QUANTITATIVE ASSET MANAGEMENT, LLC
Investment & Advisory Services

Quarter Ending June 30, 2016		
Year to Date Performance	Last Full Quarter	Index Close
Dow Jones Industrial Average	+2.07%	17,929.99
NASDAQ Composite Price	-0.23%	4,842.67
Standard & Poor's Averages	+2.46%	2,098.86

Dear Clients,

After some headline driven volatility, the equity markets finished on the plus side by the end of the second quarter. However, depending on which sectors of the markets you examine, the results were quite mixed. A number of the fashionable high valuation growth stocks (Apple, Google, Facebook) that drove index performance over the last 18 months finished the quarter flat to down. For the most part, our portfolios have bounced back better than most indexes. As with any market cycle this reaction is to be expected. Underperforming sectors eventually gain traction and play catch-up to the overall market.

In general, the US economy continues to move along at a modest pace. As we predicted earlier this year, the energy sector has seen oil and gas prices recover. The days of sub $2.00 gasoline are probably over. Unemployment numbers and other economic indicators continue to move in a positive direction. Although we do anticipate this trend to continue, the Fed is likely to remain dovish until they see more signs of inflation and incremental economic growth.

The second quarter of 2016 will be remembered for one thing, the "Brexit". Britain's vote to leave the EU briefly sent the equity and currency markets into a tailspin. As with most headline driven news events, investors realized the consequences of the vote would have little impact on the world's economies, and markets quickly recovered.

Moving forward we think the equity markets will continue to move in a positive direction. With bond yields and interest rates at all-time lows the equity markets still provide a better risk/reward for investors. In addition, a recent Barron's article quoted a Bank of America Merrill Lynch survey that showed cash balances among managers at the highest levels since November 2001. With upcoming election cycle and future unknown headline driven news events we still anticipate some volatility; however, this low interest rate environment should provide continued support for the equity markets.

Sincerely,

Jeffrey L. Farni Sr.