

News In Brief

Portfolio Statistics as of 12/31/17:

- 34 Equity investments
- 7% International equities
- Core portfolio average holding period 3-5 years

Top 5 Equity Investments:

- 6.4% Charles Schwab
- 6.3% Microsoft
- 4.2% J.P. Morgan
- 4.0% Morgan Stanley
- 3.9% Mastercard
- 24.8% Net Assets

Blue Point's Cumulative Return

Since its inception on 12/31/06, Blue Point's quarterly, time-weighted return net of fees is **246.67%**. On a \$100,000 investment, the dollar value of Blue Point's Total Return net of fees is \$346,674 versus the \$238,458 Total Return of the S&P 500. The active manager value-add is \$108,217.

Time Weighted Return as of 12/31/17:

- 1 Year Blue Point 25.51%
- 1 Year S&P 500 TR 21.83%
- 3 Year Blue Point 46.93%
- 3 Year S&P 500 TR 38.29%

Portfolio Manager

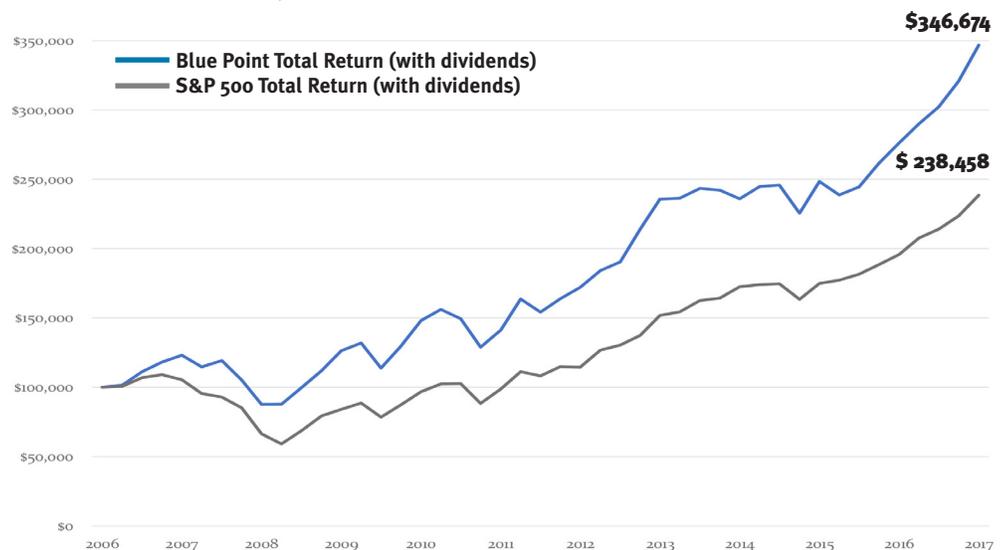
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Performance Summary

The Blue Point model portfolio, which is applied to separately managed accounts, returned 8.09% net of fees during the fourth quarter. The Total Return of the S&P 500, which includes dividends, was 6.64% during the fourth quarter. Blue Point outperformed the benchmark by 1.45% during the fourth quarter. During 2017, Blue Point returned an impressive 25.51% net of fees, while the Total Return of the S&P 500 was 21.83%. During 2017, Blue Point outperformed the benchmark by 3.67%.

Following passage of the tax reform, Blue Point put 10% portfolio cash to work in investments that would benefit from capital investment.



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

Disclosures: Performance of the separate accounts can differ substantially from the performance of Blue Point's 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 standard investment adviser fee schedule is 1.0% on the first \$3 million, 0.85% on the next \$7 million, 0.75% thereafter. There is no stated account minimum, but the relationship needs to be mutually beneficial. The investment adviser fees are negotiable and may be waived. Blue Point Investment Management, LLC, is a Maryland registered investment adviser. To receive a copy of Blue Point's ADV Part 2, call 443-600-8050.

Market Outlook

➤ Surprisingly Positive U.S. Corporate Tax Reform –

The new corporate tax reform discourages financial engineering while encouraging investment. Many large multinational companies have played tax games that have allowed them to have a tax rate that is less than half the statutory tax rate. The corporate tax reform will level the playing field for companies that do most of their business in the U.S.

➤ **Rewriting the Economy** – Technology and regulatory relief are rewriting the operating rules of the economy. The scalability of technology allows increasing market dominance with little incremental cost. Winner-take-all outcomes are more common.

➤ **Inflation** – Tighter money supply and job market along with incremental demand are permitting

pricing increases as inflationary forces quietly percolate in the U.S. economy.

➤ **Synchronized Global Growth** – Even when confronted with unusually large political risks, global growth has improved. Synchronized global growth is helping offset the valuation risk created by excessive central bank intervention and money supply growth.

➤ **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 Eleven Year Performance

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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%	25.51%
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%	21.83%
Performance vs. Benchmark	17.55%	8.22%	17.62%	2.20%	-6.66%	5.69%	4.66%	-13.57%	3.89%	-0.75%	3.67%



THE MANAGER'S CORNER

PORTFOLIO MANAGER:

Niall H. O'Malley (pictured) is the founder and Managing Director of Blue Point Investment Management, which manages accounts on a separate account basis. Niall 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, Niall was a Vice President of Credit & Risk Management at SunTrust Bank.

He passed Level II of the Chartered Financial Analyst examination in 2005, and holds the Series 65 License from FINRA.

Niall regularly speaks to CFA Society, university and investment groups. He served on the Board and the Program Committee of the CFA Society Baltimore for 13 years, and now serves on the Society's Advisory Board. Niall served as President of the CFA Society Baltimore from 2009-2010, and founded the Baltimore Business Review. He served as Co-Editor of the Baltimore Business Review for eight years and continues to be a contributor. Niall has taught

Investments and Equity Security Analysis as an Adjunct Professor at Towson University, College of Business and Economics.

EQUITY RESEARCH INTERNS:

Colin Chandler is a candidate for a Bachelor of Business Administration with a double major in Finance and Economics at Loyola University Maryland.

Jack Hamilton is a candidate for a Bachelor of Science in Finance at Towson University.

Additional Information is available at www.bluepointim.us

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