretionary (+10.1%), Health Care (+6.9%), Consumer Staples (+6.6%), and Information Technology (+5.9%). The weakest sectors last year were Energy (-21.1%), Materials (-8.4%), and Utilities (-4.9%).

Small and mid cap stocks underperformed large cap equities in the month of December, the third quarter and the full year. In December, the S&P Small Cap 600 Index fell 4.8%, while the S&P Mid Cap 400 Index was down 4.2%; both worse than the 1.6% decline for the S&P 500 Index. For the fourth quarter, the S&P Small Cap 600 Index returned 3.7%, and the S&P Mid Cap 400 Index was up only 2.6%, both trailing the 7.0% return for the S&P 500 Index. For the full year 2015, mid and small cap stocks both posted negative returns of about 2.0%, underperforming the 1.4% S&P 500 Index positive return.

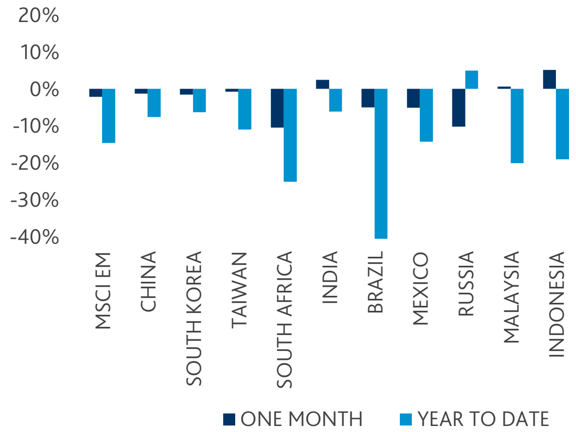
While there was no measurable difference in growth compared to value returns across the market capitalization spectrum in December, the growth indexes significantly outperformed value in 2015. Large cap growth stocks returned 5.5% compared to a 3.1% decline for large cap value stocks; nearly a 900 basis point outperformance. There was a similar spread in the small cap index with growth up 2.8% and value down 6.7%; also in the mid cap index as growth returned 2.0% and value fell 6.7%. Sector weighting differences within the style indexes were the main culprit. The S&P 500 Growth Index has higher weights in Consumer Discretionary, Healthcare, and Information Technology, three of the best performing sectors. The S&P 400 Mid Cap Growth Index has higher exposure to Healthcare (+9.2%) and Financials (+5.1%), the best performing mid cap sectors, and lower weights in the weakest sectors Energy (-33.0%) and Materials (-12.7%). Finally, the S&P 600 Small Cap Growth Index has a higher allocation to HealthCare (+20.7%) and lower exposure to Energy (-47.3%).

MSCI EAFE INDEX
COUNTRY RETURNS AS OF DECEMBER 31, 2015



Source: Morningstar
Past performance does not guarantee future results.

MSCI EMERGING MARKETS INDEX
COUNTRY RETURNS AS OF DECEMBER 31, 2015



Source: Morningstar
Past performance does not guarantee future results.

In the month of December, international equities mostly followed their trends for 2015 as a whole. Almost all country and regional indexes were lower for the month, as they were for the year. In the developed world, stocks gave back the small gains that they had achieved in the first eleven months of the year. The MSCI EAFE index, which is comprised of approximately 50% Europe and 20% Japan, fell just over 1% in the month. Bourses in the UK, France, Germany, and Italy all shed between 2.5% and 4% in December. For 2015 as a whole, on a total return basis including dividends, and measured in US dollars, the EAFE index fell less than one percent.

Looking back to May of 2015, the EAFE index had outperformed the S&P 500 by some 1000 basis points, based on hopes for European and Japanese recoveries from aggressive government stimulus. But European GDP growth was lackluster in 2015 at less than 2%, and the euro continued to gradually weaken versus the US dollar in the second half of the year, penalizing the return to US shareholders. Growth conditions in Japan were similarly tepid in 2015, as Prime Minister Abe's "Three Arrows" of economic policy appear to have only partially hit their targets. Japanese equities were flat in December, although stocks there rose nearly 10% for 2015 as a whole.

Throughout December, emerging market stocks continued their trend of underperforming the developed world markets, as the MSCI Emerging Markets Index dipped over 2% in themonth, in U.S. dollar terms. That benchmark fell almost 15% during 2015. Common themes for the declines include soft global demand for materials and energy, a weakening China, the strengthening US dollar's harmful impact on government debt loads denominated in US dollars, and the return of a 'risk off' stance among investors towards riskier assets. The MSCI Chinese stock index dipped just over 1% in the month to end the year off about 8%, with growth deceleration the main focus. Russian equities were beaten up over 10% in the month as investors worried about a growing military role in Syria, but managed to end the year 5% higher, after a disastrous 2014. Brazilian equities slid nearly 5% in the month, bringing their 2015 losses to over 40%, as the country struggles with stagflation, corruption scandals, and weak materials prices.

