

News In Brief

Portfolio Statistics as of 3/31/17:

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

Top 5 Equity Holdings:

- 6.1% Charles Schwab
- 5.8% Microsoft
- 4.4% Amazon
- 4.3% U.S. Silica
- 4.1% J.P. Morgan
- 24.7% Net Assets

Blue Point's Cumulative Return

Since its inception on 12/31/06, Blue Point's time-weighted return net of fees is 190%. On a \$100,000 investment, the dollar value of Blue Point's Total Return net of fees is \$290,006 versus the \$207,600 Total Return of the S&P 500. The active manager value-add is \$82,406.

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

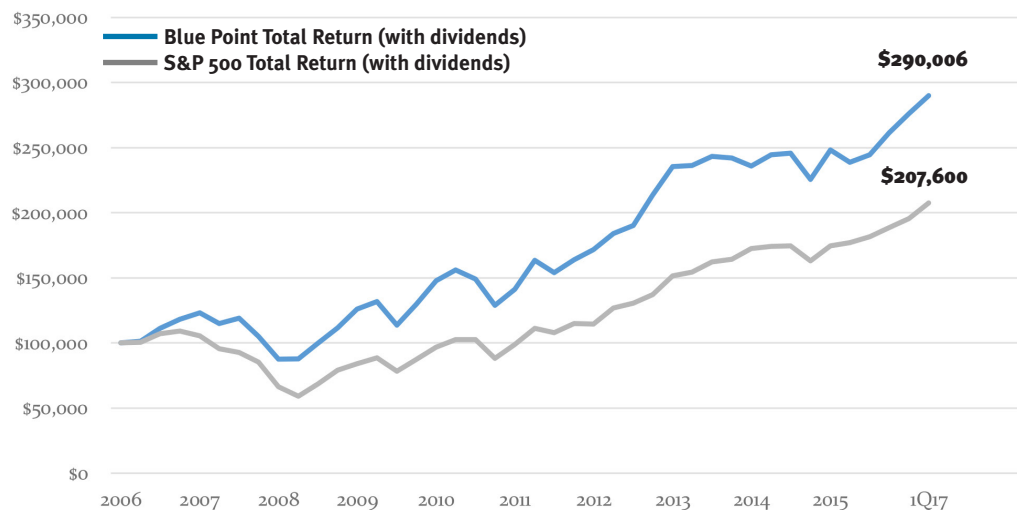
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Performance Summary

The Blue Point model portfolio, which is applied to separately managed accounts, returned 4.99% net of fees during the first quarter. The Total Return of the S&P 500, which includes dividends, was 6.07% during the first quarter. Blue Point underperformed the benchmark by 1.08% during the first quarter.

During the first quarter, investments in chemicals, technology, infrastructure, and travel companies contributed to returns. Financials, energy and media companies contributed to underperformance.



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

➤ **Concentration of Risk** – Passive investing is reinforcing herding behavior. Almost 1/3 of S&P 500 returns came from three stocks during the first quarter. The S&P 500 is becoming very top heavy. Smaller and mid-sized companies pay more taxes and generally have less currency exposure.

➤ **Increasing Capital and Labor Costs** – The U.S. Treasury is actively talking about a 50-year bond. U.S. interest rates are increasing and unemployment is falling. Small business confidence and hiring have improved. Inflation in the U.S. is percolating. International capital is drawn by higher U.S. interest rates which in turn increases demand for the U.S. dollar.

➤ **Expectations are Long in the Tooth** – Incremental progress towards tax and trade reform are being made, but market expectations are long in the tooth. Blue Point has focused on

trimming concentration risk. Companies will be challenged by higher operating costs, modest near-term revenue and uncertainty created by structural reform.

➤ **Regulatory Relief** – The companies with the biggest near-term gain from regulatory relief in the U.S. will likely be financial institutions; however, the healthcare and infrastructure sectors ultimately stand to gain the most from regulatory relief.

➤ **Balancing Act** – China's economic growth is largely dependent on the extension of credit which is actively being curtailed. China's over dependence on infrastructure investment contrasts sharply with the U.S.'s under-investment in infrastructure.

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. Cash is used as an asset class in portfolio construction.

Each separately managed account stays in the client's name providing complete transparency. Blue Point receives no commission or compensation that would create a conflict of interest. To further ensure the alignment of interests, Blue Point's portfolio manager invests in the same Blue Point model portfolio as clients.

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:

Giovanni Barr is a candidate for a Bachelor of Business Administration with a major in Finance at Loyola University Maryland.

Antonio Cartolano is a candidate for a Bachelor of Business Administration with a double major in Finance and Accounting at Loyola University Maryland.

Christopher O'Neill is a candidate for a Bachelor of Business Administration with a major in Finance at Loyola University Maryland.

Additional Information is available at www.bluepointim.us

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