

HEADLINE NEWS
Share Buybacks and M&A Slowing

- Share repurchases and merger and acquisition (M&A) activity have been two driving forces behind the positive performance of the stock market over the past several years. However, both are showing signs of slowing as we enter year eight of the current bull market. According to data from Birinyi Associates and Bloomberg, announced stock repurchases dropped 38% in the last four months, the biggest decline since 2009. As for M&A, 2016 has set the record for most withdrawn M&A volume in a calendar year, despite only being 4 ½ months in. Withdrawn US targeted M&A has already hit \$378 billion this year following \$231 billion for all of 2015. The Pfizer/Allergan and Honeywell/United Technologies deals represent two out of the five largest deals withdrawn in history. M&A cooldown doesn't only impact investor sentiment, but hurts investment banking revenues. According to Dealogic,

deal withdrawals could cost banks roughly \$1.2 billion in fees. We believe that low interest rates likely keep both buybacks and M&A activity above historic norms, but will be closely monitoring the situation.

Earnings Winding Down, Relatively Quiet Macro Calendar

- This week should prove to be relatively quiet in regards to scheduled macroeconomic releases and earnings reports. Retailers were hard hit last week following poor earnings calls from Macy's, Nordstrom, and Kohl's. With that in mind, the team at Appleton will be focused on Tuesday morning's report from Home Depot. We will also be monitoring a pair of tech companies, salesforce.com and Cisco Systems, competing in the "cloud." Turning to the macro front, the highlight of the week is likely to be the release of the minutes from the latest FOMC meeting.

Notable Earnings Due this Week

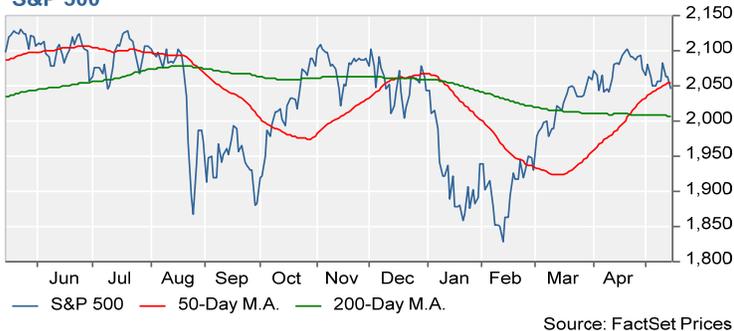
DATE	TIME	TICKER	COMPANY NAME
5/17	Before Market	HD-US	The Home Depot, Inc.
5/17	9:30 AM	TJX-US	The TJX Cos., Inc.
5/18	Before Market	TGT-US	Target Corp.
5/18	After Market	CRM-US	salesforce.com, inc.
5/18	After Market	CSCO-US	Cisco Systems, Inc.
5/19	Unspecified	WMT-US	Wal-Mart Stores, Inc.
5/19	Before Market	AAP-US	Advance Auto Parts, Inc.

Source: API

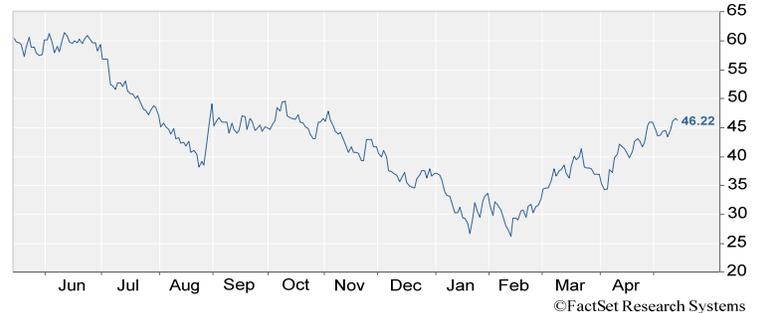
Key Macroeconomic Data Due this Week

Date	Time	Event	Period	Consensus	Prior
5/17	8:30 AM	CPI ex-Food & Energy SA M/M	APR	0.2%	0.1%
5/17	8:30 AM	CPI SA M/M	APR	0.4%	0.1%
5/18	10:30 AM	EIA Crude Oil Stocks	05/13		-3.4M
5/18	2:00 PM	FOMC Minutes - United States			
5/19	8:30 AM	Initial Claims SA	05/14	270K	294K

Source: API

S&P 500

WTI Crude Oil Spot Price (\$/barrel)

Max: 61.37 (10-JUN-15), Min: 26.19 (11-FEB-16), Last: 46.22 (13-MAY-16)


FIXED INCOME UPDATE
More Uncertainty for Affordable Care Act

- Last week a federal judge ruled that the Obama administration was improperly reimbursing health insurers that cover low-income customers, creating additional uncertainty for the Affordable Care Act (ACA). Republicans had brought a lawsuit challenging the White House's payments to the insurers, claiming that Congress never approved an appropriation for the subsidies. The federal judge agreed but stayed her ruling, allowing the administration the opportunity to appeal and avoiding an immediate impact to insurers and customers. However, if the ruling stands, it would most likely mean greater costs for consumers, weaker financial performance for insurers, and declining revenues for hospitals.

INDEX RETURNS (AS OF 5/13/16)

	MTD	YTD
S&P 500	-0.77	0.96
Dow Jones Ind. Avg.	-1.14	1.66
Barclays MM Short 1-5 Yr.	0.13	1.20
Barclays MM 1-10 Yr.	0.38	2.35
ML US Gov/Corp 1-10 Yr.	0.30	2.72

Source: Interactive Data

APPLETON PARTNERS, INC ONE POST OFFICE SQ. BOSTON, MA 02109 TEL. 617.338.0700 WWW.APPLETONPARTNERS.COM

This commentary reflects the opinions of Appleton Partners based on information that we believe to be reliable. It is intended for informational purposes only, and not to suggest any specific performance or results, nor should it be considered investment, financial, tax or other professional advice. It is not an offer or solicitation. Views regarding the economy, securities markets or other specialized areas, like all predictors of future events, cannot be guaranteed to be accurate and may result in economic loss to the investor. While the Adviser believes the outside data sources cited to be credible, it has not independently verified the correctness of any of their inputs or calculations and, therefore, does not warrant the accuracy of any third-party sources or information. Specific securities identified and described may or may not be held in portfolios managed by the Adviser and do not represent all of the securities purchased, sold, or recommended for advisory clients. The reader should not assume that investments in the securities identified and discussed were or will be profitable. Any securities identified were selected for illustrative purposes only, as a vehicle for demonstrating investment analysis and decision making.