FIXED INCOME

U.S. FIXED INCOME WEATHERS THE HIGH YIELD STORM

The U.S. bond market, as measured by the Barclays US Aggregate Bond index, returned -0.32% this month. While it ended two straight months of gains, the index returned 0.55% in 2015. Aggregate bonds were among this year's top fixed income sectors that included municipal bonds (+3.30%), agency bonds (+1.51%) and emerging market debt measured in US dollars (+1.29%). Several other sectors were significantly weaker, led by high yield (-4.47%) and long-dated corporate and treasury bonds (-4.56% and -1.59%, respectively). These sectors were impacted by spread widening and higher treasury yields at the long end of the yield curve. As we have mentioned in previous reviews, spread widening in high yield has been primarily driven by weakness in energy and basic materials sectors while higher treasury yields, albeit modest, may be a reflection of improving economic growth and rising price pressures.

Much of the focus this month was on the Fed and its decision to raise the target range for the federal funds rate to 0.25 to 0.50, which was effectively a quarter-point tightening in monetary policy. It is official, Zero Interest Rate Policy (ZIRP) has now concluded. The Fed's decision marks the first time in nearly a decade it has raised its policy rate. The Fed's decision was predicated on data that conveyed economic activity had been expanding at a moderate pace. While many market participants were

FIXED INCOME CURRENT YIELDS	12/31/2015
3 MONTH U.S. T-BILL	0.16%
1 YEAR U.S. TREASURY	0.65%
5 YEAR U.S. TREASURY	1.76%
10 YEAR U.S. TREASURY	2.27%
30 YEAR U.S. TREASURY	3.01%

TOTAL RETURNS	1 MONTH	YTD
BARCLAYS U.S. AGGREGATE	-0.32%	0.55%
BARCLAYS U.S. GOVT./CREDIT INTR	-0.32%	1.14%
BARCLAYS U.S. MUNICIPAL BOND	0.70%	3.30%
BARCLAYS U.S. CORP. HIGH YIELD	-2.52%	-4.47%
BARCLAYS U.S. LONG CREDIT A	-1.24%	-4.56%
BARCLAYS U.S. TREASURY 20+ YEAR	0.01%	-1.59%
BARCLAYS GLOBAL AGGREGATE	0.53%	-3.15%
BARCLAYS EMERGING MARKET (USD)	-1.40%	1.29%
BARCLAYS U.S. MBS	-0.03%	1.51%
BARCLAYS U.S. TREASURY TIPS	-0.79%	-1.44%
S&P/LSTA LEVERAGED LOAN	-1.05%	-0.69%

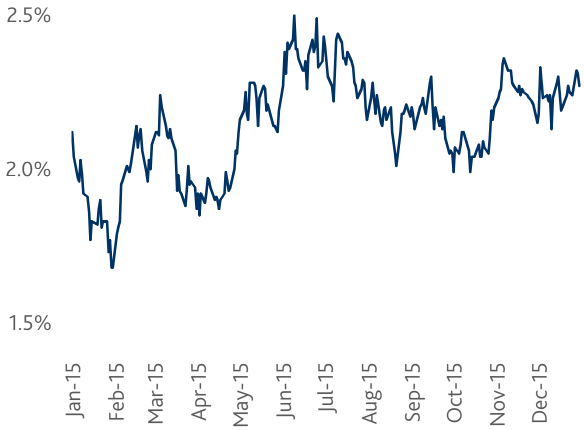
1 MONTH AND YTD AS OF: 12/31/2015

Values reflect most recent data available at the time of publication. Past performance does not guarantee future results.

Source: Morningstar, Inc., U.S. Department of the Treasury, Barclays Capital

10-YEAR U.S. GOVERNMENT BOND YIELD

JANUARY 2015 THROUGH DECEMBER 2015

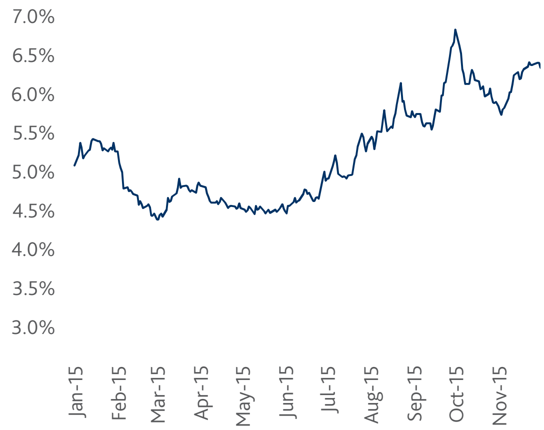


Source: Federal Reserve Bank of St. Louis

Past performance does not guarantee future results.

