

News In Brief

Portfolio Statistics as of 12/31/16:

- 30 Equity positions
- 7% International equities
- Core portfolio average holding period 3-5 years

Top 5 Equity Holdings:

- 6.2% Charles Schwab
- 5.7% Microsoft
- 5.4% U.S. Silica
- 4.3% J.P. Morgan
- 4.1% Morgan Stanley
- 25.7% Net Assets

Blue Point's Cumulative Return

Since its inception on 12/31/06, Blue Point's time-weighted return net of fees is 176.22%. On a \$100,000 investment, the dollar value of Blue Point's Total Return net of fees is \$276,221 versus the \$195,727 Total Return of the S&P 500. The active manager value-add is \$80,494.

Time Weighted Return as of 12/31/16:

- 1 Year Blue Point 11.21%
- 1 Year S&P 500 TR 11.96%
- 3 Year Blue Point 95.48%
- 3 Year S&P 500 TR 98.18%

Portfolio Manager

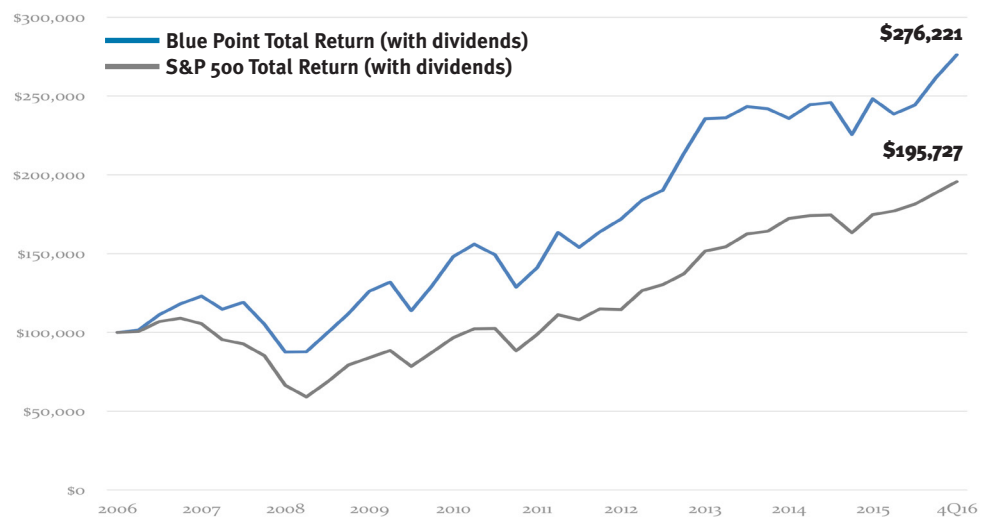
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Performance Summary

The Blue Point model portfolio, which is applied to separately managed accounts, returned 5.66% net of fees during the fourth quarter. The Total Return of the S&P 500, which includes dividends, was 3.82% during the fourth quarter. Blue Point outperformed the benchmark by 1.84% during the fourth quarter. During 2016, Blue Point has returned 11.21% net of fees, while the Total Return of the S&P 500 was 11.96%. Blue Point underperformed the benchmark by -0.75% net of fees during 2016.

During the fourth quarter, investments in financial, chemical, infrastructure, and defense companies contributed to outperformance.



Graph footnote: Total Return (TR), includes the reinvestment of dividends.

Disclosures: Performance of the separate accounts can differ substantially from the actual performance of Blue Point, the model portfolio, due to timing of entry, whether account is taxable or non-taxable, and the timing of withdrawals. Returns include accrued income since 9/30/14. Past performance does not guarantee future results. The management fee schedule is as follows: 1.2% on first \$1 million, 1.0% on the next \$3 million, 0.85% on next \$5 million. Depending on circumstances, institutional fee schedules may be negotiated. Blue Point Investment Management, LLC, is a Maryland registered investment adviser. To receive a copy of the firm's Form ADV Part 2, call Blue Point at 443-600-8050.

Market Outlook

➤ **Regulatory Relief** – Corporate America has been drowning in ever increasing regulation. Rationalizing regulatory rules will not only improve productivity, but will also increase the strength of capital markets. The Dodd Frank Act has a critical flaw that must be reversed: prohibitions against market makers. As flash crashes have shown, there are fewer market makers to take the other side of trades when all the high frequency trading algorithms simultaneously sell.

