

## News In Brief

### Portfolio Statistics as of 6/30/17:

- 34 Equity investments
- 7.5% International equities
- Core portfolio average holding period 3-5 years

### Top 5 Equity Investments:

- 6.2% Charles Schwab
- 5.8% Microsoft
- 4.1% J.P. Morgan
- 3.9% Morgan Stanley
- 3.6% Mastercard
- 23.6% Net Assets

### Blue Point's Cumulative Return

Since its inception on 12/31/06, Blue Point's time-weighted return net of fees is 202%. On a \$100,000 investment, the dollar value of Blue Point's Total Return net of fees is \$302,297 versus the \$214,012 Total Return of the S&P 500. The active manager value-add is \$88,285.

### 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

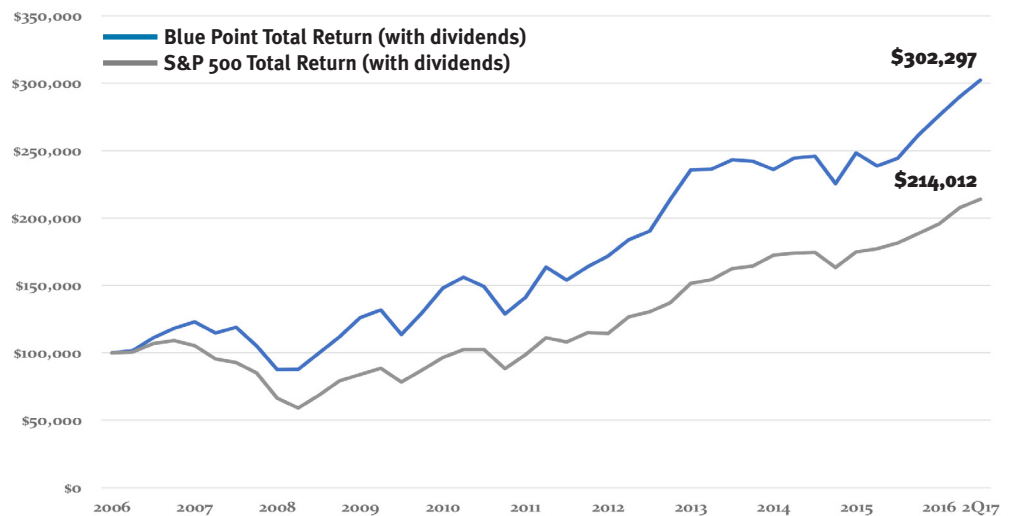
Niall H. O'Malley  
(443) 600-8050

niall.omalley@bluepointim.us  
Web site www.bluepointim.us

## Performance Summary

The Blue Point model portfolio, which is applied to separately managed accounts, returned 4.24% net of fees during the second quarter. The Total Return of the S&P 500, which includes dividends, was 3.09% during the second quarter. Blue Point outperformed the benchmark by 1.15% during the second quarter. During the first half of 2017, Blue Point has returned 9.44% net of fees, while the Total Return of the S&P 500 has been 9.34%. Blue Point outperformed the benchmark by 10 basis points.

During the second quarter, financial and technology companies contributed to outperformance while energy related companies saw their valuations challenged. Given valuations, Blue Point has taken profits to reduce downside risk.



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

- **Valuation Risk** – Central bank money printing has been the single largest force driving equity market valuations. The economic outlook is positive, but there is an open question about both fixed income and equity valuations.
- **Securing a Legacy** – Fed Chair Janet Yellen has until the end of January to end quantitative easing and replace it with quantitative tightening. While heavily telegraphed, the change will represent the end of an era.
- **Dollar Demand** – The lack of U.S. political leadership has left healthcare, tax reform and infrastructure investment in a diminished state. Dollar demand has fallen. Continued political dysfunction could lead to lower dollar demand which would cause import prices to rise.
- **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.
- **Optimism in Europe and Emerging Markets** – Valuations are more attractive and the search for less expensive investment opportunities has increased capital flows to Europe and Emerging Markets.
- **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
<b>Blue Point Total Return net of fees</b>	<b>23.04%</b>	<b>-28.78%</b>	<b>44.08%</b>	<b>17.26%</b>	<b>-4.55%</b>	<b>21.69%</b>	<b>37.05%</b>	<b>0.12%</b>	<b>5.27%</b>	<b>11.21%</b>
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%
<b>Performance vs. Benchmark</b>	<b>17.55%</b>	<b>8.22%</b>	<b>17.62%</b>	<b>2.20%</b>	<b>-6.66%</b>	<b>5.69%</b>	<b>4.66%</b>	<b>-13.57%</b>	<b>3.89%</b>	<b>-0.75%</b>



## 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:

**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](http://www.bluepointim.us)

**Niall H. O'Malley**  
Blue Point Investment Management  
600 Baltimore Avenue #304  
Towson, MD 21204  
(443) 600-8050  
[niall.omalley@bluepointim.us](mailto:niall.omalley@bluepointim.us)