U.S. CORPORATE HIGH YIELD BOND SPREAD

JANUARY 2015 THROUGH DECEMBER 2015



Source: Federal Reserve Bank of St. Louis

concerned the Fed's 2% inflation goal had not been realized and as such would impede its ability to raise rates, the Fed reiterated that it expects gradual adjustments in the stance of monetary policy, and that any additional interest rate hikes would be data dependent. The statement also highlighted that the Committee is watching inflation developments closely and it is expected that prices will rise to over 2% over the medium term as headwinds from lower energy prices and a strong dollar dissipate. Lastly, there were minimal changes to the economic projections for real GDP, the unemployment rate, PCE (inflation) and the median path for the federal funds rate.

Third Avenue Focused Credit Fund (TFCIX) suspended investor redemptions while the $789 million high-yield bond fund is liquidated. Third Avenue said poor bond market trading conditions has prevented the fund from raising sufficient cash to meet redemptions without resorting to a fire sale of assets. Third Avenue's decision to halt redemptions added fuel to discussions about liquidity issues in the high-yield bond market since this was the first time a mutual fund halted redemptions without SEC authorization. S&P Capital IQ director of ETF and mutual fund research, Todd Rosenbluth, said in a research note that this should not deter investors from high-yield bonds because Third Avenue was likely an isolated incident given its riskier and less liquid holdings. Rosenbluth pointed out that about 53% of the fund's bonds were not rated compared to the Morningstar high-yield bond category average of 3%. Non-rated bonds are typically very illiquid. Rosenbluth also noted that about one-third of the fund's bonds were rated CCC or lower, which is almost three times the category average.

Fitch Ratings stripped Brazil of its investment grade credit rating with a downgrade to BB+, citing the country's deeper than expected recession, increasing budget deficit, and political crisis that could restrict the government's ability to effectively implement fiscal reforms. Fitch became the second credit ratings agency to downgrade Brazil to non-investment grade status after Standard and Poor's cut the country's rating in September. The downgrades could lead to a selloff in Brazilian bonds and increase already high borrowing costs for the government and corporations. J.P. Morgan estimates outflows of $20 billion worth of bonds from investors that are not allowed to own non-investment grade bonds.

Puerto Rico defaulted on $37 million of roughly $1 billion in bond payments due January 1. This was the island's second default after missing a $58 million bond payment in August. In order to pay $330 million in general obligation debt guaranteed by the commonwealth's constitution the island redirected money from bonds with weaker legal protections. Puerto Rico also used $383 million from reserve accounts to pay bondholders. Governor Alejandro Garcia Padilla said the January 1 payments were likely the last Puerto Rico will be able to make in the coming months since the government has depleted reserve accounts. The commonwealth will continue to pay bonds backed by sales tax.

ALTERNATIVE INVESTMENTS

COMMODITIES, HEDGE FUNDS FALL; REITS BRIGHT SPOT FOR YEAR

Commodities and hedge funds fell while real estate investment trusts (REITs) gained to end the year. Commodity losses slowed from November, with the Bloomberg Commodity Index falling 3.1% in December, and ending the year down 24.7%. The HFRX Global Hedge Fund Index fell 1.3% in the month and was down 3.6% for all of 2015. The FTSE NAREIT ALL REITs Index gained 1.2%, almost doubling year-to-date gains to end the full year 2015 up 2.3%.

COMMODITIES

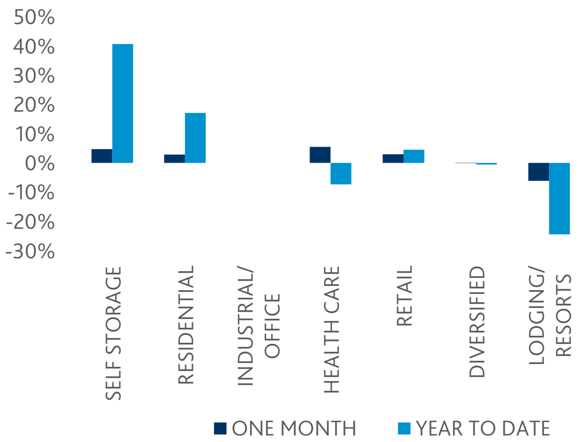
After a volatile year, commodities continued their losing streak in December. The Bloomberg Commodity Index fell another 3.1%, bringing 2015 losses to 24.7%. Commodities were hit hard in 2015. The U.S. dollar rose 9.1% against a basket of major currencies, and the global economic climate remained volatile, especially in China, one of the world's largest commodity consumers. Oil was a large contributor to the annual loss due to the continued global supply glut from 2014 and uncertain demand, especially out of China and Europe. Gold also saw a large decline as the Fed raised rates for the first time in seven years. Cocoa, cotton, sugar, and frozen concentrated orange juice, which are known as 'soft' commodities and are thinly traded, were the only index constituents to finish the year with gains.

