INVESTMENT PARTNERS ASSET MANAGEMENT
One Highland Avenue, Metuchen NJ 08840 Tel: 732-205-0391 Fax: 732-205-0395

Excerpts from Quarterly Report written by Investment Partners Asset Management – Q1 2016

““El mundo es ancho y ajeno” (*the world is wide and strange*)–Peruvian novelist Ciro Alegria (1909–67)

As alluded to in the prior writing, 2016 has been marked by increased volatility largely due to a combination of various risks and uncertainties coming into play. First, some economic data out of China, which tends to lack transparency (and therefore credibility), seem to suggest that their domestic GDP growth has slowed, paused, or maybe even fallen off a cliff. As Asia has largely been the global source of incremental demand for goods and services, a pronounced slow-down in that part of the world could inevitably have dramatic effects on both developed economies and other emerging markets. Second, the Federal Reserve has vacillated between hawkish and dovish messaging with respect to raising short-term interest rates – which it claims it needs to do in order to have arrows in the quiver to fight a future recession. Third, our Central Bank is perhaps the only one on the planet in a tightening mode, and therefore the US dollar has appreciated significantly relative to other currencies - potentially stymieing competitiveness of US-based multinationals. Fourth, the US presidential election is less than 6 months away, and it is proving difficult to handicap what impact a victory of either party might have on regulatory reform and capital-formation for the next 4 years. Fifth, despite a more recent increase in commodity prices, OPEC is showing the world that, at best, it resembles a dysfunctional family without a clear strategy for production targets or price stability. Sixth, and perhaps relatedly, terrorism generally, and ISIS specifically, continue to worry leaders around the globe as they develop policies to contain the spread of fear and violence.

We could go on, but we won’t.

It would seem that any one of these issues would be enough of a catalyst for a re-pricing of risk assets – but taken in combination it is no wonder that the first quarter saw a major pull back in US indices through January and February. While March and April were more favorable (after the Fed mollified its rhetoric), we believe that volatility will return and could be the hallmark of the coming quarters of 2016 and well into 2017. We also think, though, that a pull-back in certain sectors could provide investors with unique opportunities to buy interesting businesses at reasonable prices. “

DISCLAIMER

Any information contained in this report should not be considered a complete analysis of every material fact with respect to any company, industry, or security. Any and all investments discussed herein may not be suitable for all investors, and may be subject to a high degree of risk. For this and other reasons, Investment Partners Asset Management (“IPAM”) does not recommend that investors buy or sell any of the securities mentioned in this report. Furthermore, there is no certainty, and we make no guarantee, that any views expressed herein or strategy discussed in this report may be executable in an appropriate size or amount and/or at the prices described herein. Moreover, although the information contained herein has been obtained from sources believed to be reliable, its accuracy and completeness cannot be guaranteed. Investment Partners Group and/or its affiliates (including but not limited to IPAM) may effect transactions, including transactions contrary to any views expressed herein for themselves or their clients (including but not limited to pooled investment vehicles managed by IPAM, and/or their affiliates).

Furthermore, Investment Partners Group and/or its affiliates (including but not limited to IPAM) may have positions in the securities mentioned herein, (or options with respect thereto) and may also have performed investment banking services for the issuers of such securities. In addition, employees of Investment Partners Group and/or its affiliates (including but not limited to IPAM) their families and other affiliated persons, may have positions and effect transactions, including transactions contrary to any views expressed herein, in the securities or options of the issuers mentioned herein and may serve as directors of such issuers.

FORWARD LOOKING STATEMENTS

This discussion and analysis contains certain forward-looking statements and projections that involve a number of risks and uncertainties. Actual events or results may differ materially from IPG's expectations and projections. Past performance does not guarantee future results. Market and other risks may affect actual results achieved.