➤ **Twitter Driven Volatility** – Twitter is being used by President Trump to implement industrial policy in the U.S. The fast pace of change associated with the new administration will create volatility as market participants and governments seek to adjust.

➤ **Ships Passing in the Night** – As China moves further into a bureaucratic quagmire, the U.S. is

moving towards much needed economic reform. This reform sets the stage for productivity gains, capital repatriation, and economic growth. If pitfalls can be avoided, the U.S. has the potential of becoming an infrastructure growth story.

➤ **A New Cost** – The demand for capital is fundamentally changing as capital markets prepare for both public and private sector investment. Excessively indebted governments and private sector balance sheets will be challenged by increasing interest expenses.

➤ **Bond Market Losses** – Higher interest rates will dramatically erode the value of long-dated fixed-income securities. Printed money will dilute the value of fixed-income securities when interest rates and inflation increase.

A Global Perspective

Blue Point Investment Management offers equity-oriented growth with a global perspective. The investment discipline seeks Growth at a Reasonable Price. Each client account is managed separately.

The Growth At a Reasonable Price (GARP) investment strategy is a blend of active growth and value investing. As a rule, value investors focus on the price of the security, the numerator of the P/E ratio, while growth investors focus on earnings offered by the security, the denominator of the P/E ratio. GARP represents a blended approach and is often referred to as a market-oriented investment strategy.

Through macro-economic research sustainable long-term trends are identified. Then fundamental research is used to identify the best companies that stand to benefit from favorable trends. Investments are geared towards long-term value creation while preserving capital.

Blue Point seeks equity-oriented growth while actively managing the downside risk. Under normal circumstances, Blue Point invests at least 60% of its net assets in domestic U.S. securities. This global approach offers significant investment opportunities here and abroad. In times of market crisis,

adjustments to portfolio holdings will be made that best serve the preservation of capital while seizing investment opportunities.

Each separately managed account stays in the client's name providing complete transparency. Blue Point receives no commissions or compensation that create conflicts of interest. To further ensure the alignment interests Blue Point's portfolio manager invests in the same model portfolio as clients. Blue Point seeks equity-oriented growth with a global perspective, while offering a portfolio manager you know and trust.

Blue Point's Ten Year Performance

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Blue Point Total Return net of fees	23.04%	-28.78%	44.08%	17.26%	-4.55%	21.69%	37.05%	0.12%	5.27%	11.21%
S&P 500 Total Return	5.49%	-37.00%	26.46%	15.06%	2.11%	16.00%	32.39%	13.69%	1.38%	11.96%
Performance vs. Benchmark	17.55%	8.22%	17.62%	2.20%	-6.66%	5.69%	4.66%	-13.57%	3.89%	-0.75%



THE MANAGER'S CORNER

PORTFOLIO MANAGER:

Niall H. O'Malley (pictured) is the founder and Managing Director of Blue Point Investment Management, LLC, which manages accounts on a separate account basis. Mr. O'Malley has an MBA from George Washington University in Finance and Investments with minors in Business Law and Taxation. All of these activities build on strong professional experience working for buy-side firms, consulting, and over seven years with a top-ten U.S. commercial bank. Prior to starting Blue Point, Mr. O'Malley was a Vice President of Credit & Risk Management at SunTrust

Bank. Mr. O'Malley passed Level II of the Chartered Financial Analyst examination in 2005, and holds the Series 65 License from FINRA.

Mr. O'Malley serves on the Board and Program Committee for the Baltimore CFA Society which has over 600 members. He has served as President of the Baltimore CFA Society, and continues to serve as Co-Editor of the Baltimore Business Review. Mr. O'Malley has taught Investments and Equity Security Analysis as an Adjunct Professor at Towson University, College of Business and Economics.

EQUITY RESEARCH INTERNS:

Daniel Ahmed is a candidate for a Bachelor of Science in Business Administration with a concentration in Finance at Towson University.

Shane Quaintance is a candidate for a Bachelor of Science in Economics, and a Bachelor of Science in Business Administration with a concentration in Finance at Towson University.

Jimmy Zheng is a candidate for a Bachelor of Science in Business Administration with a concentration in Finance and a minor in Economics at Towson University.

Additional Information is available at www.bluepointim.us

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