PRICE CHANGE	1 MONTH	YTD
BLOOMBERG COMMODITY INDEX	-3.09%	-24.66%
W TEXAS CRUDE INT OIL BL	-8.16%	-30.53%
S&P GSCI COPPER SPOT	2.54%	-25.54%
S&P GSCI GOLD SPOT	-0.48%	-10.46%
TOTAL RETURN		
NAREIT-ALL EQUITY REITS	1.31%	2.83%
NAREIT-INDUSTRIAL/OFFICE	-0.54%	0.85%
NAREIT-RESIDENTIAL	3.90%	11.85%
NAREIT-ALL REITS	1.19%	2.29%
S&P GLOBAL PROPERTY EX-US	0.78%	-1.77%
HFRX GLOBAL HEDGE FUND INDEX	-1.33%	-3.64%

1 MONTH AND YTD AS OF: 11/30/2015

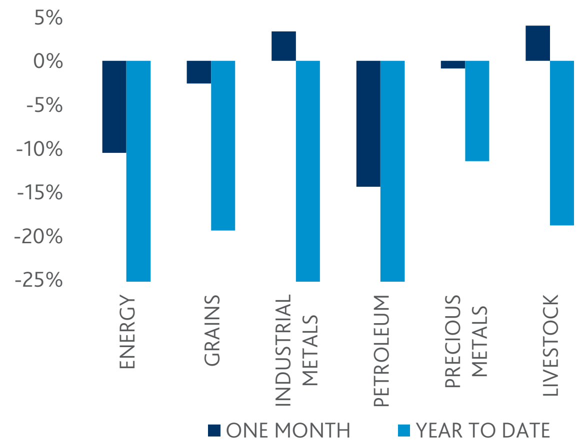
Values reflect most recent data available at the time of publication.
Past performance does not guarantee future results.
Source: Morningstar, Inc.

REIT SECTOR PERFORMANCE
ONE MONTH AND YEAR TO DATE, AS OF DECEMBER 31, 2015



Source: Morningstar
Past performance does not guarantee future results.

COMMODITY SECTOR RETURNS
ONE MONTH AND YEAR TO DATE, AS OF DECEMBER 31, 2015



Source: Morningstar
Past performance does not guarantee future results.

Oil was the big story in commodities this year with West Texas Intermediate falling 11.1% in December and 30.5% for the year, and Brent Crude falling 16.4% in December and 35.0% for the year. The 2015 loss marks the first time since 1998 oil has posted losses in consecutive years. (Oil fell in 2014 and both WTI and Brent were down over 45%.) OPEC crude output was steady in December as the 12-member group abandoned its usual production target of 30 million barrels a day. The Organization of Petroleum Exporting Countries increased production by 18,000 barrels to 32.139 million a day, according to a Bloomberg survey. Saudi Arabia, the world's largest crude exporter, has led the group in fighting for market share against higher cost producers, such as U.S. shale drillers. U.S. shale drillers held their own, however, as American stockpiles experienced their highest ever annual growth in 2015.

Gold continued its slide in December, falling 0.5% to end the year at a loss of 10.5%. This marks the third consecutive year of losses for the precious metal, and the longest loss streak since 1996. Silver, copper, platinum, and palladium also had a rough year, each with double-digit losses. Metals were especially impacted by the financial instability in China, as the country is the world's largest metal importer. Experts see gold falling to at least $1,000 in 2016 before staging a notable recovery.

HEDGE FUNDS
Hedge funds continued their fall in December, with the HFRX Global Hedge Fund Index losing 1.3%, bringing losses for 2015 to 3.6%. While hedge fund returns kept pace with that of the S&P 500 throughout most of the year, the asset class fell off in the last quarter and, as has been the case for the past several years, posted performance which was worse than the broader market. In a sign of the trying environment hedge funds face, liquidations increased in the third quarter of this year. Energy and equities declined and high yield credit spreads began to widen, according to a recently released report by Hedge Fund Research, Inc. As many funds tend to take large positions on one strategy, steep declines in certain sectors have weighed heavily on overall hedge fund performance.

REITs
Real estate investment trusts finished out the year on a stronger note, with the FTSE NAREIT ALL REITs Index gaining 1.2% in December. It was a volatile year for the asset class, but the index finished 2015 up 2.3%, and was one of the few asset classes to finish the year in the black. REITs fluctuated throughout the year as speculation mounted concerning when the Fed would raise interest rates. Now that the Fed has raised rates, REITs are poised to do well in the coming year, according to several analysts, as REIT fundamentals have remained strong despite the volatility in returns.

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