



Excerpts from Quarterly Report written by Investment Partners Asset Management – Q3 2015

“The timing of this particular report is, apparently, everything. If we had written it upon the immediate end of the quarter, we would have shared the message that the capital markets were extremely perilous, broken down technically, and lacked a catalyst for continued upward momentum. August and September were among the worst in a long while, with few asset classes spared from a dearth of liquidity. In fact, on one Monday in mid-August, the Dow Jones Industrial Average traded down over 1000 points in the first few minutes. It was rescued somewhat, and then took another leg down, and then another...and so forth. This looked more like a stock market crash than a garden-variety correction. “

Plain and simple, it was scary.

“The reason for the decline (seemingly there is always is a culprit) was that China was not only slowing down, but ceasing to be the source of marginal economic demand worldwide. Let that sink in, because we view it as a big deal when the second largest economy in the world goes into a tailspin and drags most other markets with it. Amazingly, the associated worries of the summer were immediately invalidated in October, practically as if they never happened, by a double digit advance in US major indices. The end of the world was, once again, postponed and relegated to another of a growing tumultuous list of instances of crying wolf, for the major averages anyway. (Although) not all markets, though, painted that same picture. “

“We think we have a unique opportunity to use this period not only to not adapt to our surroundings, but also someday profit from the current market dislocation... After a reasonable amount of time, if markets ever do return to a semblance of normalcy in the market segments we favor, then we may have even larger upside potential than we do now...”

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