



*"Pockets of opportunity are scarce but securities markets are not showing signs of trouble."*

This past quarter delivered globally diversified investors a healthy dose of positive returns. Year-to-date, US stocks have returned 9.34%, International stocks 14.23% and US bonds 0.46%.

Overall, we are pleased with portfolio performance. Global economic growth is solid albeit not stellar, central banks remain accommodative and volatility is the lowest it has been in decades. Positive investor sentiment is appropriately muted by concerns regarding the maturity of the current economic expansion in the US, fear of a slow-down in China and uneasiness that central banks will unwind their accommodative stances too aggressively. In short, pockets of opportunity are scarce but securities markets are not showing signs of trouble. Leading economic indicators will be increasingly important during the back-half of 2017.

While we are not predicting an imminent correction, Blue Oak portfolios are positioned well for such an occurrence.

Meanwhile, there was a cacophony of distracting political and economic news rising to the level of a hail storm on a tin roof.

In addition to the regular hum of our daily activity that includes portfolio monitoring, investment research and client meetings, these last few months saw each of us dedicate time to projects that helped us to remain disciplined and avoid distraction. These projects included:

- Deep dive study of innovation practices and exploration of applicability
- Analysis of new practices in portfolio rebalancing and management integration
- One-on-one calls and meetings with management teams of several current portfolio investments (Blackrock, DoubleLine, Franklin, Matthews, Treador)
- Two-day intensive research seminar studying an analytical framework applied to the economy, debt and policy (monetary and fiscal), asset class interrelationships and where potential risks are lurking when applied to the current environment.

We are grateful to live and work in an area rich with opportunity to continually evolve and hone our skills and processes. Our focus is as it has been since our founding in 2009: to evaluate market risk and invest your money optimally and consistent with your unique objectives. Project work is undertaken to explore ways to increase firm wide efficiencies and deliver more value to our clients.

Our investment philosophy remains anchored by the central tenets of liquidity, clarity of purpose and transparency. Our three central tenets combined with our unwavering dedication to broadly diversified portfolios provide us the scaffolding necessary to evaluate investments in the context of an ever-changing political and economic climate. This disciplined approach has a dampening effect on the tin roof racket.

Wishing you a wonderful summer and thank you for being our client.