Toro Bravo – "Fighting Bull"

*"Markets are never wrong, opinions are" –**Jesse Livermore***

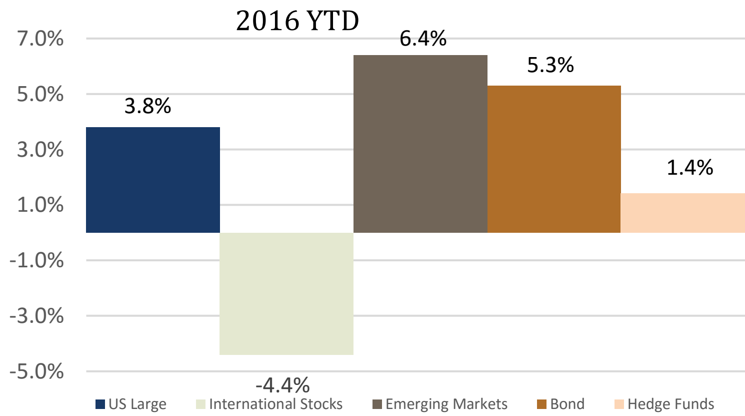
Running of the Bulls

It's more than fitting that this letter is being drafted while the Running of the Bulls is taking place in Pamplona, Spain. For centuries thousands of people have descended upon the small city to tempt fate by attempting to outrun and outmaneuver roughly a half-dozen hard charging bulls down a narrow street, as

they make their way toward the bull ring. Participants during the run must decide how long they can continue avoiding the horns of the bull and when they must pull to the side and save themselves from injury. For investors, 2016 has been like a year long bull race with market participants trying to decide what they should do for fear of either missing the run as the bulls stampede by, or getting injured by the horns for not knowing when to step aside.

The recent market surge from the Brexit lows has lots of people shaking their heads as investors feared that they were close to being horned by the bull. Many pulled off to the side in search of safety only to see the bull race right past them. Although unsustainable at its current pace, the market recovery underscores the resiliency that this market has shown with its ability to continually bounce right back.

Volatility has pervaded the market over the past two years and it appears that it's not going anywhere for some time as uncertainty about Brexit, looming US elections, oil prices and continued concerns about anemic global growth remain. It will take time for all of these issues to be answered, and predicting short term outcomes is a difficult task. All we can do is look at the facts and position our portfolios based upon what our research is telling us.



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Portfolio Positioning

Overall, market fundamentals are in good but not great shape. Worldwide economies are slowing and uncertainty continues to dominate headlines, but it's not a reason to head for the hills. In addition, with a backdrop of continued low interest rates (either next to nothing or negative), equities continue to be the only game in town. So while there is a lot to be worried about, the thing that is most in favor of rising stock prices is the fact that in public markets worldwide, **T**here **I**s **N**o **A**lternative (TINA) to invest in. That said, stocks will not be without volatility. So as prudent investment managers with a focus first on capital preservation, we must continue to take a cautious view of our asset allocations and we will take advantage when market corrections occur and opportunities present themselves. We will remain in the running with the bulls for now, but are ready, willing and able to jump to the side should we fear injury is imminent.

As always, please don't hesitate to contact us with any questions or to discuss changes in your overall risk tolerance.