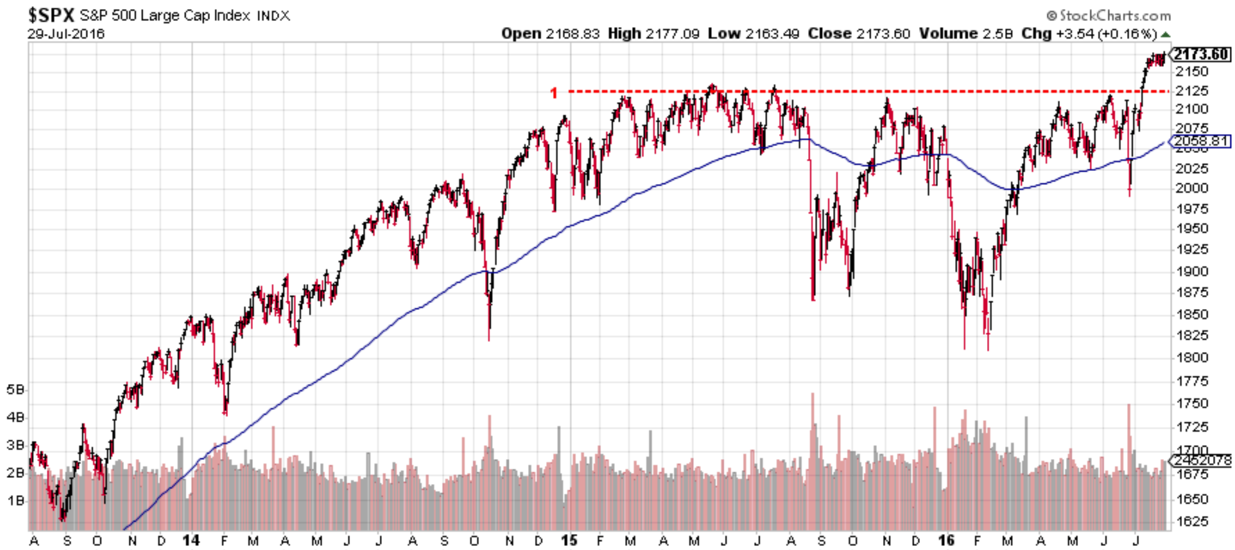
Blue Line Investing
3948 Browning Place, Suite 200
Raleigh, North Carolina 27609
www.BlueLineInvesting.com

Our view of the United States Stock Market[1] at Blue Line Investing[2] for the month ending July 2016



Commentary

It is clear from the chart above that the market has broken out to new, all time highs. After a panic selloff beginning the calendar year, the market rallied back above the blue line. During May we witnessed a successful "test" of the blue line. And while last month's BREXIT selloff resulted in a breakdown through the blue line, it was very short lived. With the market rising to new all time highs, from a technical perspective, it would be preferable to see the market pull back and "test" the breakout line (identified by the red dashed line #1). While that doesn't have to happen, it would give us greater confidence the breakout is real and not a "bear trap" where prices eventually turn back down.

At this time we believe the *primary trend* of the market is turning positive.

[1] The S&P 500 Index is one of the most commonly followed equity indices, and many consider it one of the best representations of the U.S. stock market, and a bellwether for the U.S. economy. It is comprised of 500 large companies having common stock listed on the NYSE or NASDAQ. The volatility (beta) of the account may be greater or less than the index. It is not possible to invest directly in this index.

[2] Blue Line Investing (BLI) is a disciplined investment process, based on technical analysis research. The process applies trend-following, along with observations of the moving averages of the market. Key to the process is the "blue line", which is derived from comparing an investment's price against its moving average. BLI monitors those activities over time in order to determine allocations within client accounts.

[3] According to Blue Line Investing, once the price of any publicly-traded investment falls below the blue line, the trend is considered "neutral" and could become "negative." As such, a Phase 1: WARNING, means, by dropping below the blue line, the market is providing a "warning" of distribution.

[4] According to Blue Line Investing, once the price of any publicly-traded investment fails to rally and remain above the blue line, it is a signal from the market that selling pressure is greater than buying pressure. This results in a Phase 2: FAILURE, representing the markets "failure" to re-establish a trend above the blue line. The probability of a change in trend is higher.

[5] According to Blue Line Investing, once the price of any publicly-traded investment fails to rally and remain above the blue line on any second rally attempt, this results in a Phase 3: CONFIRMATION – it is "confirmation" from the market that the trend has changed to negative and investors should expect losses for an indeterminate period of time.

Disclaimers:

Technical analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volumes. Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets may not always follow patterns. There are certain limitations to technical analysis research, such as the calculation results being impacted by changes in security price during periods of market volatility. Technical analysis is one of many indicators that may be used to analyze market data for investing purposes and should not be considered a guaranteed prediction of market activity.

Past performance is not indicative of future results, nor should the investment process be considered a guaranteed prediction of market activity, but only one of many indicators that may be used to analyze market data for investing purposes. This material is not financial advice or an offer to sell any product. The information contained herein should not be considered a recommendation to purchase or sell any particular security. This information is intended for educational purposes only.

Advisory services offered through Gordon Asset Management, LLC (GAM). GAM is an SEC-registered investment adviser. Registration does not imply a certain level or skill or training. More information about the advisor, its investment strategies and objectives, is included in the firm's Form ADV Part 2, which can be obtained, at no charge, by calling (866) 216-1920. The principle office of Gordon Asset Management, LLC is located at 1007 Slater Road, Suite 200, Durham, North Carolina, 27703.