

KCM'S KOMMENTS—KURRENT NEWSLETTER

KELLY CAPITAL MANAGEMENT, LLC

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MARKETS AND ECONOMY:

April continued the year's trend: volatility, instability and uncertainty. We at KCM remained fully invested and our clients reaped the benefits of our decision.

For the month, every asset class index benchmark, except for real estate, had a positive return. Emerging market equities led overall, followed by domestic equities, fixed income ("bonds") and finally, real estate.

RESULTS:

Our emerging market strategy generated a higher total return than domestic stocks. Our emerging market stock strategy was up about 3 times its benchmark. Within domestic stocks, our all cap multi-style domestic equity strategy generated a total return about 2 times that of its S&P 500 Index benchmark. Our large cap value stock picking strategy was up enough in April to generate a year-to-date total return of 2 times the S&P Large Cap Value Index benchmark.

Our real estate strategy was negatively affected by April's general decline in real estate returns but still ended the month in positive return position for the year-to-date.

Our fixed income strategy continued to reflect a shorter average maturity (just under 5 years.) As a result it hasn't been affected like longer term strategies. On a comparative total return basis, year-to-date, our fixed income strategy's total return for April put it ahead of its benchmark by over 2 times.

So, on balance, stocks were the place to be to experience the best gross and net total return for the month and year-to-date.

We expect 2016 will continue to see volatility. Historically, election years tend to be positive. We are not confident 2016 will consistently follow the historical track. We do expect demand for oil will increase and generate higher oil prices that will positively affect world equity markets.

We expect to remain fully invested.